

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

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

HEALTH CATALYST, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

7389
(Primary Standard Industrial Classification Code Number)

45-3337483
(I.R.S. Employer Identification Number)

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

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

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

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

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

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

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

Large accelerated filer

Accelerated Filer

Non-accelerated Filer

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 of 1933, as amended.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price ⁽¹⁾⁽²⁾	Amount of Registration Fee
Common Stock, \$0.001 par value per share	\$	\$

(1) In accordance with Rule 457(o) under the Securities Act of 1933, as amended, the number of shares being registered and the proposed maximum offering price per share

are not included in this table.

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

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary 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 preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED _____, 2019



Shares

Common Stock

This is the initial public offering of common shares of Health Catalyst, Inc.

We are offering _____ shares of our common stock. Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price per share will be between \$ _____ and \$ _____. We intend to apply to list our common stock on _____ under the symbol "_____."

We are an emerging growth company under the federal securities laws and will be subject to reduced public company reporting requirements. See "Prospectus Summary—Implications of Being an Emerging Growth Company."

Investing in our common stock involves a high degree of risk. See "[Risk Factors](#)" beginning on page 18.

	Per Share	Total
Initial public offering price	\$ _____	\$ _____
Underwriting discount and commissions ⁽¹⁾	\$ _____	\$ _____
Proceeds, before expenses, to us	\$ _____	\$ _____

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

We have granted the underwriters the right to purchase up to an additional _____ shares of common stock.

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

Neither the Securities and Exchange Commission nor any state securities commission 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.

Goldman Sachs & Co. LLC

J.P. Morgan

William Blair

Evercore ISI

Piper Jaffray

SVB Leerink

SunTrust Robinson Humphrey

, 2019



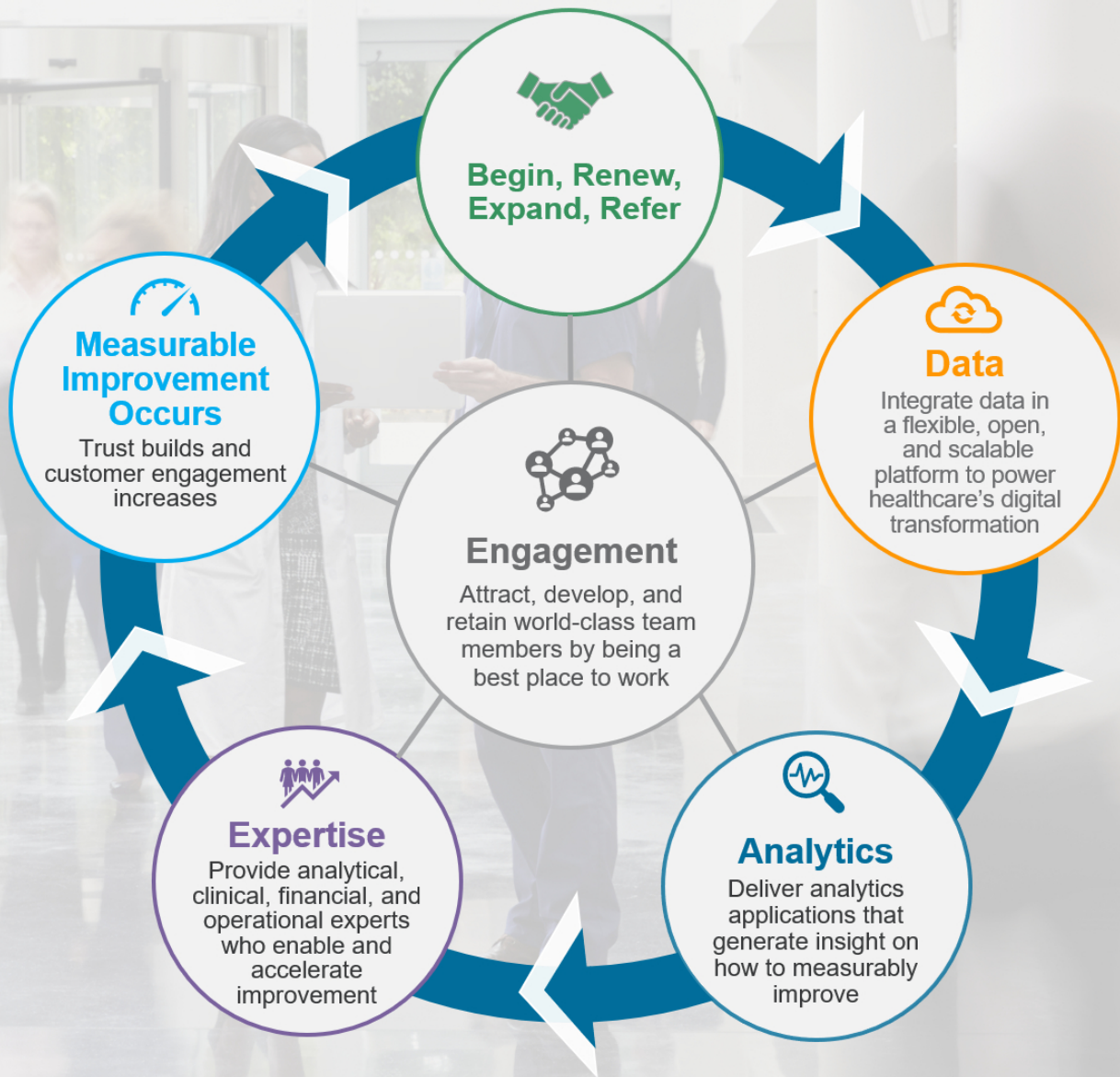
HealthCatalyst®



OUR MISSION

To be the *catalyst* for massive, measurable,
data-informed healthcare improvement

OUR FLYWHEEL



How we accomplish our mission
with each customer

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We and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide you. We are offering to sell, and seeking others to buy, shares of common stock only in jurisdictions where offers and sales permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock.

Until _____, 2019 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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

Prospectus Summary

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

Overview

We are a leading provider of data and analytics technology and services to healthcare organizations. Our Solution comprises a cloud-based data platform, analytics software, and professional services expertise. Our customers, which are primarily healthcare providers, leverage our Solution to make data-informed decisions and realize measurable clinical, financial, and operational improvements. We envision a future where all healthcare decisions are data informed.

The Health Catalyst Way

Our Mission

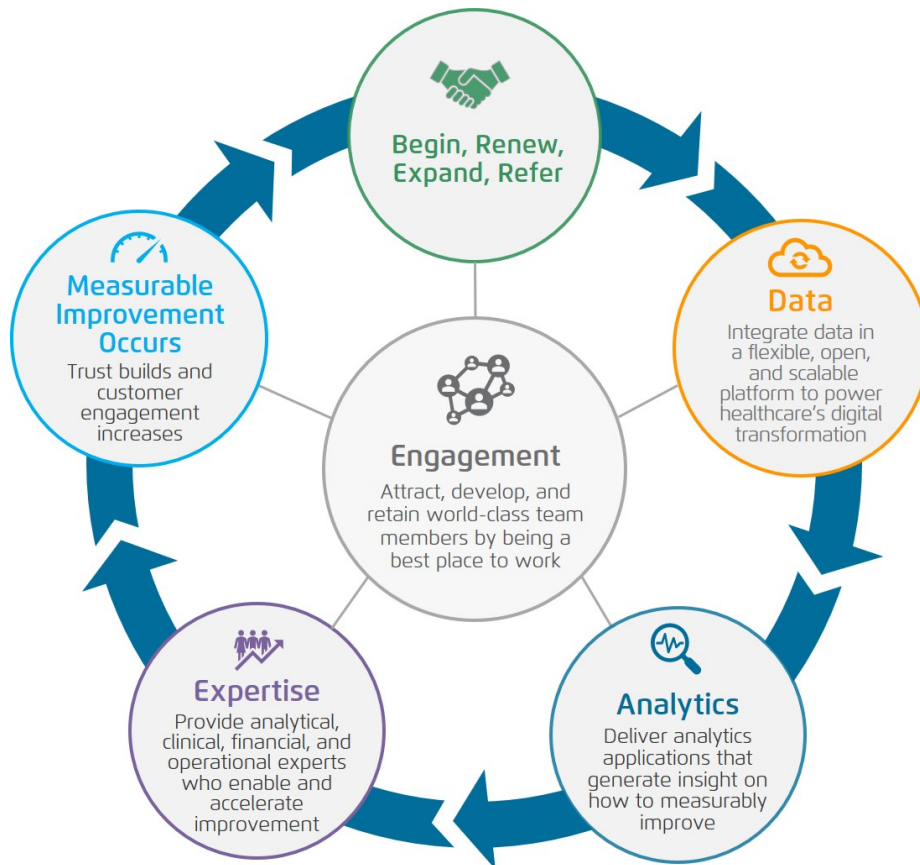
Our **mission** is to be the *catalyst* for massive, measurable, data-informed healthcare improvement. We fulfill our mission through a confluence of the following elements:

- **Data:** integrate data in a flexible, open, and scalable platform to power healthcare’s digital transformation;
- **Analytics:** deliver analytics applications that generate insight on how to measurably improve;
- **Expertise:** provide analytical, clinical, financial, and operational experts who enable and accelerate improvement; and
- **Engagement:** attract, develop, and retain world-class team members by being a best place to work.

The Health Catalyst Flywheel

We accomplish our mission with each of our customers by following a process we call the Health Catalyst Flywheel or the Flywheel. This process includes delivering on the three components of our Solution: data, analytics, and expertise, which together drive measurable improvements. At the center of the Flywheel is the engagement of our team members. Team member engagement is foundational to everything we do and is the #1 priority of our CEO and broader leadership team. When team members feel connected to our mission and are listened to, cared for, and respected at an extraordinary level, they produce outstanding work, which enables our customers to measurably improve. As customers realize improvements, their trust in Health Catalyst builds, their engagement in our shared work increases, and they choose to renew and expand their relationship with us, while also referring Health Catalyst to key decision-makers at other potential customers. Customer renewal, expansion, and referral produce growing, scalable, and predictable financial performance.

The virtuous cycle described above creates momentum for our business and is encapsulated in the following diagram:



Given the central importance of team member engagement to our company’s long-term success, we have been purposeful in defining and emphasizing operating principles and cultural attributes that reinforce the commitment to our mission and to team member engagement. We consistently focus on our operating principles and cultural attributes, as well as our mission and Flywheel (collectively, the Health Catalyst Way), which we review in all new hire orientations, company-wide meetings, and board of directors’ meetings. Furthermore, we regularly measure our team member engagement and adjust our practices based on team member feedback. We have demonstrated an elite, consistent level of team member engagement over time as demonstrated by a 95th to 99th percentile ranking by Gallup.

We will continue to emphasize the Health Catalyst Way, including our operating principles and cultural attributes, which we believe will be central to our long-term success.

Our Operating Principles

The principles that govern our daily interactions include:

Improvement

- We are deeply committed to enabling our customers to achieve and sustain measurable clinical, financial, and operational improvements

- We nurture deep, long-term customer partnerships because achieving and sustaining improvement is a transformational journey (not a quick trip)
- We pragmatically balance the vision, priority, and pace of innovation for data and analytics technology. We prioritize innovations that accelerate improvement
- We attract, develop, and retain experts who know best practices in their domain, leverage analytics for insight, and accelerate adoption for sustained improvement

Ownership

- We are accountable, as owners, to enable our customers' measurable improvements
- We make decisions that balance and optimize the interests of our teammates, customers, patients, and owners
- We avoid an entitlement mentality and are good stewards of our assets
- We don't micro-manage and we encourage autonomy while also supporting scalable consistency

Respect

- We recognize the immeasurable value of every individual
- We listen carefully to one another and learn from each of our colleagues
- We care deeply about our colleagues, including teammates, customers, patients, and owners
- We benefit from one another's diverse backgrounds and experiences

Transparency

- We courageously tell the truth and we face the truth
- We are the same company, culture, and people in all settings
- We treat confidential information appropriately, and we protect the private data of our customers' patients
- We recommend the best solutions for our customers, whether or not those solutions come from Health Catalyst

Our Cultural Attributes

The attributes we prioritize in hiring, retention, and promotion include:

Continuous Learner

- I can learn from anyone
- I love to learn, and I am a lifelong student
- I recognize my mistakes and correct them quickly; I fail fast
- I am open to and respond favorably to feedback and coaching
- I value my autonomy and use it to gain new knowledge and skills
- I recognize that diversity of perspectives leads to better decisions
- I am self-aware and seek improvement, personally and professionally
- I watch, listen, and learn from others; thank them for their teachings; and apply the teachings to the mastery of my profession

Hard Working

- I have a deep commitment to massive healthcare improvement
- I stick to the task until the job is completed, then take on new work
- I lead a balanced, healthy life that enables me to sustain my pace
- I am willing to contribute more than my fair share to a project
- I make personal sacrifices, as needed, to get the work done
- I recognize that not every part of my job will be fun

Humble

- I listen first
- I assume positive intent
- I ask for help when I need it
- I serve others without looking for recognition
- I am secure in my own abilities (quiet self-confidence)
- I seek to improve myself before trying to improve others
- I am excited when others succeed and I offer sincere praise
- I often acknowledge others for their contributions to my success
- I frequently express gratitude and appreciation to those around me

World-Class

- I strive to be the best in the world at what I do by continuously learning
- I recognize the importance of excellence in pursuit of our mission
- I am well informed about events and trends in healthcare, data, and analytics
- I actively contribute to the company's pursuit of excellence - in the data and analytics technology we build, in the domain expertise we provide, and in the functions that support this important work

Business Overview

Healthcare organizations operate in an environment that is characterized by waste, changing economics, and data complexity. Organizations that leverage analytics to make data-informed decisions will be better positioned to succeed in this environment. Our customers, which are primarily healthcare providers, utilize our Solution to make data-informed decisions and realize measurable clinical, financial, and operational improvements.

The core elements of our Solution include:

- ***Data platform.*** Our cloud-based Data Operating System (DOS™) is a healthcare-specific, open, flexible, and scalable data platform that provides customers a single comprehensive environment to integrate and organize data from their disparate software systems, enabling a broad range of analytics.
- ***Analytics applications.*** Our software analytics applications build on top of our data platform to provide foundational or domain-specific insights that improve our customers' clinical, financial, and operational performance. We also provide a broad range of pre-built data models and visualizations that can be tailored to specific customer needs, which we refer to as analytics accelerators.
- ***Services expertise.*** Our world-class team consists of both analytics experts and domain experts who leverage our technology to help our customers shorten time-to-value and achieve sustainable measurable improvements.

Our approach to integrate data, analytics, and expertise into a holistic Solution is differentiated and has been recognized as among the best in the industry by multiple third parties, including KLAS, Chilmark Research, and Black Book. Our customers achieve sustainable measurable improvements through our Solution. Example improvements include:

- Allina Health generated savings of up to \$125 million in a given year using our Solution across numerous clinical, financial, and operational improvement projects. In one example improvement, Allina Health utilized our Solution to drive higher adherence to sepsis treatment best practices, achieving over \$1 million of cost savings and over 30% reduction in severe sepsis and septic shock mortality.
- UPMC utilized our Solution to more deeply understand their cost and clinical variation, realizing \$38 million in clinical, financial, and operational improvements over a multiyear period. The improvements spanned

across its service lines, including \$15 million in supply, drug, and pharmaceutical reductions from interventions such as order set standardization and protocol development.

- Mission Health became recognized as one of the best Accountable Care Organizations (ACO) in the nation by utilizing our Solution to improve processes in order to optimize performance against its ACO's Medicare Shared Savings Program (MSSP) measures, saving Medicare over \$11 million and achieving 100% of all at-risk dollars.

Since 2015, we have generated more than 650 documented, customer-verified improvements across clinical, financial, and operational domains. In addition to the positive ROI of customers utilizing our Solution versus a homegrown solution, each of these documented improvements is highly valuable to our customers, enabling them to realize substantial clinical improvements, financial savings, or operational efficiencies. As we deliver measurable improvements, trust builds, and our customers engage with us more broadly and refer new business to us. This is evidenced by the continued increase in documented improvements achieved by our customers over time. Customers who have recently contracted with us have already started achieving measurable improvements, while longer-standing customers have seen the number of annual improvements meaningfully grow. For the 12 months ended March 31, 2019, customers who contracted with us in 2017 and 2018 experienced approximately one improvement on average, customers who contracted with us in 2015 and 2016 experienced approximately six improvements on average, and customers who contracted with us prior to 2015 experienced more than 15 improvements on average.

We serve the majority of our customers through a subscription-based contract model. As of December 31, 2018, we served 126 customers, including 50 customers with a DOS subscription contract (DOS Subscription Customers). The majority of our customers not on a DOS subscription contract are interoperability subscription customers resulting from our recent acquisition of Medicity LLC (Medicity). We have achieved rapid DOS Subscription customer growth in part due to strong customer retention and customer referrals. We have achieved Dollar-based Retention Rates of 108% and 107% for the years ended December 31, 2017 and 2018, respectively. As of May 2019, our last 12 months average KLAS Evangelism score, similar to a net promoter score, for our Solution was 62, which is twice the industry average of 30. Our customers include academic medical centers, integrated delivery networks, community hospitals, large physician practices, ACOs, health information exchanges, health insurers, and other risk-bearing entities. Example customers include Acuitas Health, Allina Health, AlohaCare, Children's Hospital of Orange County, Community Health Network, Partners HealthCare, UnityPoint Health, and UPMC.

We currently employ more than 700 team members including over 200 analytics experts and over 65 domain experts. For the years ended December 31, 2017 and 2018, and for the three months ended March 31, 2018 and 2019, our total revenue was \$73.1 million, \$112.6 million, \$20.6 million, and \$35.2 million, respectively. For the years ended December 31, 2017 and 2018, and for the three months ended March 31, 2018 and 2019, we incurred net losses of \$47.0 million, \$62.0 million, \$12.2 million, and \$13.7 million, respectively. For the years ended December 31, 2017 and 2018, and for the three months ended March 31, 2018 and 2019, our Adjusted EBITDA was \$(35.4) million, \$(38.1) million, \$(9.3) million, and \$(6.7) million, respectively. See "Selected Consolidated Financial and Other Data - Reconciliation of Non-GAAP Financial Measures" for more information about Adjusted EBITDA, including the limitations of such measure and a reconciliation to the most directly comparable measure calculated in accordance with GAAP.

Industry Overview

A number of important industry challenges and market dynamics are transforming the way data and analytics are used by healthcare organizations. We believe the current confluence of healthcare waste, changing economics, and data complexity create a unique opportunity for meaningful clinical, financial, and operational improvements in healthcare.

Unprecedented waste amidst unsustainably high and rising healthcare costs

Research estimates 30% of U.S. healthcare spending is wasteful in nature, implying more than \$1 trillion of waste amongst \$3.6 trillion of total healthcare expenditure in 2018. For the healthcare system to operate more sustainably

and thrive in the long term, constituents must be data informed to reduce excess utilization, unnecessary variation, and inefficiency.

Changing economics due to financial pressure and the move to value-based care

Over the past several years, public- and private-sector payors have reduced fee-for-service reimbursement rates, increasing pressure on healthcare providers' profitability. At the same time, providers are experiencing a shift from volume to value-based payment models, impacting reimbursement. Increasing margin pressure coupled with the move to value-based care models present economic complexity and uncertainty for healthcare providers that can be better managed through the use of data and analytics.

Proliferation and increasing complexity of healthcare data

The U.S. healthcare system has invested billions of dollars to collect vast amounts of detailed information in digital format. Examples of major areas of this investment include electronic transactional systems that digitize clinical information (e.g., Electronic Health Record (EHR) systems, pharmacy, laboratory, imaging, patient satisfaction, and healthcare information exchanges), financial information (e.g., general ledger, costing, and billing), and operational information (e.g., supply chain, human resources, time and attendance, IT support, and patient engagement). These investments have led to a proliferation of healthcare data, which is expected to exceed 10 zettabytes by 2025, and will include socioeconomic, genomic, and remote patient monitoring information.

Collecting, storing, and using healthcare data is complicated by the breadth and depth of disparate sources, the multitude of formats, and increasing regulatory requirements. Legacy clinical software and industry-agnostic horizontal data vendors have attempted to enter the healthcare data space but have been unsuccessful due to the healthcare-specific content, logic, and advanced analytics capabilities required. In addition, many healthcare organizations have attempted to develop their own analytics solutions but have found them to be too costly to develop and maintain. They have also looked to traditional EHR vendors; however, these vendors lack the capabilities needed to compile and derive analytics insights from the vast number of available data sources in a flexible manner that drives time-to-value.

After decades of investing in EHR technology, the state of interoperability is insufficient and inhibits care coordination, health data exchange, clinical efficiency, and the quality of care provided to patients. Given that the EHR is the principal electronic interface used today at the point of care, the path to improved data-driven decision support will require integration between EHR systems and other data and analytics providers. Incidentally, the U.S. healthcare system is in the midst of an "open data wave," with increasing focus and demand for patient data interoperability. Additionally, recent laws and regulations, such as the 21st Century Cures Act, promote and prioritize interoperability and the free exchange of health information.

Problems Our Customers Face

As the U.S. healthcare system continues to evolve due to the aforementioned waste, changing economics, and data complexity, healthcare organizations must undergo fundamental transformations to stay relevant, compliant, and competitive. To meaningfully change and improve, we believe healthcare organizations must solve key problems related to data, analytics, and expertise, which most have not solved today.

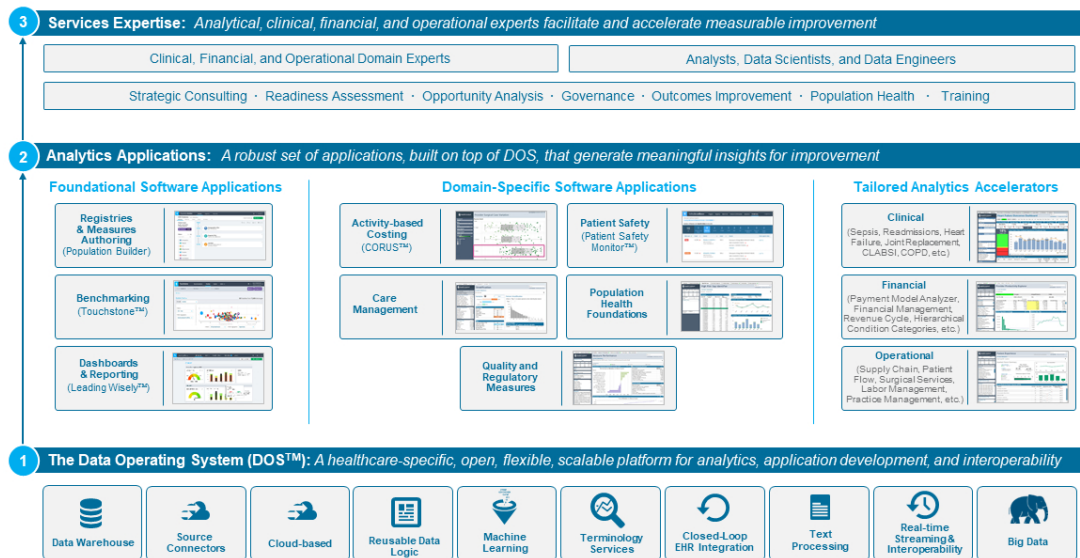
Problems Related to Data, Analytics, and Expertise	
Data	<ul style="list-style-type: none"> ■ Harmonizing disparate and siloed data into a "single source of truth" ■ Ingesting large quantities of structured and unstructured data ■ Building and maintaining healthcare registries, measures, and data models ■ Operationalizing machine learning models and natural language processing queries ■ Realizing value in a timely, scalable, and cost efficient manner
Analytics	<ul style="list-style-type: none"> ■ Identifying the highest value and most impactful improvement opportunities ■ Producing meaningful insights from using only industry-agnostic analytics tools ■ Leveraging analytical insights generated across the healthcare industry
Expertise	<ul style="list-style-type: none"> ■ Conducting sophisticated analytics, including opportunity prioritization, quality and process improvement, and data modeling ■ Recruiting and retaining top talent, including data analysts and scientists, and clinical, financial, and operational subject-matter experts ■ Leveraging industry best practices and expertise developed from numerous domain-specific engagements

Only after healthcare organizations have resolved their data, analytics, and expertise challenges, can they focus on addressing key clinical, financial, and operational problems that are critical to realizing improvements. We believe our Solution enables our customers to solve these problems.

Key Clinical, Financial, and Operational Problems		
Clinical	Financial	Operational
<ul style="list-style-type: none"> ■ Maintaining consistency in quality and quantity of care ■ Optimizing clinical success and patient safety metrics ■ Identifying high-risk, high-cost patients to enhance care management 	<ul style="list-style-type: none"> ■ Measuring the true cost of care from current cost accounting methods ■ Comprehending population-level cost and quality of care to engage in value-based care risk models ■ Understanding and improving the revenue cycle and cash collection processes 	<ul style="list-style-type: none"> ■ Monitoring, prioritizing, and submitting complex and evolving metrics to regulatory agencies ■ Creating automated, real-time reporting methods ■ Streamlining supply chain processes and optimizing costs ■ Implementing efficient staffing models to optimize labor costs

Our Solution

Our Solution empowers our customers to run a data-informed business, driving measurable clinical, financial, and operational improvements. The diagram below illustrates the three layers of our comprehensive Solution:



- Data platform.** The first part of our Solution and the foundation of what we do is DOS, a healthcare-specific, cloud-based, open, flexible, and scalable data platform that provides customers a single comprehensive environment to integrate and organize data from their disparate software systems. It has been built with modern technology and is deeply embedded with healthcare domain knowledge, enabling a broad range of analytics. DOS has amassed one of the largest and most comprehensive data assets of its kind, which enables us to deliver differentiated insights to our customers.
- Analytics applications.** The second part of our Solution is our suite of software analytics applications which are built on top of DOS and are designed to analyze the most common problems our customers face. These analytics applications allow our customers to pinpoint opportunities for measurable improvements across their entire enterprise and are employed by a broad range of users from healthcare executives to front-line clinicians providing care. We developed this suite of foundational and domain-specific software analytics applications over the last three years based on thoughtful measurement of the most critical analytics needs faced by our customers. The majority of them became generally available for deployment in 2018, with more to be released in the coming years. Our software analytics applications are further enhanced by a broad range of analytics accelerators, which are pre-built, configurable data models with customizable visualizations that can be tailored to specific customer needs.
- Services expertise.** The third part of our Solution is our services expertise. Our world-class team consists of both analytics experts, such as data analysts, data engineers, and data scientists, and domain experts, such as healthcare administrators, physicians, and nurses. These team members leverage our technology to help our customers shorten time-to-value and achieve sustainable measurable improvements.

Our Opportunity

We believe the market opportunity for our Solution is large and rapidly growing with strong tailwinds. We estimate the addressable market for our data platform to be approximately \$2 billion, our analytics applications portfolio to be approximately \$3 billion, and our professional services offerings to be approximately \$3 billion, which total an approximately \$8 billion addressable market. We calculate our market opportunity from the number of health systems and risk-bearing entities that can benefit from our Solution using market pricing. We estimate our core market to include more than 1,200 U.S. health systems and risk-bearing entities. We intend to grow our addressable market through new product offerings, international expansion, market adjacencies such as life sciences, and growth of relationships with risk-bearing entities.

Our Strengths

Our operational and financial success is based on the following key strengths:

- **Healthcare-specific, flexible, open, and scalable data platform.** DOS was purpose-built to handle healthcare-specific data management and analytics use cases, including the ingestion of disparate healthcare data sources. Through our flexible, open, and scalable design, we enable faster and more repeatable analytics, easier adoption, and integration by our customers, and quicker product iteration and deployment.
- **Expansive and growing data asset .** DOS contains one of the largest and most comprehensive data assets of its kind with more than 100 million patient records, encompassing trillions of facts. We source data from more than 300 distinct siloed sources including clinical, claims, financial, patient satisfaction, and administrative data domains. The extensiveness and richness of the data asset allow us to deliver differentiated solutions to our customers.
- **Integrated and comprehensive nature of our Solution creates measurable improvements.** Through the delivery of our comprehensive and integrated Solution of data, analytics, and services expertise, we enable measurable improvements for our customers. Since 2015, our Solution has generated more than 650 documented, customer-verified improvements across clinical, financial, and operational domains.
- **Attractive operating model.** We have an attractive operating model due to the recurring nature of our revenue and the scalability of our data platform and analytics applications. The open and flexible nature of DOS makes it highly scalable, which allows us to deliver additional applications on top of DOS with limited incremental costs.
- **Unique and differentiated culture focused on team member engagement.** Our commitment to building and maintaining a culture where team members are highly engaged in our mission leads team members to build world-class data and analytics technology and to provide industry-leading expertise.
- **Recognized industry leader by multiple third parties.** The strength of our Solution has been recognized by multiple third-parties, including KLAS, Chilmark Research, and Black Book, as among the best in the industry. We have invested meaningful time and resources over the last decade to build a comprehensive and differentiated set of products and services, which is not easily replicated.
- **Tenured management team with healthcare technology experience.** Health Catalyst is led by a team of healthcare and data veterans with many years of combined experience leading digital transformation at health systems, such as Intermountain Healthcare and Northwestern University. The unique combination of talent and experience across healthcare and technology, as well as our management team's commitment to the Health Catalyst Way, underpin everything we do.

Our Growth Strategies

Our growth strategies reflect our mission to be the catalyst for massive, measurable, data-informed healthcare improvement. We believe our focus on multiple channels, as well as our collaborative company culture, will contribute to high levels of sustainable growth. Our strategic levers to drive growth include:

- **Grow our overall customer base.** As of December 31, 2018, we served 126 customers, of which 50 were on a DOS subscription contract, yielding total DOS Subscription Customer market penetration of approximately 4% of the more than 1,200 healthcare organizations in our core market. Further, healthcare providers outside of the United States face similar challenges to those in the United States, so we plan to opportunistically pursue international markets.
- **Expand within our current customer base.** Our relationship with a new customer oftentimes starts through the use of targeted analytics applications and services to pinpoint and achieve a single measurable clinical, financial, or operational improvement. As we deliver measurable improvements, trust builds, and our customers engage with us more broadly and purchase additional applications and services.
- **Add new analytics applications and services offerings.** Because our platform is open and we partner with our customers, we are able to identify new opportunities for further improvements and leverage that insight with other customers to develop new analytics applications and services offerings. We have used this process to build eight new software applications over the past three years and we will continue to invest in product development, particularly at the analytics applications layer of our technology stack.
- **Grow our addressable market through additional healthcare business segment adjacencies.** We believe there are significant applications for our Solution outside of our core market, as evidenced by our recent expansion into the life sciences market. Other business segment adjacencies include serving the employer space and additional types of providers and risk-bearing entities.
- **Selectively pursue acquisitions and partnerships.** We plan to continue identifying and evaluating opportunities where we can leverage our platform to scale and consolidate both data assets and best-of-breed applications. We believe that competing point-solutions vendors will have difficulty in growing their offerings into sustainable businesses, which we believe translates into a robust mergers and acquisitions pipeline for us. We have a track record of identifying and integrating new and complementary capabilities, including our acquisitions of Healthcare Data Works and Medicity. Moreover, we believe the companies we partner with and acquire choose us because of our collaborative, best-in-class culture, which we view as a differentiating factor in sourcing acquisitions and partnerships.

Risks Associated with Our Business and Government Regulation

Our business is subject to numerous risks, as more fully described in the “Risk Factors” immediately following this prospectus summary. You should read these risks before you invest in our common stock. In particular, risks we face include, but are not limited to, the following:

- We operate in a highly competitive industry, and if we are not able to compete effectively, our business and results of operations will be harmed.
- We may be unable to successfully execute on our growth initiatives, business strategies, or operating plans.
- If we fail to effectively manage our growth and organizational change, our business and results of operations could be harmed.
- If we do not continue to innovate and provide services that are useful to customers and users, we may not remain competitive, and our revenue and results of operations could suffer.

- Our business could be adversely affected if our customers are not satisfied with our Solution.
- If our existing customers do not continue or renew their contracts with us, renew at lower fee levels or decline to purchase additional technology and services from us, it could have a material adverse effect on our business, financial condition, and results of operations.
- Our Solution is dependent on our ability to source data from third parties, and such third parties could take steps to block our access to data, which could impair our ability to provide our Solution or limit the effectiveness of our Solution.
- Failure by our customers to obtain proper permissions and waivers may result in claims against us or may limit or prevent our use of data, which could harm our business.
- If our security measures are breached or unauthorized access to customer data is otherwise obtained, our Solution may be perceived as not being secure, customers may reduce the use of or stop using our Solution, and we may incur significant liabilities.
- Our results of operations have in the past fluctuated and may continue to fluctuate significantly, and if we fail to meet the expectations of analysts or investors, our stock price and the value of an investment in our common stock could decline substantially.
- Our pricing may change over time and our ability to efficiently price our Solution will affect our results of operations and our ability to attract or retain customers.
- Government regulation of healthcare creates risks and challenges with respect to our compliance efforts and our business strategies.

Corporate Information

We were incorporated under the laws of the State of Delaware in September 2011 under the name HQC Holdings, Inc. We changed our name to Health Catalyst, Inc. in March 2017.

Our principal executive offices are located at 3165 Millrock Drive #400, Salt Lake City, Utah 84121. Our telephone number is (801) 708-6800. Our website address is www.healthcatalyst.com. The information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider any information contained on, or that can be accessed through, our website as part of this prospectus or in deciding whether to purchase our common stock.

“Health Catalyst” and other trademarks or service marks of Health Catalyst, Inc. appearing in this prospectus are the property of Health Catalyst, Inc. This prospectus contains additional trade names, trademarks and service marks of others, which are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® or ™ symbols.

Implications of Being an Emerging Growth Company

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). We will remain an emerging growth company until the earlier of (1) December 31, 2024 (the last day of the fiscal year following the fifth anniversary of our initial public offering), (2) the last day of the fiscal year in which we have total annual gross revenue of at least \$1.07 billion, (3) the last day of the fiscal year in which we are deemed to be a “large accelerated filer,” as defined in the rules under the Securities Exchange Act of 1934, as amended (the Exchange Act), and (4) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. Any reference herein to “emerging growth company” has the meaning ascribed to it in the JOBS Act.

An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements in this prospectus and only two years of related “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our periodic reports and registration statements, including this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the Sarbanes-Oxley Act);
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements, and registration statements, including in this prospectus; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We have elected to take advantage of certain of the reduced disclosure obligations in this prospectus and may elect to take advantage of other reduced reporting requirements in our future filings with the SEC. As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

The JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

The Offering

Common stock offered by us	shares
Option to purchase additional shares of common stock from us	shares
Common stock to be outstanding immediately after this offering	shares (shares, if the underwriters exercise their option to purchase additional shares in full)
Use of proceeds	<p>We estimate that we will receive net proceeds of approximately \$ million (or approximately \$ million if the underwriters exercise their option to purchase additional shares in full), assuming an initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>The principal purposes of this offering are to increase our financial flexibility, create a public market for our common stock, and facilitate our future access to the capital markets. We intend to use the net proceeds of this offering for working capital and other general corporate purposes. We may also use a portion of the net proceeds of this offering for acquisitions or strategic transactions, though we have not entered into any agreements or commitments with respect to any specific transactions and have no understandings or agreements with respect to any such transactions at this time. See “Use of Proceeds” for additional information.</p>
Risk factors	See “Risk Factors” and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Proposed trading symbol	“ ”

The number of shares of our common stock that will be outstanding after this offering is based on 56,156,484 shares of common stock (including our redeemable convertible preferred stock on an as-converted basis and 105,557 shares of common stock issued to former employees for non-recourse notes) outstanding as of March 31, 2019, and excludes:

- 16,266,375 shares of common stock issuable upon the exercise of options outstanding as of March 31, 2019, at a weighted-average exercise price of \$5.26 per share;
- 82,250 shares of common stock issuable upon the exercise of options outstanding that were granted after March 31, 2019, at a weighted-average exercise price of \$10.31 per share;
- 510,674 shares of common stock issuable upon the exercise of common stock warrants outstanding as of March 31, 2019, at an exercise price of \$5.33 per share;
- 507,364 shares of common stock reserved for future issuance under our 2011 Stock Incentive Plan (2011 Plan), which shares will cease to be available for issuance at the time our 2019 Stock Option and Incentive Plan (2019 Plan), becomes effective;

- shares of common stock reserved for future issuance pursuant to our 2019 Plan, which will become effective prior to the completion of this offering and will include provisions that automatically increase the number of shares of common stock reserved for issuance thereunder each year; and
- shares of common stock reserved for future issuance under our 2019 Employee Stock Purchase Plan (2019 ESPP), which will become effective prior to the completion of this offering and will include provisions that automatically increase the number of shares of common stock reserved for issuance thereunder each year.

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

- the automatic conversion of all outstanding shares of our redeemable convertible preferred stock as of March 31, 2019 into an aggregate of 46,303,026 shares of our common stock immediately prior to the completion of this offering;
- no exercise of outstanding stock options or warrants;
- no exercise by the underwriters of their option to purchase additional shares of our common stock; and
- the filing and effectiveness of our amended and restated certificate of incorporation in Delaware and the adoption of our amended and restated bylaws immediately prior to the completion of this offering.

Summary Consolidated Financial and Other Data

We derived the summary consolidated statements of operations data for the years ended December 31, 2017 and 2018 from our audited consolidated financial statements included elsewhere in this prospectus. We derived the selected consolidated statements of operations data for the three months ended March 31, 2018 and 2019 and our selected consolidated balance sheet data as of March 31, 2019 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. Our unaudited interim consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair statement of our unaudited interim consolidated financial statements.

Our historical results are not necessarily indicative of the results to be expected in the future. The following summary consolidated financial and other data should be read in conjunction with “Selected Consolidated Financial and Other Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Consolidated Statements of Operations Data:				
(in thousands)				
Revenue:				
Technology	\$ 31,693	\$ 57,224	\$ 9,451	\$ 20,148
Professional services	41,388	55,350	11,181	15,065
Total revenue	73,081	112,574	20,632	35,213
Cost of revenue, excluding depreciation and amortization:				
Technology ⁽¹⁾	11,610	19,429	3,359	6,752
Professional services ⁽¹⁾	32,032	40,423	8,251	10,574
Total cost of revenue, excluding depreciation and amortization	43,642	59,852	11,610	17,326
Operating expenses:				
Sales and marketing ⁽¹⁾	25,920	44,123	6,721	10,473
Research and development ⁽¹⁾	28,470	38,592	8,705	10,022
General and administrative ⁽¹⁾	14,697	22,690	3,902	6,174
Depreciation and amortization	5,892	7,412	1,550	2,312
Total operating expenses	74,979	112,817	20,878	28,981
Loss from operations	(45,540)	(60,095)	(11,856)	(11,094)
Loss on extinguishment of debt	—	—	—	(1,670)
Interest and other expense, net	(1,469)	(2,024)	(509)	(945)
Loss before income taxes	(47,009)	(62,119)	(12,365)	(13,709)
Income tax provision (benefit)	26	(135)	(156)	11
Net loss	\$ (47,035)	\$ (61,984)	\$ (12,209)	\$ (13,720)

(1) Includes stock-based compensation expense, tender offer payments deemed compensation expense, and post-acquisition restructuring costs.

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Stock-Based Compensation Expense:	(in thousands)			
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ 65	\$ 78	\$ 14	\$ 33
Professional services	514	480	100	148
Sales and marketing	1,192	1,514	430	783
Research and development	707	787	177	222
General and administrative	1,763	1,339	319	470
Total	\$ 4,241	\$ 4,198	\$ 1,040	\$ 1,656

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Tender Offer Payments Deemed Compensation Expense:	(in thousands)			
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ —	\$ 28	\$ —	\$ —
Professional services	—	284	—	—
Sales and marketing	—	3,967	—	—
Research and development	—	906	—	—
General and administrative	—	3,133	—	—
Total	\$ —	\$ 8,318	\$ —	\$ —

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Post-Acquisition Restructuring Costs:	(in thousands)			
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ —	\$ —	\$ —	\$ —
Professional services	—	337	—	108
Sales and marketing	—	780	—	306
Research and development	—	513	—	32
General and administrative	—	484	—	—
Total	\$ —	\$ 2,114	\$ —	\$ 446

	As of March 31, 2019		
	Actual	Pro Forma ⁽¹⁾	Pro Forma, As Adjusted ⁽²⁾⁽³⁾
Consolidated Balance Sheet Data:	(in thousands)		
Cash and cash equivalents	\$ 32,208	\$ 32,208	
Short-term investments	32,426	32,426	
Working capital ⁽⁴⁾	81,574	81,574	
Total assets	144,212	144,212	
Deferred revenue, current and non-current	36,047	36,047	
Long-term debt, net of current portion	47,263	47,263	
Redeemable convertible preferred stock	485,933	—	
Accumulated deficit	(450,048)	(453,846)	
Total stockholders' (deficit) equity	(450,036)	35,897	

- (1) The pro forma column in the consolidated balance sheet data table above gives effect to the (i) automatic conversion of all outstanding shares of our redeemable convertible preferred stock as of March 31, 2019 into an aggregate of 46,303,026 shares of our common stock in connection with this offering, (ii) stock-based compensation expense of approximately \$3.8 million associated with outstanding stock options subject to a performance condition for which stock-based compensation would have been recognized as of March 31, 2019 based on the service-based vesting condition alone, and which we will recognize upon the effectiveness of our registration statement in connection with this offering, as further described in note 16 to our consolidated financial statements included elsewhere in this prospectus, and (iii) the filing and effectiveness of our amended and restated certificate of incorporation that will become effective immediately prior to the completion of this offering.
- (2) The pro forma as adjusted column in the consolidated balance sheet data table above gives effect to (i) the pro forma adjustments set forth in footnote (1) above and (ii) the sale of shares of common stock in this offering at an assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.
- (3) Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, each of our pro forma as adjusted cash and cash equivalents, working capital, total assets, and total stockholders' (deficit) equity by \$ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions payable by us. We may also increase or decrease the number of shares we are offering. Each increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease, as applicable, each of our pro forma as adjusted cash and cash equivalents, working capital, total assets, and total stockholders' (deficit) equity by \$ million, assuming that the assumed initial offering price to the public remains the same, and after deducting underwriting discounts and commissions payable by us. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price, the number of shares offered, and the other terms of this offering determined at pricing.
- (4) Working capital is calculated as current assets less current liabilities, excluding current deferred revenue. See our consolidated financial statements and related notes thereto included elsewhere in this prospectus for further details regarding our current assets and current liabilities.

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Non-GAAP Financial Data:	(in thousands, except percentages)			
Adjusted Technology Gross Profit ⁽¹⁾	\$ 20,148	\$ 37,901	\$ 6,106	\$ 13,429
Adjusted Technology Gross Margin ⁽¹⁾	64%	66%	65%	67%
Adjusted Professional Services Gross Profit ⁽¹⁾	\$ 9,870	\$ 16,028	\$ 3,030	\$ 4,747
Adjusted Professional Services Gross Margin ⁽¹⁾	24%	29%	27%	32%
Total Adjusted Gross Profit ⁽¹⁾	\$ 30,018	\$ 53,929	\$ 9,136	\$ 18,176
Total Adjusted Gross Margin ⁽¹⁾	41%	48%	44%	52%
Adjusted EBITDA ⁽¹⁾	\$ (35,407)	\$ (38,053)	\$ (9,266)	\$ (6,680)

- (1) These measures are not calculated in accordance with U.S. Generally Accepted Accounting Principles (GAAP). See "Selected Consolidated Financial and Other Data - Reconciliation of Non-GAAP Financial Measures" for more information about these financial measures, including the limitations of such measures and a reconciliation of each measure to the most directly comparable measure calculated in accordance with GAAP.

Other Key Metrics

	As of December 31,	
	2017	2018
DOS Subscription Customers ⁽¹⁾	34	50

- (1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Key Business Metrics" for more information about this metric.

	Year Ended December 31,	
	2017	2018
Dollar-based Retention Rate ⁽¹⁾	108%	107%

- (1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Key Business Metrics" for more information about this metric.

Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, before making a decision to invest in our common stock. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, results of operations, financial condition and prospects could be harmed. In that event, the trading price of our common stock could decline, and you could lose part or all of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

Risks Related to Our Business

We operate in a highly competitive industry, and if we are not able to compete effectively, our business and results of operations will be harmed.

The market for healthcare solutions is intensely competitive. We compete across various segments within the healthcare market, including with respect to data analytics and technology platforms, healthcare consulting, care management and coordination, population health management, and health information exchange. Competition in our market involves rapidly changing technologies, evolving regulatory requirements and industry expectations, frequent new product introductions, and changes in customer requirements. If we are unable to keep pace with the evolving needs of our customers and continue to develop and introduce new applications and services in a timely and efficient manner, demand for our Solution may be reduced and our business and results of operations will be adversely affected.

We face competition from industry-agnostic analytics companies and EHR companies, such as Epic Systems and Cerner. We also compete with other large, well-financed, and technologically sophisticated entities. Some of our current large competitors, such as Optum Analytics and IBM, have greater name recognition, longer operating histories, significantly greater resources than we do, and/or more established distribution networks and relationships with healthcare providers. As a result, our current and potential competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or customer requirements. In addition, current and potential competitors have established, and may in the future establish, cooperative relationships with vendors of complementary products, or services to increase the availability of their products or services to the marketplace. Current or future competitors may consolidate to improve the breadth of their products, directly competing with our Solution. Accordingly, new competitors may emerge that have greater market share, larger customer bases, greater breadth and volume of data, more widely adopted proprietary technologies, broader offerings, greater marketing expertise, greater financial resources, and larger sales forces than we have, which could put us at a competitive disadvantage. Further, in light of these advantages, even if our Solution is more effective than the product or service offerings of our competitors, current or potential customers might select competitive products and services in lieu of purchasing our Solution. We face competition from niche vendors, who offer stand-alone products and services, and from existing enterprise vendors, including those currently focused on software products, which have information systems in place with customers in our target markets. These existing enterprise vendors may now, or in the future, offer or promise products or services with less functionality than our Solution, but offer ease of integration with existing systems and that leverage existing vendor relationships. Increased competition is likely to result in pricing pressures, which could negatively impact our sales, profitability, or market share.

Our patient engagement, population health, and care coordination services face competition from a wide variety of market participants. For example, certain health systems have developed their own population health and care coordination systems. If we fail to distinguish our offerings from the other options available to healthcare providers, the demand for and market share of those offerings may decrease.

We may be unable to successfully execute on our growth initiatives, business strategies, or operating plans.

We are continually executing a number of growth initiatives, strategies, and operating plans designed to enhance our business. For example, we recently expanded our data analytics services into the payor and life sciences markets. We may not be able to successfully complete these growth initiatives, strategies, and operating plans and realize all of

the benefits, including growth targets and cost savings, that we expect to achieve or it may be more costly to do so than we anticipate. A variety of factors could cause us not to realize some or all of the expected benefits. These factors include, among others, delays in the anticipated timing of activities related to such growth initiatives, strategies, and operating plans, increased difficulty and cost in implementing these efforts, including difficulties in complying with new regulatory requirements and the incurrence of other unexpected costs associated with operating the business. Moreover, our continued implementation of these programs may disrupt our operations and performance. As a result, we cannot assure you that we will realize these benefits. If, for any reason, the benefits we realize are less than our estimates or the implementation of these growth initiatives, strategies, and operating plans adversely affect our operations or cost more or take longer to effectuate than we expect, or if our assumptions prove inaccurate, our business, financial condition, and results of operations may be materially adversely affected.

If we fail to effectively manage our growth and organizational change, our business and results of operations could be harmed.

We have experienced, and may continue to experience, rapid growth and organizational change, which has placed, and may continue to place, significant demands on our management, operational, and financial resources. For example, our headcount has grown from 517 team members as of December 31, 2017 to 734 team members as of December 31, 2018. In addition, if we fail to successfully integrate new team members, it could harm our culture. We must continue to maintain, and may need to enhance, our information technology infrastructure and financial and accounting systems and controls, as well as manage expanded operations in geographically distributed locations, which will place additional demands on our resources and operations. We also must attract, train, and retain a significant number of qualified sales and marketing personnel, professional services personnel, software engineers, technical personnel, service offering personnel, and management personnel. This will require us to invest in and commit significant financial, operational, and management resources to grow and change in these areas without undermining the corporate culture that has been critical to our growth so far. If we do not achieve the benefits anticipated from these investments, or if the realization of these benefits is delayed, our results of operations may be adversely affected. If we fail to provide effective customer training on our Solution and high-quality customer support, our business, and reputation could suffer. Failure to manage our growth effectively could lead us to over-invest or under-invest in technology and operations; result in weaknesses in our infrastructure, systems, or controls; give rise to operational mistakes, losses, or loss of productivity or business opportunities; reduce customer or user satisfaction; limit our ability to respond to competitive pressures; and result in loss of team members and reduced productivity of remaining team members. Our growth could require significant capital expenditures and may divert financial resources and management attention from other projects, such as the development of new or enhanced services or the acquisition of suitable businesses or technologies. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our revenue could decline or may grow more slowly than expected, and we may be unable to implement our business strategy.

If we do not continue to innovate and provide services that are useful to customers and users, we may not remain competitive, and our revenue and results of operations could suffer.

The market for healthcare in the United States is in the early stages of structural change and is rapidly evolving toward a more value-based care model. Our success depends on our ability to keep pace with technological developments, satisfy increasingly sophisticated customer and user requirements, and sustain market acceptance. Our future financial performance will depend in part on growth in this market and on our ability to adapt to emerging demands of this market, including adapting to the ways our customers or users access and use our Solution. Although we have built eight new software analytics applications in the last three years, we may not be able to sustain this rate of innovation. Our competitors are constantly developing products and services that may become more efficient or appealing to our customers or users. As a result, we must continue to invest significant resources in research and development in order to enhance our existing services and introduce new high-quality services and applications that customers will want, while offering our Solution at competitive prices. If we are unable to predict user preferences or industry changes, or if we are unable to modify our Solution on a timely or cost-effective basis, we may lose customers and users. Our results of operations would also suffer if our innovations are not responsive to the needs of our customers, are not appropriately timed with market opportunity, or are not effectively brought to market, including as the result of delayed releases or releases that are ineffective or have errors or defects. As technology continues to develop, our competitors may be able to offer results that are, or that are perceived to be, substantially similar to, or better than, those generated

by our Solution. This may force us to compete on additional service attributes and to expend significant resources in order to remain competitive.

Our business could be adversely affected if our customers are not satisfied with our Solution.

We depend on customer satisfaction to succeed with respect to our cloud-based solutions. Our sales organization is dependent on the quality of our offerings, our business reputation, and the strong recommendations from existing customers. If our cloud-based software does not function reliably or fails to meet customer expectations in terms of performance and availability, customers could assert claims against us or terminate their contracts with us or publish negative feedback. This could damage our reputation and impair our ability to attract or retain customers. Furthermore, we provide professional services to customers to support their use of our applications and to achieve measurable clinical, financial, and operational improvements. Any failure to maintain high-quality professional services, or a market perception that we do not maintain high-quality professional services, could harm our reputation, adversely affect our ability to sell our Solution to existing and prospective customers, and harm our business, results of operations and financial condition.

If our existing customers do not continue or renew their contracts with us, renew at lower fee levels or decline to purchase additional technology and services from us, it could have a material adverse effect on our business, financial condition, and results of operations.

We expect to derive a significant portion of our revenue from the renewal of existing customer contracts and sales of additional technology and services to existing customers. As part of our growth strategy, for instance, we have recently focused on expanding our Solution among current customers. As a result, selling additional technology and services are critical to our future business, revenue growth, and results of operations.

Factors that may affect our ability to sell additional technology and services include, but are not limited to, the following:

- the price, performance, and functionality of our Solution;
- the availability, price, performance, and functionality of competing solutions;
- our ability to develop and sell complementary technology and services;
- the stability, performance, and security of our hosting infrastructure and hosting services;
- our ability to continuously deliver measurable improvements;
- health systems' demand for professional services to augment their internal data analytics function;
- changes in healthcare laws, regulations, or trends; and
- the business environment of our customers and, in particular, headcount reductions by our customers.

We enter into subscription contracts with our customers for access to our Solution. Many of these contracts have initial terms of one to three years. Most of our customers have no obligation to renew their subscriptions for our Solution after the initial term expires. Although we have long-term contracts with many customers, these contracts may be terminated by the customer before their term expires for various reasons, such as changes in the regulatory landscape and poor performance by us, subject to certain conditions. For example, after a specified period, certain of these contracts are terminable for convenience by our customers, subject to providing us with prior notice. Certain of our contracts may be terminated by the customer immediately following repeated failures by us to provide specified levels of service over periods ranging from six months to more than a year. Certain of our contracts may be terminated immediately by the customer if we lose applicable third party licenses, go bankrupt, or lose our liability insurance. If any of our contracts with our customers is terminated, we may not be able to recover all fees due under the terminated contract and we will

lose future revenue from that customer, which may adversely affect our results of operations. We expect that future contracts will contain similar provisions.

In addition, our customers may negotiate terms less advantageous to us upon renewal, which may reduce our revenue from these customers. Our future results of operations also depend, in part, on our ability to upgrade and enhance our Solution. If our customers fail to renew their contracts, renew their contracts upon less favorable terms, or at lower fee levels or fail to purchase new technology and services from us, our revenue may decline or our future revenue growth may be constrained.

Our Solution is dependent on our ability to source data from third parties, and such third parties could take steps to block our access to data, which could impair our ability to provide our Solution or limit the effectiveness of our Solution.

Our data platform requires us to source data from multiple clinical, financial, and operational data sources, which sources are also typically third-party vendors of our customers. The functioning of our analytics applications and our ability to perform analytics services is predicated on our ability to establish interfaces that download the relevant data from these source systems on a repeated basis and in a reliable manner. We may encounter vendors who engage in information blocking practices that may inhibit our ability to access the relevant data on behalf of customers. A proposed rulemaking issued on March 3, 2019 (the Proposed Rule) pursuant to the 21st Century Cures Act anti-information blocking provisions prohibits practices that are meant to prevent, materially discourage, or otherwise inhibit access, exchange, or use of electronic health information. The Proposed Rule allows for certain exceptions such as allowing vendors to charge a reasonable cost for access to interoperability elements of its technology to enable data access. However, the Proposed Rule may not be finalized for some time, and the final rule may be modified in ways that are less discouraging of information blocking practices than is the Proposed Rule. Further, healthcare organizations and vendors may decide in the interim not to observe the provisions of the Proposed Rule or may adapt interpretations of the Proposed Rule and/or the final rule that justify the continuation of various information blocking practices. If we face limitations on the development of data interfaces and other information blocking practices, our data access and ability to download relevant data may be limited, which could adversely affect our ability to provide our Solution as effectively as possible. Any steps we take to enforce the anti-information blocking provisions of the 21st Century Cures Act could be costly, could distract management attention from the business, and could have uncertain results.

Failure by our customers to obtain proper permissions and waivers may result in claims against us or may limit or prevent our use of data, which could harm our business.

We require our customers to provide necessary notices and to obtain necessary permissions and waivers for use and disclosure of the information that we receive, and we require contractual assurances from them that they have done so and will do so. If they do not obtain necessary permissions and waivers, then our use and disclosure of information that we receive from them or on their behalf may be restricted or prohibited by state, federal or international privacy or data protection laws, or other related privacy and data protection laws. This could impair our functions, processes, and databases that reflect, contain, or are based upon such data and may prevent the use of such data, including our ability to provide such data to third parties that are incorporated into our service offerings. Furthermore, this may cause us to breach obligations to third parties to whom we may provide such data, such as third-party service or technology providers that are incorporated into our service offerings. In addition, this could interfere with or prevent data sourcing, data analyses, or limit other data-driven activities that benefit us. Moreover, we may be subject to claims, civil and/or criminal liability or government or state attorneys general investigations for use or disclosure of information by reason of lack of valid notice, permission, or waiver. These claims, liabilities or government or state attorneys general investigations could subject us to unexpected costs and adversely affect our financial condition and results of operations.

If our security measures are breached or unauthorized access to customer data is otherwise obtained, our Solution may be perceived as not being secure, customers may reduce the use of or stop using our Solution, and we may incur significant liabilities.

Our Solution involves the storage and transmission of our customers' proprietary information, including personal or identifying information regarding patients and their protected health information (PHI). As a result, unauthorized

access or security breaches as a result of third-party action, employee error, malfeasance, or otherwise could result in the loss or inappropriate use of information, litigation, indemnity obligations, damage to our reputation, and other liability such as government or state Attorney General investigations. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Moreover, the detection, prevention, and remediation of known or unknown security vulnerabilities, including those arising from third-party hardware or software, may result in additional direct or indirect costs and management time. Any or all of these issues could adversely affect our ability to attract new customers, cause existing customers to elect to not renew their subscriptions, result in reputational damage, or subject us to third-party lawsuits, regulatory fines, mandatory disclosures, or other action or liability, which could adversely affect our results of operations. Our general liability insurance may not be adequate to cover all potential claims to which we are exposed and may not be adequate to indemnify us for liability that may be imposed or the losses associated with such events, and in any case, such insurance may not cover all of the specific costs, expenses, and losses we could incur in responding to and remediating a security breach. A security breach of another significant provider of cloud-based solutions may also negatively impact the demand for our Solution.

Our results of operations have in the past fluctuated and may continue to fluctuate significantly, and if we fail to meet the expectations of analysts or investors, our stock price and the value of an investment in our common stock could decline substantially.

Our results of operations are likely to fluctuate, and if we fail to meet or exceed the expectations of securities analysts or investors, the trading price of our common stock could decline. Moreover, our stock price may be based on expectations of our future performance that may be unrealistic or that may not be met. Some of the factors that could cause our revenue and results of operations to fluctuate from quarter to quarter include:

- the extent to which our Solution achieves or maintains market acceptance;
- our ability to introduce new applications, updates, and enhancements to our existing applications on a timely basis;
- new competitors and the introduction of enhanced products and services from new or existing competitors;
- the length of our contracting and implementation cycles and our fulfillment periods for our Solution;
- the mix of revenue generated from professional services as compared to technology subscriptions;
- the financial condition of our current and future customers;
- changes in customer budgets and procurement policies;
- changes in regulations or marketing strategies;
- the amount and timing of our investment in research and development activities;
- the amount and timing of our investment in sales and marketing activities;
- technical difficulties or interruptions to our DOS platform or analytics applications;
- our ability to hire and retain qualified personnel;
- changes in the regulatory environment related to healthcare;
- regulatory compliance costs;

- the timing, size, and integration success of potential future acquisitions;
- unforeseen legal expenses, including litigation and settlement costs; and
- buying patterns of our customers and the related seasonality impacts on our business.

Many of these factors are not within our control, and the occurrence of one or more of them might cause our results of operations to vary widely. As such, we believe that quarter-to-quarter comparisons of our revenue and results of operations may not be meaningful and should not be relied upon as an indication of future performance.

A significant portion of our operating expense is relatively fixed in nature in the short term, and planned expenditures are based in part on expectations regarding future revenue and profitability. Accordingly, unexpected revenue shortfalls, lower-than-expected revenue increases as a result of planned expenditures, and longer-than-expected impact on profitability and margins as a result of planned expenditures may decrease our gross margins and profitability and could cause significant changes in our results of operations from quarter to quarter. In addition, our future quarterly results of operations may fluctuate and may not meet the expectations of securities analysts or investors. If this occurs, the trading price of our common stock could fall substantially, either suddenly or over time.

Our pricing may change over time and our ability to efficiently price our Solution will affect our results of operations and our ability to attract or retain customers.

In the past, we have adjusted our prices as a result of new applications and services and customer demand. In the fourth quarter of 2018, we began to introduce new pricing for our Solution to new customers, the effect of which we expect would be realized in future years. While we determined these prices based on prior experience and feedback from customers, our assessments may not be accurate and we could be underpricing or overpricing our Solution, which may require us to continue to adjust our pricing model. Furthermore, as our applications and services change, then we may need to, or choose to, revise our pricing as our prior experience in those areas will be limited. For example, we introduced our subscription model in 2015, and we may need to continually refine our pricing model. Such changes to our pricing model or our inability to efficiently price our Solution could harm our business, results of operations, and financial condition and impact our ability to predict our future performance.

If our Solution fails to provide accurate and timely information, or if our content or any other element of our Solution is associated with faulty clinical decisions or treatment, we could have liability to customers, members, clinicians, or patients, which could adversely affect our results of operations.

Our applications, content, and services may be used by customers to support clinical decision-making by providers and interpret information about patient medical histories, treatment plans, medical conditions, and the use of particular medications. If our applications, content, or services are associated with faulty clinical decisions or treatment, then customers or their patients could assert claims against us that could result in substantial costs to us, harm our reputation in the industry, and cause demand for our Solution to decline.

Our analytics services may be used by our customers to inform clinical decision-making, provide access to patient medical histories, and assist in creating patient treatment plans. Therefore, if data analyses are presented incorrectly in our applications or they are incomplete, or if we make mistakes in the capture or input of these data, adverse consequences, including death, may occur and give rise to product liability, medical malpractice liability, and other claims against us by customers, clinicians, patients, or others. We often have little control over data accuracy, yet a court or government agency may take the position that our storage and display of health information exposes us to personal injury liability or other liability for wrongful delivery or handling of healthcare services or erroneous health information.

Our clinical guidelines, algorithms, and protocols may be viewed as providing healthcare professionals with guidance on care management, care coordination, or treatment decisions. If our content, or content we obtain from third parties, contains inaccuracies, or we introduce inaccuracies in the process of implementing third-party content, it is possible that patients, physicians, consumers, the providers of the third-party content, or others may sue us if they are

harmful as a result of such inaccuracies. We cannot assure you that our software development, editorial, and other quality control procedures will be sufficient to ensure that there are no errors or omissions in any particular content or our software or algorithms.

The assertion of such claims and ensuing litigation, regardless of its outcome, could result in substantial cost to us, divert management's attention from operations, damage our reputation, and decrease market acceptance of our Solution. We attempt to limit by contract our liability for damages, have our customers assume responsibility for clinical treatment, diagnoses, medical oversight, and dosing decisions, and require that our customers assume responsibility for medical care and approve key algorithms, clinical guidelines, clinical protocols, and data. Despite these precautions, the allocations of responsibility and limitations of liability set forth in our contracts may not be enforceable, be binding upon patients, or otherwise protect us from liability for damages. Furthermore, general liability and errors and omissions insurance coverage and medical malpractice liability coverage may not continue to be available on acceptable terms or may not be available in sufficient amounts to cover one or more large claims against us. In addition, the insurer might disclaim coverage as to any future claim. One or more large claims could exceed our available insurance coverage.

If any of these events occur, they could materially adversely affect our business, financial condition, or results of operations.

Although we carry insurance covering medical malpractice claims in amounts that we believe are appropriate in light of the risks attendant to our business, successful medical liability claims could result in substantial damage awards that exceed the limits of our insurance coverage. In addition, professional liability insurance is expensive and insurance premiums may increase significantly in the future, particularly as we expand our Solution. As a result, adequate professional liability insurance may not be available to our providers or to us in the future at acceptable costs or at all.

Any claims made against us that are not fully covered by insurance could be costly to defend against, result in substantial damage awards against us and divert the attention of our management and our providers from our operations, which could have a material adverse effect on our business, financial condition, and results of operations. In addition, any claims may adversely affect our business or reputation.

We rely on third-party providers, including Microsoft Azure, for computing infrastructure, network connectivity, and other technology-related services needed to deliver our Solution. Any disruption in the services provided by such third-party providers could adversely affect our business and subject us to liability.

Our DOS platform and analytics applications are hosted from and use computing infrastructure provided by third parties, including Microsoft Azure and Flexential, and other computing infrastructure service providers. We have migrated and expect to continue to migrate a significant portion of our computing infrastructure needs to Microsoft Azure. We have made and expect to continue to make substantial investments in transitioning customers from our own managed data center to Microsoft Azure. We anticipate that this transition will increase the cost of hosting our technology and negatively impact our technology gross margin. We currently expect our planned transitions to be substantially complete by the end of 2020. Such migrations are risky and may cause disruptions to our Solution, service outages, downtime, or other problems and may increase our costs. Despite precautions taken during such transitions, any unsuccessful transition of technology may impair customers' use of our technology which may cause greater costs or downtime and which may lead to, among other things, customer dissatisfaction and non-renewals.

Our computing infrastructure service providers have no obligation to renew their agreements with us on commercially reasonable terms or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our computing infrastructure service providers is acquired, we may be required to transition to a new provider and we may incur significant costs and possible service interruption in connection with doing so.

Problems faced by our computing infrastructure service providers, including those operated by Microsoft, could adversely affect the experience of our customers. Microsoft Azure has also had and may in the future experience significant service outages. Additionally, if our computing infrastructure service providers are unable to keep up with our growing needs for capacity, this could have an adverse effect on our business. For example, a rapid expansion of our business could affect our service levels or cause our third-party hosted systems to fail. Our agreements with third-

party computing infrastructure service providers may not entitle us to service level credits that correspond with those we offer to our customers. Any changes in third-party service levels at our computing infrastructure service providers, or any related disruptions or performance problems with our Solution, could adversely affect our reputation and may damage our customers' stored files, result in lengthy interruptions in our services, or result in potential losses of customer data. Interruptions in our services might reduce our revenue, cause us to issue refunds to customers for prepaid and unused subscriptions, subject us to service level credit claims and potential liability, allow our customers to terminate their contracts with us, or adversely affect our renewal rates.

We rely on Internet infrastructure, bandwidth providers, data center providers, other third parties, and our own systems for providing services to our users, and any failure or interruption in the services provided by these third parties or our own systems could expose us to litigation, potentially require us to issue credits to our customers, and negatively impact our relationships with users or customers, adversely affecting our brand and our business.

In addition to the services we provide from our offices, we serve our customers primarily from third-party data-hosting facilities. These facilities are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, and similar events. They are also subject to break-ins, sabotage, intentional acts of vandalism, and similar misconduct. Their systems and servers could also be subject to hacking, spamming, ransomware, computer viruses or other malicious software, denial of service attacks, service disruptions, including the inability to process certain transactions, phishing attacks and unauthorized access attempts, including third parties gaining access to users' accounts using stolen or inferred credentials or other means, and may use such access to prevent use of users' accounts. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice, or other unanticipated problems at two or more of the facilities could result in lengthy interruptions in our services. Even with our disaster recovery arrangements, our services could be interrupted.

Our ability to deliver our Internet- and telecommunications-based services is dependent on the development and maintenance of the infrastructure of the Internet and other telecommunications services by third parties. This includes maintenance of a reliable network backbone with the necessary speed, data capacity, and security for providing reliable Internet access and services and reliable mobile device, telephone, facsimile, and pager systems, all at a predictable and reasonable cost. We have experienced and expect that we will experience interruptions and delays in services and availability from time to time. We rely on internal systems as well as third-party vendors, including data center, bandwidth, and telecommunications equipment or service providers, to provide our services. We do not maintain redundant systems or facilities for some of these services. In the event of a catastrophic event with respect to one or more of these systems or facilities, we may experience an extended period of system unavailability, which could negatively impact our relationship with users or customers. To operate without interruption, both we and our service providers must guard against:

- damage from fire, power loss, and other natural disasters;
- communications failures;
- software and hardware errors, failures, and crashes;
- security breaches, computer viruses, ransomware, and similar disruptive problems; and
- other potential interruptions.

Any disruption in the network access, telecommunications, or co-location services provided by these third-party providers or any failure of or by these third-party providers or our own systems to handle the current or higher volume of use could significantly harm our business. We exercise limited control over these third-party vendors, which increases our vulnerability to problems with the services they provide.

Any errors, failures, interruptions, or delays experienced in connection with these third-party technologies and information services or our own systems could negatively impact our relationships with users and customers, adversely

affect our brands and business, and expose us to third-party liabilities. The insurance coverage under our policies may not be adequate to compensate us for all losses that may occur. In addition, we cannot provide assurance that we will continue to be able to obtain adequate insurance coverage at an acceptable cost.

The reliability and performance of the Internet may be harmed by increased usage or by denial-of-service attacks. The Internet has experienced a variety of outages and other delays as a result of damages to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage as well as the availability of the Internet to us for delivery of our Internet-based services.

We typically provide service level commitments under our customer contracts. If we fail to meet these contractual commitments, we could be obligated to provide credits or refunds for prepaid amounts related to unused subscription services or face contract terminations, which could adversely affect our results of operations.

Finally, recent changes in law could impact the cost and availability of necessary Internet infrastructure. Increased costs and/or decreased availability would negatively affect our results of operations.

If we fail to provide effective professional services and high-quality customer support, our business and reputation would suffer.

Our professional services and high-quality, ongoing customer support are important to the successful marketing and sale of our products and services and for the renewal of existing customer agreements. Providing these services and support requires that our professional services and support personnel have healthcare, technical, and other knowledge and expertise, making it difficult for us to hire qualified personnel and scale our professional services and support operations. The demand on our customer support organization will increase as we expand our business and pursue new customers, and such increased support could require us to devote significant development services and support personnel, which could strain our team and infrastructure and reduce our profit margins. If we do not help our customers quickly resolve any post-implementation issues and provide effective ongoing customer support, our ability to sell additional products and services to existing and future customers could suffer and our reputation would be harmed.

Our sales cycles can be long and unpredictable, and our sales efforts require a considerable investment of time and expense. If our sales cycle lengthens or we invest substantial resources pursuing unsuccessful sales opportunities, our results of operations and growth would be harmed.

Our sales process entails planning discussions with prospective customers, analyzing their existing solutions and identifying how these potential customers can use and benefit from our Solution. The sales cycle for a new customer, from the time of prospect qualification to the completion of the first sale, has averaged 11 months and in some cases has exceeded 24 months. We spend substantial time, effort and money in our sales efforts without any assurance that our efforts will result in the sale of our Solution. In addition, our sales cycle and timing of sales can vary substantially from customer to customer because of various factors, including the discretionary nature of potential customers' purchasing and budget decisions, the announcement or planned introduction of new analytics applications or services by us or our competitors, and the purchasing approval processes of potential customers. If our sales cycle lengthens or we invest substantial resources pursuing unsuccessful sales opportunities, our results of operations and growth would be harmed.

Our DOS platform or our analytics applications may not operate properly, which could damage our reputation, give rise to claims against us, or divert application of our resources from other purposes, any of which could harm our business and results of operations.

Proprietary software development is time-consuming, expensive, and complex. Unforeseen difficulties can arise. We may encounter technical obstacles, and it is possible that we will discover additional problems that prevent our applications from operating properly. If our systems do not function reliably or fail to meet user or customer expectations in terms of performance, customers could assert liability claims against us or attempt to cancel their contracts with us,

and members could choose to terminate their use of our Solution. This could damage our reputation and impair our ability to attract or retain customers and members.

Information services as complex as those we offer have, in the past, contained, and may in the future develop or contain, undetected defects, vulnerabilities, or errors. We cannot be assured that material performance problems or defects in our software will not arise in the future. Errors may result from sources beyond our control, including the receipt, entry, or interpretation of patient information; the interface of our software with legacy systems that we did not develop; or errors in data provided by third parties. Despite testing, defects or errors may arise in our existing or new software or service processes following introduction to the market.

Customers rely on our Solution to collect, manage, and report clinical, financial, and operational data, and to provide timely and accurate information regarding medical treatment and care delivery patterns. They may have a greater sensitivity to service errors and security vulnerabilities than customers of software products in general. Clinicians may also rely on our predictive models for care delivery prioritization, and to inform treatment protocols. Limitations of liability and disclaimers that purport to limit our liability for damages related to defects in our software or content which we may include in our subscription and services agreements may not be enforced by a court or other tribunal or otherwise effectively protect us from related claims. In most cases, we maintain liability insurance coverage, including coverage for errors and omissions. However, it is possible that claims could exceed the amount of our applicable insurance coverage or that this coverage may not continue to be available on acceptable terms or in sufficient amounts.

In light of this, defects, vulnerabilities, and errors and any failure by us to identify and address them could result in loss of revenue or market share; liability to customers, members, their patients, or others; failure to achieve market acceptance or expansion; diversion of development and management resources; delays in the introduction of new services; injury to our reputation; and increased service and maintenance costs. Defects, vulnerabilities, or errors in our software and service processes might discourage existing or potential customers or members from purchasing services from us. Correction of defects, vulnerabilities, or errors could prove to be impossible or impracticable. The costs incurred in correcting any defects, vulnerabilities, or errors or in responding to resulting claims or liability may be substantial and could adversely affect our results of operations.

If we are not able to maintain and enhance our reputation and brand recognition, our business and results of operations will be harmed.

We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with existing customers and to our ability to attract new customers. The promotion of our brands may require us to make substantial investments and we anticipate that, as our market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. Our marketing activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur and our results of operations could be harmed. In addition, any factor that diminishes our reputation or that of our management, including failing to meet the expectations of our customers, or any adverse publicity surrounding one of our investors or customers, could make it substantially more difficult for us to attract new customers. If we do not successfully maintain and enhance our reputation and brand recognition, our business may not grow and we could lose our relationships with customers, which would harm our business, results of operations, and financial condition.

We employ third-party licensed software and software components for use in or with our Solution, and the inability to maintain these licenses or the presence of errors in the software we license could limit the functionality of our Solution and result in increased costs or reduced service levels, which would adversely affect our business.

Our software applications might incorporate or interact with certain third-party software and software components (other than open source software), such as data visualization software, obtained under licenses from other companies. We pay these third parties a license fee or royalty payment. We anticipate that we will continue to use such third-party software in the future. Although we believe that there are commercially reasonable alternatives to the third-party software we currently make available, this may not always be the case, or it may be difficult or costly to replace. Furthermore, these third parties may increase the price for licensing their software, which could negatively impact our results of

operations. Our use of additional or alternative third-party software could require customers to enter into license agreements with third parties. In addition, if the third-party software we make available has errors or otherwise malfunctions, or if the third-party terminates its agreement with us, the functionality of our Solution may be negatively impacted and our business may suffer.

We derive a significant portion of our revenue from our largest customers. The loss, termination, or renegotiation of any contract could negatively impact our results.

Historically, we have relied on a limited number of customers for a significant portion of our total revenue and accounts receivable. Our three largest customers in 2018 comprised 7.6%, 5.4%, and 4.5% of our revenue for 2018, or 17.5% in the aggregate. Our three largest customers during the three months ended March 31, 2019 comprised 5.4%, 4.2%, and 3.9% of our revenue, or 13.5% in the aggregate. Our three largest customers in terms of accounts receivable in 2018 comprised 12.8%, 5.1%, and 5.1% of such total amount as of December 31, 2018, or 23.0% in the aggregate. Our three largest customers in terms of accounts receivable as of March 31, 2019 comprised 8.1%, 7.9%, and 6.5% of such total amount as of March 31, 2019, or 22.5% in the aggregate. The sudden loss of any of our largest customers or the renegotiation of any of our largest customer contracts could adversely affect our results of operations. In the ordinary course of business, we engage in active discussions and renegotiations with our customers in respect of the solutions we provide and the terms of our customer agreements, including our fees. As our customers' businesses respond to market dynamics and financial pressures, and as our customers make strategic business decisions in respect of the lines of business they pursue and programs in which they participate, we expect that certain of our customers will, from time to time, seek to restructure their agreements with us. In the ordinary course, we renegotiate the terms of our agreements with our customers in connection with renewals or extensions of these agreements. These discussions and future discussions could result in reductions to the fees and changes to the scope of services contemplated by our original customer contracts and consequently could negatively impact our revenue, business, and prospects.

Because we rely on a limited number of customers for a significant portion of our revenue, we depend on the creditworthiness of these customers. Our customers are subject to a number of risks including reductions in payment rates from governmental payors, higher than expected health care costs, and lack of predictability of financial results when entering new lines of business. If the financial condition of our customers declines, our credit risk could increase. Should one or more of our significant customers declare bankruptcy, be declared insolvent, or otherwise be restricted by state or federal laws or regulation from continuing in some or all of their operations, this could adversely affect our ongoing revenue, the collectability of our accounts receivable, and affect our bad debt reserves and net income.

We may not grow at the rates we historically have achieved or at all, even if our key metrics may indicate growth.

We have experienced significant growth in the last five years. Future revenue may not grow at these same rates or may decline. Our future growth will depend, in part, on our ability to grow our revenue from existing customers, to complete sales to potential future customers, to expand our customer and member bases, to develop new solutions, and to expand internationally. We can provide no assurances that we will be successful in executing on these growth strategies or that we will continue to grow our revenue or to generate net income. Our historical results may not be indicative of future performance. Our ability to execute on our existing sales pipeline, create additional sales pipelines, and expand our customer base depends on, among other things, the attractiveness of our Solution relative to those offered by our competitors, our ability to demonstrate the value of our existing and future services, and our ability to attract and retain a sufficient number of qualified sales and marketing leadership and support personnel. In addition, our existing customers may be slower to adopt our Solution than we currently anticipate, which could adversely affect our results of operations and growth prospects.

Changes in the healthcare industry could affect the demand for our Solution, cause our existing contracts to be terminated, and negatively impact the process of negotiating future contracts.

As the healthcare industry evolves, changes in our customer and vendor bases may reduce the demand for our Solution, result in the termination of existing contracts or certain services provided under existing contracts, and make it more difficult to negotiate new contracts on terms that are acceptable to us. For example, the increasing market share of EHR companies in data analytic services at hospital systems may cause our existing customers to terminate contracts

with us in order to engage EHR companies to provide these services. Similarly, customer and vendor consolidation results in fewer, larger entities with increased bargaining power and the ability to demand terms that are unfavorable to us. If these trends continue, we cannot assure you that we will be able to continue to maintain or expand our customer base, negotiate contracts with acceptable terms, or maintain our current pricing structure, and our revenue may decrease.

General reductions in expenditures by healthcare organizations, or reductions in such expenditures within market segments that we serve, could have similar impacts with regard to our Solution. Such reductions may result from, among other things, reduced governmental funding for healthcare; a decrease in the number of, or the market exclusivity available to, new drugs coming to market; or adverse changes in business or economic conditions affecting healthcare payors or providers, the pharmaceutical industry, or other healthcare companies that purchase our services (e.g., changes in the design of health plans). In addition, changes in government regulation of the healthcare industry could potentially negatively impact our existing and future contracts. Any of these changes could reduce the purchase of our Solution by such customers, reducing our revenue and possibly requiring us to materially revise our offerings. In addition, our customers' expectations regarding pending or potential industry developments may also affect their budgeting processes and spending plans with respect to our Solution.

Because we generally recognize technology and professional services revenue ratably over the term of the contract for our services, a significant downturn in our business may not be reflected immediately in our results of operations, which increases the difficulty of evaluating our future financial performance.

We generally recognize technology and professional services revenue ratably over the term of a contract. As a result, a substantial portion of our revenue is generated from contracts entered into during prior periods. Consequently, a decline in new contracts in any quarter may not affect our results of operations in that quarter but could reduce our revenue in future quarters. Additionally, the timing of renewals or non-renewals of a contract during any quarter may only affect our financial performance in future quarters. For example, the non-renewal of a subscription agreement late in a quarter will have minimal impact on revenue for that quarter but will reduce our revenue in future quarters. Accordingly, the effect of significant declines in sales may not be reflected in our short-term results of operations, which would make these reported results less indicative of our future financial results. By contrast, a non-renewal occurring early in a quarter may have a significant negative impact on revenue for that quarter and we may not be able to offset a decline in revenue due to non-renewal with revenue from new contracts entered into in the same quarter. In addition, we may be unable to quickly adjust our costs in response to reduced revenue.

The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, our business may not grow at similar rates, or at all.

Market opportunity estimates and growth forecasts included in this prospectus are subject to significant uncertainty and are based on assumptions and estimates which may not prove to be accurate. The estimates and forecasts included in this prospectus relating to size and expected growth of our target market may prove to be inaccurate. Even if the markets in which we compete meet the size estimates and growth forecasts included in this prospectus, our business may not grow at similar rates, 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.

We have experienced significant net losses since inception, we expect to incur losses in the future, and we may not be able to generate sufficient revenue to achieve and maintain profitability.

We have incurred significant net losses in the past, including net losses of \$47.0 million, \$62.0 million, and \$13.7 million in the years ended December 31, 2017 and 2018, and the three months ended March 31, 2019, respectively. We had an accumulated deficit of \$450.0 million as of March 31, 2019. We expect our costs will increase over time as we continue to invest to grow our business and build relationships with customers, develop our platform, develop new solutions, and operate as a public company. These efforts may prove to be more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. As a result, we may need to raise additional capital through equity and debt financings in order to fund our operations. To date, we have financed our operations principally from the sale of redeemable convertible preferred stock, revenue from sales of our

Solution and the incurrence of indebtedness. We may also fail to improve the gross margins of our business. If we are unable to effectively manage these risks and difficulties as we encounter them, our business, financial condition, and results of operations would be adversely affected. Our failure to achieve or maintain profitability could negatively impact the value of our common stock.

Because competition for our target employees is intense, we may not be able to attract and retain the highly skilled employees we need to support our continued growth.

To continue to execute on our growth plan, we must attract and retain highly qualified personnel. Competition for such personnel is intense, especially for senior sales executives and software engineers with high levels of experience in designing and developing applications and consulting and analytics services. We may not be successful in attracting and retaining qualified personnel. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. In addition, our search for replacements for departed employees may cause uncertainty regarding the future of our business, impact employee hiring and retention, and adversely impact our revenue, results of operations, and financial condition.

Many of the companies with which we compete for experienced personnel have greater resources than we have. In addition, in making employment decisions, particularly in the Internet and high-technology industries, job candidates often consider the value of the equity awards they may receive in connection with their employment. Volatility in the price of our stock or failure to obtain stockholder approval for increases in the number of shares available for grant under our equity plans may, therefore, adversely affect our ability to attract or retain key employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be severely harmed.

We depend on our senior management team, and the loss of one or more of our executive officers or key employees or an inability to attract and retain highly skilled employees could adversely affect our business.

Our success depends largely upon the continued services of our key executive officers and recruitment of additional highly skilled employees. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business. Several of our senior leaders are active members of the Church of Jesus Christ of Latter-Day Saints. There is a risk that in the future, one or more of these individuals could receive a call to serve in a full-time capacity for the church. This has already occurred with one of the two co-founders of our company, Steven Barlow, who in November 2016 was called to serve from June 2017 to June 2020 in a full-time capacity. At the time of his call, he was serving as the President of our professional services organization and was one of the most senior leaders of our company. In connection with this call to serve, Mr. Barlow took a leave-of-absence from his company responsibilities starting in March 2017, and his leave of absence will likely extend until August 2020. Hiring executives with needed skills or the replacement of one or more of our executive officers or other key employees would likely involve significant time and costs and may significantly delay or prevent the achievement of our business objectives.

In addition, competition for qualified management in our industry is intense. Many of the companies with which we compete for management personnel have greater financial and other resources than we do. We have not entered into term-based employment agreements with our executive officers. All of our employees are “at-will” employees, and their employment can be terminated by us or them at any time, for any reason. The departure of key personnel could adversely affect the conduct of our business. In such event, we would be required to hire other personnel to manage and operate our business, and there can be no assurance that we would be able to employ a suitable replacement for the departing individual, or that a replacement could be hired on terms that are favorable to us. In addition, volatility or lack of performance in our stock price may affect our ability to attract replacements should key personnel depart. If we are not able to retain any of our key management personnel, our business could be harmed.

Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity, and teamwork fostered by our culture, which could harm our business.

We believe that our corporate culture has been an important contributor to our success, which we believe fosters innovation, teamwork, and passion for providing high levels of customer satisfaction. Most of our employees have been with us for fewer than three years as a result of our rapid growth. As we continue to grow, we must effectively integrate, develop, and motivate a growing number of new employees. As a result, we may find it difficult to maintain our corporate culture, which could limit our ability to innovate and operate effectively. Any failure to preserve our culture could also negatively affect our ability to retain and recruit personnel, maintain our performance, or execute on our business strategy.

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

On February 6, 2019, we entered into a term loan facility with OrbiMed Royalty Opportunities II, LP (OrbiMed) in the amount of \$80.0 million (the OrbiMed Credit Facility). The OrbiMed Credit Facility consists of a \$50.0 million term loan, which was drawn on the effective date of the OrbiMed Credit Facility, and an additional \$30.0 million term loan contingently available on or prior to March 31, 2020. The principal on the OrbiMed Credit Facility accrues interest at an annual rate equal to the higher of the one-month LIBOR plus 7.5% and 10.0%. The OrbiMed Credit Facility is secured by a lien covering substantially all of our assets, including our intellectual property. Subject to the terms of the Credit Agreement entered into in connection with the OrbiMed Credit Facility (the Credit Agreement), amounts borrowed under the facility are repaid in twelve monthly installments beginning on the amortization commencement date, as defined in the Credit Agreement, prior to the February 6, 2024 maturity date, at which time all amounts borrowed will be due and payable. In addition, our revolving line of credit with Silicon Valley Bank (SVB) includes certain restrictive covenants.

The Credit Agreement contains customary affirmative and negative covenants, indemnification provisions, and events of default. The affirmative covenants include, among others, covenants requiring us to maintain our legal existence and regulatory authorizations, deliver certain financial reports, and maintain certain intellectual property rights. The negative covenants include, among others, restrictions on transferring or licensing our assets, changing our business, incurring additional indebtedness, engaging in mergers or acquisitions, paying dividends or making other distributions, and creating other liens on our assets, in each case subject to customary exceptions. If we default under the Credit Agreement, the lender will be able to declare all obligations immediately due and payable and take control of our pledged assets, potentially requiring us to renegotiate our agreement on terms less favorable to us or to immediately cease operations. Further, if we are liquidated, the lender's rights to repayment would be senior to the rights of the holders of our common stock to receive any proceeds from the liquidation. The lender could declare a default under the Credit Agreement upon the occurrence of any event that has had or could reasonably be expected to have a material adverse effect as defined under the Credit Agreement, thereby requiring us to repay the loan immediately or to attempt to reverse the declaration of default through negotiation or litigation. Any declaration by the lender of an event of default could significantly harm our business and prospects and could cause the price of our common shares to decline. If we raise any additional debt financing, the terms of such additional debt could further restrict our operating and financial flexibility.

We may acquire other companies or technologies, which could divert our management's attention, result in dilution to our stockholders, and otherwise disrupt our operations and we may have difficulty integrating any such acquisitions successfully or realizing the anticipated benefits therefrom, any of which could have an adverse effect on our business, financial condition, and results of operations.

We may seek to acquire or invest in businesses, applications, and services, or technologies that we believe could complement or expand our Solution, enhance our technical capabilities, or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated. We have in the past and may in the future have difficulty integrating acquired businesses. For example, in June 2018 we acquired the

interoperability services of the Medicity business, which we are in the process of integrating with our other services. We may have difficulty cross-selling our Solution to acquired customers, and we may have difficulty integrating newly acquired team members.

We have limited experience in acquiring other businesses. If we acquire additional businesses, we may not be able to integrate the acquired personnel, operations, and technologies successfully, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including, but not limited to:

- inability to integrate or benefit from acquired technologies or services in a profitable manner;
- unanticipated costs or liabilities associated with the acquisition;
- difficulty integrating the accounting systems, operations, and personnel of the acquired business;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- difficulty converting the customers of the acquired business onto our platform and contract terms, including disparities in the revenue, licensing, support, or professional services model of the acquired company;
- diversion of management's attention from other business concerns;
- adverse effects on our existing business relationships with business partners and customers as a result of the acquisition;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our results of operations based on this impairment assessment process, which could adversely affect our results of operations.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our results of operations. In addition, if an acquired business fails to meet our expectations, our business, financial condition, and results of operations may suffer.

Also, the anticipated benefit of any acquisition may not materialize or may be prohibited. In February 2019, we entered into the OrbiMed Credit Facility. The Credit Agreement restricts our ability to pursue certain mergers, acquisitions, or consolidations that we may believe to be in our best interest. Additionally, future acquisitions or dispositions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, or amortization expenses or write-offs of goodwill, any of which could harm our financial condition. We cannot predict the number, timing or size of future acquisitions, or the effect that any such transactions might have on our results of operations.

We may not be able to generate sufficient cash to service our indebtedness.

It is possible that we will in the future draw down on our credit facilities with OrbiMed or SVB or enter into new debt obligations. Our ability to make scheduled payments or to refinance such debt obligations depends on numerous factors, including the amount of our cash balances and our actual and projected financial and operating performance.

We may be unable to maintain a level of cash balances or cash flows sufficient to permit us to pay the principal, premium, if any, and interest on our existing or future indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital, or restructure or refinance our indebtedness. We may not be able to take any of these actions, and even if we are, these actions may be insufficient to permit us to meet our scheduled debt service obligations. In addition, in the event of our breach of the Credit Agreement, we may be required to repay any outstanding amounts earlier than anticipated. If for any reason we become unable to service our debt obligations under the Credit Agreement, or any new debt obligations that we may enter into from time to time, holders of our common stock would be exposed to the risk that their holdings could be lost in an event of a default under such debt obligations and a foreclosure and sale of our assets for an amount that is less than the outstanding debt.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success and ability to compete depend in part upon our intellectual property. As of January 31, 2019, we had filed applications for a number of patents, and we have eight issued U.S. and three issued Canadian patents. We also have twenty-five registered trademarks in the United States, Canada, China, and the European Union, and five trademark applications in the United States. We also rely on copyright and trademark laws, trade secret protection, and confidentiality or license agreements with our employees, customers, partners, and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate. For example, other parties, including our competitors, may independently develop similar technology, duplicate our services, or design around our intellectual property and, in such cases, we may not be able to assert our intellectual property rights against such parties. Further, our contractual arrangements may not effectively prevent disclosure of our confidential information or provide an adequate remedy in the event of unauthorized disclosure of our confidential information, and we may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights.

We make business decisions about when to seek patent protection for a particular technology and when to rely upon trade secret protection, and the approach we select may ultimately prove to be inadequate. Even in cases where we seek patent protection, there is no assurance that the resulting patents will effectively protect every significant feature of our Solution, technology, or proprietary information, or provide us with any competitive advantages. Moreover, we cannot guarantee that any of our pending patent applications will issue or be approved. The United States Patent and Trademark Office and various foreign governmental patent agencies also require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and after a patent has issued. There are situations in which noncompliance can result in abandonment or lapse of the patent, or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If this occurs, our competitors might be able to enter the market, which would have a material adverse effect on our business. Effective trademark, copyright, patent, and trade secret protection may not be available in every country in which we conduct business. Further, intellectual property law, including statutory and case law, particularly in the United States, is constantly developing, and any changes in the law could make it harder for us to enforce our rights.

In order to protect our 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. An adverse determination of any litigation proceedings could put our intellectual property at risk of being invalidated or interpreted narrowly and could put our related pending patent applications at risk of not issuing. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential or sensitive information could be compromised by disclosure in the event of litigation. In addition, during the course of litigation, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Negative publicity related to a decision by us to initiate such enforcement actions against a customer or former customer, regardless of its accuracy, may adversely impact our other customer

relationships or prospective customer relationships, harm our brand and business, and could cause the market price of our common stock to decline. Our failure to secure, protect, and enforce our intellectual property rights could adversely affect our brand and our business.

We may be sued by third parties for alleged infringement of their proprietary rights or misappropriation of intellectual property.

There is considerable patent and other intellectual property development activity in our industry. Our future success depends in part on not infringing upon the intellectual property rights of others. Our competitors, as well as a number of other entities and individuals, including so-called non-practicing entities (NPEs), may own or claim to own intellectual property relating to our Solution. From time to time, third parties may claim that we are infringing upon their intellectual property rights or that we have misappropriated their intellectual property. For example, in some cases, very broad patents are granted that may be interpreted as covering a wide field of healthcare data storage and analytics solutions or machine learning and predictive modeling methods in healthcare. As competition in our market grows, the possibility of patent infringement, trademark infringement, and other intellectual property claims against us increases. In the future, we expect others to claim that our Solution and underlying technology infringe or violate their intellectual property rights. In a patent infringement claim against us, we may assert, as a defense, that we do not infringe the relevant patent claims, that the patent is invalid or both. The strength of our defenses will depend on the patents asserted, the interpretation of these patents, and our ability to invalidate the asserted patents. However, we could be unsuccessful in advancing non-infringement and/or invalidity arguments in our defense. In the United States, issued patents enjoy a presumption of validity, and the party challenging the validity of a patent claim must present clear and convincing evidence of invalidity, which is a high burden of proof. Conversely, the patent owner need only prove infringement by a preponderance of the evidence, which is a lower burden of proof. We may be unaware of the intellectual property rights that others may claim cover some or all of our technology or services. Because patent applications can take years to issue and are often afforded confidentiality for some period of time there may currently be pending applications, unknown to us, that later result in issued patents that could cover one or more aspects of our technology and services. Any claims or litigation could cause us to incur significant expenses and, whether or not successfully asserted against us, could require that we pay substantial damages, ongoing royalty or license payments, or settlement fees, prevent us from offering our Solution or using certain technologies, require us to re-engineer all or a portion of our platform, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications, or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

Economic uncertainties or downturns in the general economy or the industries in which our customers operate could disproportionately affect the demand for our Solution and negatively impact our results of operations.

General worldwide economic conditions have experienced significant downturns during the last ten years, and market volatility and uncertainty remain widespread, making it potentially very difficult for our customers and us to accurately forecast and plan future business activities. During challenging economic times, our customers may have difficulty gaining timely access to sufficient credit or obtaining credit on reasonable terms, which could impair their ability to make timely payments to us and adversely affect our revenue. If that were to occur, our financial results could be harmed. Further, challenging economic conditions may impair the ability of our customers to pay for the applications and services they already have purchased from us and, as a result, our write-offs of accounts receivable could increase. We cannot predict the timing, strength, or duration of any economic slowdown or recovery. If the condition of the general economy or markets in which we operate worsens, our business could be harmed.

Our Solution utilizes open source software, and any failure to comply with the terms of one or more of these open source licenses could adversely affect our business.

We use software modules licensed to us by third-party authors under “open source” licenses in our Solution. Some open source licenses require that users of the applicable software make available source code for modifications or derivative works created using that open source software. If we were to combine our proprietary software with open

source software in a certain manner, we could, under certain open source licenses, be required to release or otherwise make available the source code to our proprietary software to the public. This would allow our competitors to create similar products with lower development effort and time and ultimately could result in a loss of product sales for us.

Although we employ practices designed to manage our compliance with open source licenses and protect our proprietary source code, we may inadvertently use open source software in a manner we do not intend and that could expose us to claims for breach of contract and intellectual property infringement. If we are held to have breached the terms of an open source software license, we could be required to seek licenses from third parties to continue offering our products on terms that are not economically feasible, to re-engineer our products, to discontinue the sale of our products if re-engineering cannot be accomplished on a timely basis, or to make generally available, in source code form, a portion of our proprietary code, any of which could adversely affect our business, results of operations, and financial condition. The terms of many open source licenses have not been interpreted by U.S. courts, and, as a result, there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our Solution.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added or similar transactional taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our results of operations.

We do not collect sales and use, value added, and similar transactional taxes in all jurisdictions in which we have sales, based on our belief that such taxes are not applicable or that we are not required to collect such taxes with respect to the jurisdiction. Sales and use, value added, and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties, and interest, and we may be required to collect such taxes in the future. Such tax assessments, penalties, interest or future requirements, increase in tax rates, or a combination of the foregoing may result in an increase in our sales and similar transactional taxes, increase administrative burdens or costs, or otherwise adversely affect our business, results of operations, or financial condition.

Unanticipated changes in our effective tax rate and additional tax liabilities, including as a result of our international operations or implementation of new tax rules, could harm our future results.

We are subject to income taxes in the United States and are expanding into various foreign jurisdictions that are subject to income tax. Our domestic and international tax liabilities are subject to the allocation of expenses in differing jurisdictions and complex transfer pricing regulations administered by taxing authorities in various jurisdictions. Tax rates in the jurisdictions in which we operate may change as a result of factors outside of our control or relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. In addition, changes in tax and trade laws, treaties or regulations, or their interpretation or enforcement, have become more unpredictable and may become more stringent, which could materially adversely affect our tax position. Forecasting our estimated annual effective tax rate is complex and subject to uncertainty, and there may be material differences between our forecasted and actual effective tax rate. Our effective tax rate could be adversely affected by changes in the mix of earnings and losses in countries with differing statutory tax rates, certain non-deductible expenses, the valuation of deferred tax assets and liabilities, adjustments to income taxes upon finalization of tax returns, changes in available tax attributes, decision to repatriate non-U.S. earnings for which we have not previously provided for U.S. taxes, and changes in federal, state, or international tax laws and accounting principles.

Finally, we may be subject to income tax audits throughout the world. An adverse resolution of one or more uncertain tax positions in any period could have a material impact on our results of operations or financial condition for that period.

If we are unable to implement and maintain effective internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be adversely affected.

As a public company, we will be required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal controls over financial reporting. However, we are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. As a public company, we will be required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K.

Many of the internal controls we have implemented pursuant to the Sarbanes-Oxley Act are process controls with respect to which a material weakness may be found whether or not any error has been identified in our reported financial statements. This may be confusing to investors and result in damage to our reputation, which may harm our business. Additionally, the proper design and assessment of internal controls over financial reporting are subject to varying interpretations, and, as a result, application in practice may evolve over time as new guidance is provided by regulatory and governing bodies and as common practices evolve. This could result in continuing uncertainty regarding the proper design and assessment of internal controls over financial reporting and higher costs necessitated by ongoing revisions to internal controls.

We must continue to monitor and assess our internal control over financial reporting. If in the future we have any material weaknesses, we may not detect errors on a timely basis and our financial statements may be materially misstated. Additionally, if in the future we are unable to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, are unable to assert that our internal controls over financial reporting are effective, identify material weaknesses in our internal controls over financial reporting, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, and the market price of our common stock could be adversely affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

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

As of December 31, 2018, we had net operating loss (NOL) carryforwards for federal and state income tax purposes of approximately \$232.9 million and \$186.2 million, respectively, which may be available to offset taxable income in the future, and which expire in various years beginning in 2032 for federal purposes if not utilized. The state NOLs will expire depending upon the various rules in the states in which we operate. A lack of future taxable income would adversely affect our ability to utilize these NOLs before they expire. In general, under Section 382 of the Internal Revenue Code of 1986, as amended (the Code) a corporation that undergoes an “ownership change” (as defined under Section 382 of the Code and applicable Treasury Regulations) is subject to limitations on its ability to utilize its pre-change NOLs to offset its future taxable income. We may experience a future ownership change (including, potentially, in connection with this offering) under Section 382 of the Code that could affect our ability to utilize the NOLs to offset our income. Furthermore, our ability to utilize NOLs of companies that we have acquired or may acquire in the future may be subject to limitations. 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 reduce future income tax liabilities, including for state income tax purposes. For these reasons, we may not be able to utilize a material portion of our NOLs, even if we attain profitability, which could potentially result in increased future tax liability to us and could adversely affect our results of operations and financial condition.

Comprehensive tax reform legislation could adversely affect our business and financial condition.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the Tax Act) was signed into law. The Tax Act contains, among other things, significant changes to corporate taxation, including (i) a reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, (ii) a limitation of the tax deduction for interest expense to 30% of

adjusted earnings (except for certain small businesses), (iii) a limitation of the deduction for NOLs to 80% of current year taxable income in respect of NOLs generated during or after 2018 and elimination of net operating loss carrybacks, (iv) a one-time tax on offshore earnings at reduced rates regardless of whether they are repatriated, (v) immediate deductions for certain new investments instead of deductions for depreciation expense over time, and (vi) a modification or repeal of many business deductions and credits. For federal NOLs arising in tax years beginning after December 31, 2017, the Tax Act limits a taxpayer's ability to utilize federal NOL carryforwards to 80% of taxable income. In addition, federal NOLs arising in tax years ending after December 31, 2017 can be carried forward indefinitely, but carryback is generally prohibited. It is uncertain if and to what extent various states will conform to the newly enacted federal tax law. We will continue to examine the impact the Tax Act may have on our results of operations and financial condition.

Future litigation against us could be costly and time-consuming to defend and could result in additional liabilities.

We may from time to time be subject to legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our customers in connection with commercial disputes and employment claims made by our current or former employees. Claims may also be asserted by or on behalf of a variety of other parties, including government agencies, patients or vendors of our customers, or stockholders. Any litigation involving us may result in substantial costs, operationally restrict our business, and may divert management's attention and resources, which may seriously harm our business, overall financial condition, and results of operations. Insurance may not cover existing or future claims, be sufficient to fully compensate us for one or more of such claims, or continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, thereby reducing our results of operations and resulting in a reduction in the trading price of our stock.

Changes in accounting principles may cause previously unanticipated fluctuations in our financial results, and the implementation of such changes may impact our ability to meet our financial reporting obligations.

We prepare our financial statements in accordance with U.S. GAAP which are subject to interpretation or changes by the Financial Accounting Standards Board (FASB), the SEC, and other various bodies formed to promulgate and interpret appropriate accounting principles. New accounting pronouncements and changes in accounting principles have occurred in the past and are expected to occur in the future which may have a significant effect on our financial results. Furthermore, any difficulties in implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

Risks Related to Governmental Regulation

Government regulation of healthcare creates risks and challenges with respect to our compliance efforts and our business strategies.

The healthcare industry is highly regulated and is subject to changing political, legislative, regulatory, and other influences. Existing and new laws and regulations affecting the healthcare industry, or changes to existing laws and regulations, including the potential amendment or repeal of all or parts of the Affordable Care Act (ACA), could create unexpected liabilities for us, cause us to incur additional costs, and restrict our operations. Reforming the healthcare industry has been a priority for U.S. politicians, and key members of the legislative and executive branches have proposed a wide variety of potential changes and policy goals. Certain changes to laws impacting our industry, or perceived intentions to do so, could affect our business and results of operations.

Many healthcare laws are complex, and their application to specific services and relationships may not be clear. In particular, many existing healthcare laws and regulations, when enacted, did not anticipate the data analytics and improvement services that we provide, and these laws and regulations may be applied to our Solution in ways that we do not anticipate, particularly as we develop and release new and more sophisticated solutions. Our failure to accurately anticipate the application of these laws and regulations, or our other failure to comply with them, could create significant liability for us, result in adverse publicity, and negatively affect our business. Some of the risks we face from healthcare regulation are described below:

- *False Claims Laws* . There are numerous federal and state laws that prohibit submission of false information, or the failure to disclose information, in connection with submission and payment of physician claims for reimbursement. For example, the federal civil False Claims Act prohibits, among other things, individuals or entities from knowingly presenting, or causing to be presented, to the U.S. federal government, claims for payment or approval that are false or fraudulent, or knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim. In addition, the government may assert that a claim including items and services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act. If our advisory services to customers are associated with action by customers that is determined or alleged to be in violation of these laws and regulations, it is possible that an enforcement agency would also try to hold us accountable. Any determination by a court or regulatory agency that we have violated these laws could subject us to significant civil or criminal penalties, invalidate all or portions of some of our customer contracts, require us to change or terminate some portions of our business, require us to refund portions of our services fees, subject us to additional reporting requirements and oversight under a corporate integrity agreement or similar agreement to resolve allegations of noncompliance with these laws, cause us to be disqualified from serving customers doing business with government payors, and have an adverse effect on our business. Our customers' failure to comply with these laws and regulations in connection with our services could result in substantial liability (including, but not limited to, criminal liability), adversely affect demand for our Solution, and force us to expend significant capital, research and development, and other resources to address the failure.
- *Health Data Privacy Laws*. There are numerous federal and state laws related to health information privacy. In particular, the federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH) and their implementing regulations, which we collectively refer to as HIPAA, include privacy standards that protect individual privacy by limiting the uses and disclosures of PHI and implementing data security standards that require covered entities to implement administrative, physical, and technological safeguards to ensure the confidentiality, integrity, availability, and security of PHI in electronic form. HIPAA also specifies formats that must be used in certain electronic transactions, such as admission and discharge messages. By processing and maintaining PHI on behalf of our covered entity customers, we are a HIPAA business associate and mandated by HIPAA to enter into written agreements with our covered entity clients – known as business associate agreements (BAAs) – that require us to safeguard PHI. BAAs typically include:
 - a description of our permitted uses of PHI;
 - a covenant not to disclose that information except as permitted under the BAA and to require that our subcontractors, if any, are subject to the substantially similar restrictions;
 - assurances that reasonable and appropriate administrative, physical, and technical safeguards are in place to prevent misuse of PHI;
 - an obligation to report to our customer any use or disclosure of PHI other than as provided for in the BAA;
 - a prohibition against our use or disclosure of PHI if a similar use or disclosure by our customer would violate the HIPAA standards;

- the ability of our customers to terminate the underlying support agreement if we breach a material term of the BAA and are unable to cure the breach;
- the requirement to return or destroy all PHI at the end of our services agreement; and
- access by the Department of Health and Human Services (HHS) to our internal practices, books, and records to validate that we are safeguarding PHI.

In addition, we are also required to maintain BAAs, which contain similar provisions, with our subcontractors that access or otherwise process PHI on our behalf.

We may not be able to adequately address the business risks created by HIPAA implementation. Furthermore, we are unable to predict what changes to HIPAA or other laws or regulations might be made in the future or how those changes could affect our business or the costs of compliance. For example, in 2018, the HHS Office for Civil Rights published a Request for Information in the Federal Register seeking comments on a number of areas in which HHS is considering making both minor and significant modifications to the HIPAA privacy and security standards to, among other things, improve care coordination. We are unable to predict what, if any, impact the changes in such standards will have on our compliance costs or our Solution.

Finally, some of our analytics applications, for example one of our benchmarking applications, require that we obtain permissions consistent with HIPAA to provide “data aggregation services” and the right to create de-identified information and to use and disclose such de-identified information. We will also require large sets of de-identified information to enable us to continue to develop machine learning algorithms that enhance our Solution. If we are unable to secure these rights in customer BAAs or as a result of any future changes to HIPAA or other applicable laws, we may face limitations on the use of PHI and our ability to use de-identified information that could negatively affect the scope of our Solution as well as impair our ability to provide upgrades and enhancements to our Solution.

We outsource important aspects of the storage and transmission of customer and member information, and thus rely on third parties to manage functions that have material cyber-security risks. We attempt to address these risks by requiring outsourcing subcontractors who handle customer information to sign BAAs contractually requiring those subcontractors to adequately safeguard PHI in a similar manner that applies to us and in some cases by requiring such outsourcing subcontractors to undergo third-party security examinations as well as to protect the confidentiality of other sensitive customer information. In addition, we periodically hire third-party security experts to assess and test our security measures. However, we cannot be assured that these contractual measures and other safeguards will adequately protect us from the risks associated with the storage and transmission of customer proprietary information and PHI.

In addition to the HIPAA privacy and security standards, most states have enacted patient confidentiality laws that protect against the disclosure of confidential medical and other personally identifiable information (PII) and many states have adopted or are considering new privacy laws, including legislation that would mandate new privacy safeguards, security standards, and data security breach notification requirements. Such state laws, if more stringent than HIPAA requirements, are not preempted by the federal requirements, and we are required to comply with them.

Failure by us to comply with any of the federal and state standards regarding patient privacy and/or privacy more generally may subject us to penalties, including significant civil monetary penalties and, in some circumstances, criminal penalties. In addition, such failure may injure our reputation and adversely affect our ability to retain customers and attract new customers.

Even an unsuccessful challenge by regulatory authorities of our activities could result in adverse publicity and could require a costly response from us.

- *Anti-Kickback and Anti-Bribery Laws.* There are federal and state laws that prohibit payment for patient referrals, patient brokering, remuneration of patients, or billing based on referrals between individuals or entities that have various financial, ownership, or other business relationships with healthcare providers. In particular, the federal Anti-Kickback Statute prohibits offering, paying, soliciting, or receiving anything of

value, directly or indirectly, for the referral of patients covered by Medicare, Medicaid, and other federal healthcare programs or the leasing, purchasing, ordering, or arranging for or recommending the lease, purchase, or order of any item, good, facility, or service covered by these programs. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Some enforcement activities focus on below or above market payments for federally reimbursable health care items or services as evidence of the intent to provide a kickback. Many states also have similar anti-kickback laws that are not necessarily limited to items or services for which payment is made by a federal healthcare program. In addition, the federal anti-referral law—the Stark Law—is very complex in its application, and prohibits physicians (and certain other healthcare professionals) from making a referral for a designated health service to a provider in which the referring healthcare professional (or spouse or any immediate family member) has a financial or ownership interest, unless an enumerated exception applies. The Stark Law also prohibits the billing for services rendered resulting from an impermissible referral. Many states also have similar anti-referral laws that are not necessarily limited to items or services for which payment is made by a federal healthcare program, and may include patient disclosure requirements. Moreover, both federal and state laws prohibit bribery and similar behavior. Any determination by a state or federal regulatory agency that we or any of our customers, vendors, or partners violate or have violated any of these laws could subject us to significant civil or criminal penalties, require us to change or terminate some portions of our business, require us to refund portions of our services fees, subject us to additional reporting requirements and oversight under a corporate integrity agreement or similar agreement to resolve allegations of noncompliance with these laws, cause us to be disqualified from serving customers doing business with government payors, and have an adverse effect on our business. Even an unsuccessful challenge by regulatory authorities of our activities could result in adverse publicity and could require a costly response from us.

- *Corporate Practice of Medicine Laws and Fee-Splitting Laws.* Many states have laws prohibiting physicians from practicing medicine in partnership with non-physicians, such as business corporations. In some states, including New York, these take the form of laws or regulations prohibiting splitting of physician fees with non-physicians or others. Any determination by a state court or regulatory agency that our service contracts with our clients violate these laws could subject us to civil or criminal penalties, invalidate all or portions of some of those contracts, require us to change or terminate some portions of our business, require us to refund portions of our services fees, and have an adverse effect on our business. Even an unsuccessful challenge by regulatory authorities of our activities could result in adverse publicity and could require a costly response from us.
- *Medical professional regulation.* The practice of most healthcare professions requires licensing under applicable state law. In addition, the laws in some states prohibit business entities from practicing medicine. We employ and contract with physicians who assist our customers with the customers' care coordination, care management, population health management, and patient safety activities. We do not intend to provide medical care, treatment, or advice. However, any determination that we are acting in the capacity of a healthcare provider and acted improperly as a healthcare provider may result in additional compliance requirements, expense, and liability to us, and require us to change or terminate some portions of our business.
- *Medical Device Laws .* The FDA may regulate medical or health-related software, including machine learning functionality and predictive algorithms, if such software falls within the definition of a “device” under the federal Food, Drug, and Cosmetic Act (FDCA). However, the FDA exercises enforcement discretion for certain low risk software, as described in its guidance documents for Mobile Medical Applications, General Wellness: Policy for Low Risk Devices, and Medical Device Data Systems, Medical Image Storage Devices, and Medical Image Communications Devices. In addition, in December of 2016, President Obama signed into law the 21st Century Cures Act, which included exemptions for certain medical-related software, including software used for administrative support functions at a healthcare facility, software intended for maintaining or encouraging a healthy lifestyle, EHR software, software for transferring, storing, or displaying medical device data or in vitro diagnostic data, and certain clinical decision support software. The FDA has also issued draft guidance documents to clarify how it intends to interpret and apply the new exemptions under the 21st Century Cures Act. Although we believe that our software products are currently not subject to active FDA regulation, we continue to follow the FDA's developments in this area. There is a risk that the FDA could disagree with our

determination or that the FDA could develop new final guidance documents that would subject our Solution to active FDA oversight. If the FDA determines that any of our current or future analytics applications are regulated as medical devices, we would become subject to various requirements under the FDCA and the FDA's implementing regulations. Depending on the functionality and FDA classification of our analytics applications, we may be required to:

- register and list our analytics applications with the FDA;
- notify the FDA and demonstrate substantial equivalence to other products on the market before marketing our analytics applications;
- submit a de novo request to the FDA to down-classify our analytics applications prior to marketing; or
- obtain FDA approval by demonstrating safety and effectiveness before marketing our analytics applications.

The FDA can impose extensive requirements governing pre- and post-market conditions, such as service investigation and others relating to approval, labeling, and manufacturing. In addition, the FDA can impose extensive requirements governing software development controls and quality assurance processes.

These laws and regulations may change rapidly, and it is frequently unclear how they apply to our business. Any failure of our products or services to comply with these laws and regulations could result in substantial civil or criminal liability and could, among other things, adversely affect demand for our services, force us to expend significant capital, research and development, and other resources to address the failure, invalidate all or portions of some of our contracts with our customers, require us to change or terminate some portions of our business, require us to refund portions of our revenue, cause us to be disqualified from serving customers doing business with government payors, and give our customers the right to terminate our contracts with them, any one of which could have an adverse effect on our business. Additionally, the introduction of new services may require us to comply with additional, yet undetermined, laws and regulations.

The security measures that we and our third-party vendors and subcontractors have in place to ensure compliance with privacy and data protection laws may not protect our facilities and systems from security breaches, acts of vandalism or theft, computer viruses, misplaced or lost data, programming and human errors, or other similar events. Under the HITECH Act, as a business associate we may also be liable for privacy and security breaches and failures of our subcontractors. Even though we provide for appropriate protections through our agreements with our subcontractors, we still have limited control over their actions and practices. A breach of privacy or security of individually identifiable health information by a subcontractor may result in an enforcement action, including criminal and civil liability, against us. We are not able to predict the extent of the impact such incidents may have on our business. Our failure to comply may result in criminal and civil liability because the potential for enforcement action against business associates is now greater. Enforcement actions against us could be costly and could interrupt regular operations, which may adversely affect our business. While we have not received any notices of violation of the applicable privacy and data protection laws and believe we are in compliance with such laws, there can be no assurance that we will not receive such notices in the future.

There is ongoing concern from privacy advocates, regulators, and others regarding data protection and privacy issues, and the number of jurisdictions with data protection and privacy laws has been increasing. Also, there are ongoing public policy discussions regarding whether the standards for deidentified, anonymous, or pseudonymized health information are sufficient, and the risk of re-identification sufficiently small, to adequately protect patient privacy. We expect that there will continue to be new proposed laws, regulations, and industry standards concerning privacy, data protection, and information security in the United States, including the California Consumer Privacy Act, which will go into effect January 1, 2020, and we cannot yet determine the impact such future laws, regulations, and standards may have on our business. Future laws, regulations, standards, and other obligations, and changes in the interpretation of existing laws, regulations, standards, and other obligations could impair our or our customers' ability to collect, use, or disclose information relating to consumers, which could decrease demand for our platform, increase our costs, and

impair our ability to maintain and grow our customer base and increase our revenue. New laws, amendments to or re-interpretations of existing laws and regulations, industry standards, contractual obligations, and other obligations may require us to incur additional costs and restrict our business operations. In view of new or modified federal, state, or foreign laws and regulations, industry standards, contractual obligations, and other legal obligations, or any changes in their interpretation, we may find it necessary or desirable to fundamentally change our business activities and practices or to expend significant resources to modify our software or platform and otherwise adapt to these changes.

Any failure or perceived failure by us to comply with federal or state laws or regulations, industry standards, or other legal obligations, or any actual or suspected security incident, whether or not resulting in unauthorized access to, or acquisition, release, or transfer of personally identifiable information or other data, may result in governmental enforcement actions and prosecutions, private litigation, fines, and penalties or adverse publicity and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business. We may be unable to make such changes and modifications in a commercially reasonable manner or at all, and our ability to develop new products and features could be limited. Any of these developments could harm our business, financial condition, and results of operations. Privacy and data security concerns, whether valid or not valid, may inhibit market adoption of our platform.

Further, on February 11, 2019, ONC and CMS proposed complementary new rules to support access, exchange, and use of EHI. The proposed rules are intended to clarify provisions of the 21st Century Cures Act regarding interoperability and “information blocking,” and, if adopted, will create significant new requirements for health care industry participants. The proposed ONC rule, if adopted, would require certain electronic health record technology to incorporate standardized application programming interfaces (APIs) to allow individuals to securely and easily access structured EHI using smartphone applications. The ONC rule would also implement provisions of the 21st Century Cures Act requiring that patients be provided with electronic access to all of their EHI (structured and/or unstructured) at no cost. Finally, the proposed ONC rule would also implement the information blocking provisions of the 21st Century Cures Act, and proposes seven “reasonable and necessary activities” that will not be considered information blocking as long as specific conditions are met.

The CMS proposed rule focuses on health plans, payors, and health care providers and proposes measures to enable patients to move from health plan to health plan, provider to provider, and have both their clinical and administrative information travel with them.

It is unclear whether or when these rules, and others released simultaneously, will be adopted, in whole or in part. If adopted, the rules may benefit us in that certain EHR vendors will no longer be permitted to interfere with our attempts at integration, but the rules may also make it easier for other similar companies to enter the market, creating increased competition, and reducing our market share. It is unclear at this time what the costs of compliance with the proposed rules, if adopted, would be, and what additional risks there may be to our business.

Due to the particular nature of certain services we provide or the manner in which we provide them, we may be subject to additional government regulation and foreign government regulation.

While our Solution is primarily subject to government regulations pertaining to healthcare, certain aspects of our Solution may require us to comply with regulatory schema from other areas. Examples of such regulatory schema include:

- ***Antitrust Laws.*** Our national cloud-based network allows us access to cost and pricing data for a large number of providers in most regional markets, as well as to the contracted rates for third-party payors. To the extent that our Solution enables providers to compare their cost and pricing data with those of their competitors, those providers could collude to increase the pricing for their services, to reduce the compensation they pay their employees, or to collectively negotiate agreements with third parties. Similarly, if payors are able to compare their contracted rates of payment to providers, those payors may seek to reduce the amounts they might otherwise pay. Such actions may be deemed to be anti-competitive and a violation of federal antitrust laws. To the extent that we are deemed to have enabled such activities, we could be subject to fines and penalties

imposed by the U.S. Department of Justice or the FTC and be required to curtail or terminate the services that permitted such collusion.

- *Consumer Protection Regulation.* Federal and state government bodies and agencies have adopted or are considering adopting laws and regulations regarding the collection, use, and dissemination of data, and the presentation of website or other electronic content, which may require compliance with certain standards for notice, choice, security, and access. California recently adopted the California Consumer Privacy Act of 2018 (CCPA), which will come into effect on January 1, 2020. The CCPA has been characterized as the first “GDPR-like” privacy statute to be enacted in the United States because it mirrors a number of the key provisions of the GDPR (discussed below). The CCPA establishes a new privacy framework for covered businesses by creating an expanded definition of personal information, establishing new data privacy rights for consumers in the state of California, imposing special rules on the collection of consumer data from minors, and creating a new and potentially severe statutory damages framework for violations of the CCPA and for businesses that fail to implement reasonable security procedures and practices to prevent data breaches. If we fail to comply with any of these privacy laws that apply to us, and are subject to the aforementioned penalties, our business and financial results could be adversely affected.
- *Foreign Corrupt Practices Act (FCPA) and Foreign Anti-Bribery Laws.* The FCPA makes it illegal for U.S. persons, including U.S. companies, and their subsidiaries, directors, officers, employees, and agents, to promise, authorize or make any corrupt payment, or otherwise provide anything of value, directly or indirectly, to any foreign official, any foreign political party or party official, or candidate for foreign political office to obtain or retain business. Violations of the FCPA can also result in violations of other U.S. laws, including anti-money laundering, mail and wire fraud, and conspiracy laws. There are severe penalties for violating the FCPA. In addition, the Company may also be subject to other non-U.S. anti-corruption or anti-bribery laws, such as the U.K. Bribery Act 2010. If our employees, contractors, vendors, or partners fail to comply with the FCPA and/or foreign anti-bribery laws, we may be subject to penalties or sanctions, and our ability to develop new prospects and retain existing customers could be adversely affected.
- *Economic Sanctions and Export Controls.* Economic and trade sanctions programs that are administered by the U.S. Treasury Department’s Office of Foreign Assets Control (OFAC) prohibit or restrict transactions to or from, and dealings with specified countries and territories, their governments, and in certain circumstances, with individuals and entities that are specially designated nationals of those countries, and other sanctioned persons, including narcotics traffickers and terrorists or terrorist organizations. As federal, state and foreign legislative regulatory scrutiny and enforcement actions in these areas increase, we expect our costs to comply with these requirements will increase as well. Failure to comply with any of these requirements could result in the limitation, suspension or termination of our services, imposition of significant civil and criminal penalties, including fines, and/or the seizure and/or forfeiture of our assets. Further, our Solution incorporates encryption technology. This encryption technology may be exported from the United States only with the required export authorizations, including by a license, a license exception or other appropriate government authorizations. Such solutions may also be subject to certain regulatory reporting requirements. Various countries also regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit our customers’ ability to import our Solution into those countries. Governmental regulation of encryption technology and of exports and imports of encryption products, or our failure to obtain required approval for our Solution, when applicable, could harm our international sales and adversely affect our revenue. Compliance with applicable regulatory requirements regarding the provision of our Solution, including with respect to new applications, may delay the introduction of our Solution in various markets or, in some cases, prevent the provision of our Solution to some countries altogether.
- *GDPR and Foreign Data Privacy Protection Laws* - In addition, several foreign governments have regulations dealing with the collection and use of personal information obtained from their residents. For example, in the European Union, (EU), the General Data Protection Regulation (GDPR) went into effect on May 25, 2018. If we or our vendors fail to comply with the applicable EU privacy laws, we could be subject to government enforcement actions and significant penalties against us. GDPR introduced new data protection requirements in the EU relating to the consent of the individuals to whom the personal data relates, the information provided

to the individuals, the documentation we must retain, the security and confidentiality of the personal data, data breach notification and the use of third-party processors in connection with the processing of personal data. GDPR has increased our responsibility and potential liability in relation to personal data that we process, and we may be required to put in place mechanisms to ensure compliance with GDPR. Data protection authorities of the different EU Member States may interpret GDPR differently, and guidance on implementation and compliance practices are often updated or otherwise revised, which adds to the complexity of processing personal data in the EU. Any failure by us to comply with GDPR could result in proceedings or actions against us by governmental entities or others, which may subject us to significant penalties and negative publicity, require us to change our business practices, and increase our costs and severely disrupt our business. Similarly, Canada's Personal Information and Protection of Electronic Documents Act provides Canadian residents with privacy protections in regard to transactions with businesses and organizations in the private sector and sets out ground rules for how private sector organizations may collect, use, and disclose personal information in the course of commercial activities. Foreign governments may attempt to apply such laws extraterritorially or through treaties or other arrangements with U.S. governmental entities. Other jurisdictions besides the EU and Canada are similarly introducing or enhancing laws and regulations relating to privacy and data security, which enhances risks relating to compliance with such laws. Furthermore, as we enter into business arrangements in countries outside of the United States, we will need to be prepared to comply with applicable local privacy laws. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of personal data, such as healthcare data or other sensitive information, could greatly increase our cost of providing our products and services or even prevent us from offering certain services in jurisdictions that we operate.

- *Regulatory Certification.* We must obtain certification from governmental agencies, such as the Agency for Healthcare Research and Quality (AHRQ) to sell certain of our analytics applications and services in the United States. We cannot be certain that our Solution will continue to meet these standards. The failure to comply with these certification requirements could result in the loss of certification, which could restrict our Solution offerings and cause us to lose customers.

We cannot be certain that the privacy policies and other statements regarding our practices will be found sufficient to protect us from liability or adverse publicity relating to the privacy and security of personal information. Whether and how existing local and international privacy and data protection laws in various jurisdictions apply to the Internet and other online technologies is still uncertain and may take years to resolve. Current and future privacy laws and regulations, if drafted or interpreted broadly, could be deemed to apply to the technology we use and could restrict our information collection methods or decrease the amount and utility of the information that we would be permitted to collect. The costs of compliance with, and the other burdens imposed by, these and other laws or regulatory actions may prevent us from selling our Solution, or increase the costs of doing so, and may affect our ability to invest in or jointly develop our analytics applications. In addition, a determination by a court or government agency that any of our practices, or those of our agents, do not meet these standards could result in civil and/or criminal liability, result in adverse publicity, and adversely affect our business.

The healthcare regulatory and political framework is uncertain and evolving.

Healthcare laws and regulations are rapidly evolving and may change significantly in the future, which could adversely affect our financial condition and results of operations. For example, in March 2010, the Patient Protection and ACA was adopted, which is a healthcare reform measure that provides healthcare insurance for approximately 30 million more Americans. The ACA includes a variety of healthcare reform provisions and requirements that became effective at varying times through 2018 and substantially changes the way healthcare is financed by both governmental and private insurers, which may significantly impact our industry and our business. Many of the provisions of the ACA phase in over the course of the next several years, and we may be unable to predict accurately what effect the ACA or other healthcare reform measures that may be adopted in the future, including amendments to the ACA, will have on our business. On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas, ruled that the individual mandate is a critical and inseparable feature of the ACA, and therefore, because it was repealed as part of the Tax Act, the remaining provisions of the ACA are invalid as well. While the U.S. District Court Judge, as well as the Trump Administration and CMS, have stated that the ruling will have no immediate effect pending appeal, it is

unclear how this decision, subsequent appeals and other efforts to repeal and replace the ACA will impact the ACA and our business.

Our business could be adversely impacted by changes in laws and regulations related to the Internet or changes in access to the Internet generally.

The future success of our business depends upon the continued use of the Internet as a primary medium for communication, business applications, and commerce. Federal or state government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the Internet as a commercial medium. Legislators, regulators, or government bodies or agencies may also make legal or regulatory changes or interpret or apply existing laws or regulations that relate to the use of the Internet in new and materially different ways. Changes in these laws, regulations or interpretations could require us to modify our platform in order to comply with these changes, to incur substantial additional costs or divert resources that could otherwise be deployed to grow our business, or expose us to unanticipated civil or criminal liability, among other things.

In addition, government agencies and private organizations have imposed, and may in the future impose, additional taxes, fees or other charges for accessing the Internet or commerce conducted via the Internet. Internet access is frequently provided by companies that have significant market power and could take actions that degrade, disrupt or increase the cost of our customers' use of our platform, which could negatively impact our business. In December 2017, the Federal Communications Commission announced it will revise the "net neutrality" rules. These rules were designed to ensure that all online content is treated the same by Internet service providers and other companies that provide Internet services. Should the net neutrality rules be relaxed or eliminated, we could incur greater operating expenses or our customers' use of our platform could be adversely affected, either of which could harm our business and results of operations.

These developments could limit the growth of Internet-related commerce or communications generally or result in reductions in the demand for Internet-based platforms and services such as ours, increased costs to us or the disruption of our business. In addition, as the Internet continues to experience growth in the numbers of users, frequency of use and amount of data transmitted, the use of the Internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of Internet activity, security, reliability, cost, ease-of-use, accessibility, and quality of service. The performance of the Internet and its acceptance as a business tool has been adversely affected by "viruses," "worms," and similar malicious programs and the Internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the Internet generally, or our platform specifically, is adversely affected by these or other issues, we could be forced to incur substantial costs, demand for our platform could decline, and our results of operations and financial condition could be harmed.

Risks Related to Ownership of Our Common Stock and this Offering

We have a limited operating history in an evolving industry which makes it difficult to evaluate our current business future prospects and increases the risk of your investment.

We launched operations in 2008 and we acquired Medicity in June 2018. Our limited operating history, in particular with respect to the Medicity business, makes it difficult to effectively assess or forecast our future prospects. You should consider our business and prospects in light of the risks and difficulties we encounter or may encounter. These risks and difficulties include our ability to cost-effectively acquire new customers and retain existing customers, maintain the quality of our technology infrastructure that can efficiently and reliably handle the requirements of our customers and the deployment of new features and solutions and successfully compete with other companies that are currently in, or may enter, the healthcare solution space. Additional risks include our ability to effectively manage growth, responsibly use the data that customers share with us, process, store, protect, and use personal data in compliance with governmental regulation, contractual obligations, and other legal obligations related to privacy and security and avoid interruptions or disruptions in our service or slower than expected load times for our platform. If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above, our business and our results of operations will be adversely affected.

The market price of our common stock may be volatile and 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.

Prior to this offering, there has been no public market for shares of our common stock. The initial public offering price of our common stock will be determined through negotiation among the underwriters and us and may vary from the market price of our common stock following this offering. The market prices of the securities of other newly public companies have historically been highly volatile. The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- overall performance of the equity markets and/or publicly-listed technology companies;
- actual or anticipated fluctuations in our net revenue or other operating metrics;
- changes in the financial projections we 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 the estimates or the expectations of investors;
- the economy as a whole and market conditions in our industry;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of significant 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;
- recruitment or departure of key personnel;
- other events or factors, including those resulting from war, incidents of terrorism, or responses to these events; and
- the expiration of contractual lock-up or market standoff agreements.

In addition, extreme price and volume fluctuations in the stock markets have affected and continue to affect many technology companies' stock prices. Often, their stock prices have fluctuated in ways unrelated or disproportionate to the companies' operating performance. In the past, stockholders have filed 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 harm our business.

Moreover, because of these fluctuations, comparing our results of operations on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our net revenue or results of operations fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated net revenue or earnings forecasts that we may provide.

There has been no prior public trading market for our common stock and an active trading market for our common stock may never develop or be sustained.

We intend to apply to list our common stock on the _____, under the symbol “_____.” However, there has been no prior public trading market for our common stock. We cannot assure you that an active trading market for our common stock will develop on that exchange or elsewhere or, if developed, that any market will be sustained. Accordingly, we cannot assure you of the likelihood that an active trading market for our common stock will develop or be maintained, the liquidity of any trading market, your ability to sell your shares of our common stock when desired, or the prices that you may obtain for your shares.

We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an emerging growth company, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to “emerging growth companies,” including:

- not being required to have our independent registered public accounting firm attest to our internal control over financial reporting under Section 404 of the Sarbanes Oxley Act;
- reduced disclosure obligations regarding executive compensation in our periodic reports and annual report on Form 10-K; and
- exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We could be an emerging growth company for up to five years following the completion of this offering. Our status as an emerging growth company will end as soon as any of the following takes place:

- the last day of the fiscal year in which we have more than \$1.07 billion in annual revenue;
- the date we qualify as a “large accelerated filer,” with at least \$700 million of equity securities held by non-affiliates;
- the date on which we have issued, in any three-year period, more than \$1.0 billion in non-convertible debt securities; or
- the last day of the fiscal year ending after the fifth anniversary of the completion of this offering.

We cannot predict if investors will find our common stock less attractive if we choose to rely on the exemptions afforded emerging growth companies. If some investors find our common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our common stock and the market price of our common stock may be more volatile.

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

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

Sales of substantial amounts of our common stock in the public markets, such as when our lock-up restrictions are released, or the perception that sales of common stock might occur, could cause the market price of our common stock to decline.

Sales of a substantial number of shares of our common stock into the public market, particularly sales by our directors, executive officers, and principal stockholders, or the perception that these sales might occur, could cause the market price of our common stock to decline. Based on the total number of outstanding shares of our common stock as of March 31, 2019, upon completion of this offering, we will have outstanding a total of _____ shares of common stock. This assumes no exercise of outstanding options or warrants and gives effect to the conversion of all of our outstanding shares of redeemable convertible preferred stock into shares of common stock and the issuance of shares of common stock on the completion of this offering.

Substantially all of our securities outstanding prior to the completion of this offering are currently restricted from resale as a result of lock-up and market standoff agreements. See “Shares Eligible for Future Sale” for additional information. These securities will become available to be sold 180 days after the date of the final prospectus relating to the offering. Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC may, in their discretion, permit our security holders to sell shares prior to the expiration of the restrictive provisions contained in the lock-up agreements. Sales of a substantial number of such shares upon expiration of the lock-up and market standoff agreements, 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 an investor to sell common stock at a time and price that an investor deems appropriate. Shares held by directors, executive officers, and other affiliates will also be subject to volume limitations under Rule 144 under the Securities Act of 1933, as amended (Securities Act), and various vesting agreements.

In addition, as of March 31, 2019, we had 16,266,375 options outstanding that, if fully exercised, would result in the issuance of shares of common stock. All of the shares of 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, volume limitations under Rule 144 for our executive officers and directors, and applicable vesting requirements.

Following this offering, the holders of 48,437,193 shares of our common stock will have rights, subject to some conditions, to require us to file registration statements for the public resale of the common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file for us or other stockholders. Any registration statement we file to register additional shares, whether as a result of registration rights or otherwise, could cause the market price of our common stock to decline or be volatile.

Purchasers in this offering will immediately experience substantial dilution in net tangible book value.

The initial public offering price of our common stock is substantially higher than the pro forma net tangible book value per share of our common stock immediately following this offering based on the total value of our tangible assets less our total liabilities. Therefore, if you purchase shares of our common stock in this offering, you will experience immediate dilution of \$ _____ per share, the difference between the price per share you pay for our common stock and

the pro forma net tangible book value per share as of March 31, 2019, after giving effect to the issuance of shares of our common stock in this offering. See “Dilution.”

Our management will have broad discretion in the use of proceeds from this offering and our use may not produce a positive rate of return.

The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our stock and thereby enable access to the public equity markets by our employees and stockholders, obtain additional capital, and strengthen our position in the healthcare data analytics applications and services market. We cannot specify with certainty our plans for the use of the net proceeds we receive from this offering. However, we intend to use the net proceeds we receive from this offering for working capital and other general corporate purposes. Our management will have broad discretion over the specific use of the net proceeds we receive in this offering and might not be able to obtain a significant return, if any, on investment of these net proceeds. Investors in this offering will need to rely upon the judgment of our management with respect to the use of proceeds. If we do not use the net proceeds that we receive in this offering effectively, our business, results of operations, and financial condition could be harmed.

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

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors, and consultants under our stock incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in complementary companies, products, or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our common stock to decline.

The requirements of being a public company 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 be subject to the reporting requirements of the Securities Exchange Act of 1934 (the Exchange Act), the listing standards of the and other applicable securities rules and regulations. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems, and resources. For example, the Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and results of operations. 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, results of operations, and financial condition.

Although we have already hired additional employees to assist us in complying with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our operating expenses.

In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time-consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest substantial resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management’s time and attention from business operations to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

We also expect that being a public company and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

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

The individuals who now constitute our senior management team have limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies. Our senior management team may not successfully or efficiently manage our transition to a public company that is subject to significant regulatory oversight and reporting obligations.

We do not intend to pay dividends on our common stock and, consequently, the ability of common stockholders to achieve a return on investment will depend on appreciation, if any, in the price of our common stock.

You should not rely on an investment in our common stock to provide dividend income. We have never declared or paid any dividends on our capital stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. In addition, the terms of our debt facilities with OrbiMed and SVB contain, and any future credit facility or financing we obtain may contain, terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. As a result, common stockholders may only receive a return on investment if the market price of our common stock increases.

Provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current board of directors, and limit the market price of our common stock.

Provisions that will be in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws, which will become effective upon the completion of this offering, will 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 amended and restated certificate of incorporation and amended and restated bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- provide that only the Chairperson of our board of directors, our Chief Executive Officer, or a majority of our board of directors will be authorized to call a special meeting of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;

- provide that the board of directors is expressly authorized to make, alter, or repeal our bylaws; and
- 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.

Moreover, Section 203 of the Delaware General Corporation Law 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 “Description of Capital Stock” for additional information.

Our amended and restated bylaws will designate a state or federal court located within the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit stockholders’ ability to obtain a favorable judicial forum for disputes with us.

Our amended and restated bylaws will provide, to the fullest extent permitted by law, that a state or federal court located within the State of Delaware will be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty;
- any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation, or our amended and 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 any causes of action arising under the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Nothing in our amended and restated bylaws precludes stockholders that assert claims under the Securities Act or the Exchange Act from bringing such claims in state or federal court, subject to applicable law. 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 with respect to such claims. Alternatively, if a court were to find the choice of forum provision which will be contained in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition.

We could be subject to securities class action litigation.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because technology and healthcare technology companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management’s attention and resources, which could harm our business.

Special Note Regarding Forward-Looking Statements

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. The forward-looking statements are contained principally in the sections of this prospectus titled “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business,” but are also contained elsewhere in this prospectus. In some cases, you can identify forward-looking statements by the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “objective,” “ongoing,” “plan,” “predict,” “project,” “potential,” “should,” “will,” or “would,” or the negative of these terms, or other comparable terminology intended to identify statements about the future. These statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from the information expressed or implied by these forward-looking statements. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements. In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. The forward-looking statements and opinions contained in this prospectus are based upon information available to us as of the date of this prospectus and, while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. Forward-looking statements include statements about:

- our market opportunity;
- the effects of increased competition as well as innovations by new and existing competitors in our market;
- our ability to retain our existing customers and to increase our number of customers;
- the future growth of the healthcare industry and demands of our customers;
- our ability to effectively manage or sustain our growth;
- potential acquisitions and integration of complementary businesses and technologies;
- our expected use of proceeds;
- our ability to maintain, or strengthen awareness of, our brand;
- future revenue, hiring plans, expenses, capital expenditures, and capital requirements;
- our ability to comply with new or modified laws and regulations that currently apply or become applicable to our business both in the United States and internationally;
- the loss of key employees or management personnel;
- our ability to develop and maintain our corporate infrastructure, including our internal controls;
- our financial performance and capital requirements;
- our ability to maintain, protect, and enhance our intellectual property; and
- the future trading prices of our common stock and the impact of securities analysts’ reports on these prices.

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

You should refer to the “Risk Factors” section of this prospectus for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a

result of these factors, we cannot assure you that the forward-looking statements in this prospectus will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act do not protect any forward-looking statements that we make in connection with this offering.

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

Industry and Market Data

Information contained in this prospectus concerning our industry and the market in which we operate is based on information from various sources. In presenting this information, we have also made assumptions based on such data and other similar sources, and on our knowledge of, and in our experience to date in, the markets for our services. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Although neither we nor the underwriters have independently verified the accuracy or completeness of any third-party information, we believe such information included in this prospectus is reliable. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the “Risk Factors.” These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

Certain information in this prospectus is contained in independent industry publications. The source of these independent industry publications is provided below:

- Black Book Market Research, LLC, *Accountable Care IT Solutions*, February 2019.
- Black Book Market Research, LLC, *Advanced Predictive Analytics*, February 2019.
- Black Book Market Research, LLC, *Data Warehousing & Mining*, February 2019.
- Black Book Market Research, LLC, *Healthcare Benchmarking*, February 2019.
- Black Book Market Research, LLC, *Provider Healthcare Analytics Solutions: Highest Client Satisfaction*, February 2019.
- Chilmark Inc., *2017 Healthcare Analytics Market Trends Report*, August 2017.
- Chilmark Inc., *Provider Analytics: Solutions and Tools for Healthcare Delivery*, March 2019.
- Crain Communications, Inc., *Modern Healthcare, Best Places to Work 2018*, May 14, 2018
- Gallup, Inc., *Gallup Great Workplace Award*, April 1, 2016.
- Gallup, Inc., *Gallup Great Workplace Award*, April 18, 2017.
- Gallup, Inc., *Gallup Great Workplace Award*, April 18, 2018.
- Gallup, Inc., *Gallup Q¹² Employee Engagement Survey*, 2015, 2016, 2017, 2018.
- Glassdoor, Inc., *Best Places to Work: 2017 Employees’ Choice*, December 1, 2016.
- International Data Corporation, *Healthcare: DATCON Level 3, An Industry with a Weak Data Management Pulse*, November 2018.
- KLAS Research, *Best in KLAS, Software & Services 2017*, January 2017.
- KLAS Research, *Best in KLAS, Software & Services 2018*, January 2018.
- KLAS Research, *Best in KLAS, Software & Services 2019*, January 2019.
- National Academy of Medicine, *Vital Directions for Health and Health Care: Priorities from a National Academy of Medicine Initiative*, March 21, 2017.

Use of Proceeds

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

Each \$1.00 increase or decrease in the assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the net proceeds to us from this offering by approximately \$ _____ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions. We may also increase or decrease the number of shares we are offering. Each 1.0 million share increase or decrease in the number of shares offered by us would increase or decrease, as applicable, the net proceeds to us from this offering by approximately \$ _____ million, assuming that the assumed initial offering price to the public remains the same, and after deducting underwriting discounts and commissions. We do not expect that a change in the initial price to the public or the number of shares by these amounts would have a material effect on the uses of the proceeds from this offering, although it may accelerate the time at which we will need to seek additional capital.

The principal purposes of this offering are to increase our financial flexibility, create a public market for our common stock, and facilitate our future access to the capital markets. We intend to use the net proceeds from this offering for working capital and other general corporate purposes.

We may also use a portion of the net proceeds from this offering for acquisitions or strategic transactions, though we have not entered into any agreements or commitments with respect to any specific transactions and have no understanding or agreements with respect to any such transactions at this time. We have not allocated specific amounts of net proceeds for any of these purposes.

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

Dividend Policy

We have never declared or paid any dividends on our common stock. We currently intend to retain all available funds and any future earnings for the operation and expansion of our business. Accordingly, following this offering, we do not anticipate declaring or paying cash dividends in the foreseeable future. The payment of any future dividends will be at the discretion of our board of directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, any limitations on payment of dividends present in our current and future debt agreements, and other factors that our board of directors may deem relevant. In addition, the terms of our debt facilities with OrbiMed and SVB restrict our ability to pay dividends to limited circumstances. We may also be subject to covenants under future debt arrangements that place restrictions on our ability to pay dividends.

Capitalization

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2019:

- on an actual basis;
- on a pro forma basis, giving effect to: (i) the automatic conversion of all outstanding shares of our redeemable convertible preferred stock as of March 31, 2019 into an aggregate of 46,303,026 shares of our common stock as if such conversion had occurred on March 31, 2019, (ii) stock-based compensation expense of approximately \$3.8 million associated with outstanding employee stock options subject to a performance-based vesting condition for the amount that would have been expensed based on the service-based vesting condition as of March 31, 2019, and which we will recognize upon the effectiveness of our registration statement in connection with this offering, as further described in note 16 to our consolidated financial statements included elsewhere in this prospectus, and (iii) the filing and effectiveness of our amended and restated certificate of incorporation, which will be in effect immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis to reflect (i) the pro forma adjustments described above and (ii) the sale of _____ shares of common stock in this offering at an assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

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

	As of March 31, 2019		
	Actual	Pro Forma	Pro Forma As Adjusted ⁽¹⁾
	(in thousands, except share and per share data)		
Cash and cash equivalents	\$ 32,208	\$ 32,208	
Long-term debt	\$ 47,263	\$ 47,263	
Redeemable convertible preferred stock, \$0.001 par value per share; 46,505,028 shares authorized, 46,303,026 issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	485,933	—	
Stockholders’ (deficit) equity:			
Preferred stock, \$0.001 par value per share; no shares authorized, issued, and outstanding, actual; and _____ shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	
Common stock, \$0.001 par value per share; 73,642,899 shares authorized, 9,747,901 shares issued and outstanding, actual; _____ shares authorized, _____ shares issued and outstanding, pro forma; and _____ shares authorized, _____ shares issued and outstanding, pro forma as adjusted	10	56	
Additional paid-in capital	—	489,685	
Accumulated other comprehensive income	2	2	
Accumulated deficit	(450,048)	(453,846)	
Total stockholders’ (deficit) equity	(450,036)	35,897	
Total capitalization	\$ 83,160	\$ 83,160	

(1) Each \$1.00 increase or decrease in the assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the net proceeds to us from this offering by \$ _____ million, assuming

that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions payable by us. We may also increase or decrease the number of shares we are offering. Each 1.0 million share increase or decrease, as applicable, in the number of shares offered by us would increase or decrease, as applicable, the net proceeds to us from this offering by \$ million, assuming that the assumed initial offering price to the public remains the same, and after deducting underwriting discounts and commissions. The pro forma as adjusted information set forth above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing.

If the underwriters' option to purchase additional shares were exercised in full, our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' (deficit) equity, and total capitalization as of March 31, 2019, would be \$ million, \$ million, \$ million, and \$ million, respectively.

The number of shares of our common stock issued and outstanding, pro forma, and pro forma as adjusted in the table above is based on 56,156,484 shares of our common stock (including our redeemable convertible preferred stock on an as-converted basis and 105,557 shares of common stock issued to former employees for non-recourse notes) outstanding as of March 31, 2019, which excludes:

- 16,266,375 shares of common stock issuable upon the exercise of options outstanding as of March 31, 2019, at a weighted-average exercise price of \$5.26 per share;
- 82,250 shares of common stock issuable upon the exercise of options outstanding that were granted after March 31, 2019, at a weighted-average exercise price of \$10.31 per share;
- 510,674 shares of common stock issuable upon the exercise of common stock warrants outstanding as of March 31, 2019, at an exercise price of \$5.33 per share;
- 507,364 shares of common stock reserved for future issuance under our 2011 Plan, which shares will cease to be available for issuance at the time our 2019 Plan becomes effective;
- shares of common stock reserved for future issuance pursuant to our 2019 Plan, which will become effective prior to the completion of this offering and will include provisions that automatically increase the number of shares of common stock reserved for issuance thereunder each year; and
- shares of common stock reserved for future issuance under our 2019 ESPP, which will become effective prior to the completion of this offering and will include provisions that automatically increase the number of shares of common stock reserved for issuance thereunder each year.

Dilution

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

Our historical net tangible book deficit as of March 31, 2019 was \$484.1 million, or \$49.66 per share of common stock. Our historical net tangible book deficit per share represents our total tangible assets (total assets less intangible assets, goodwill, deferred costs, and capitalized offering costs) less our total liabilities and redeemable convertible preferred stock (which is not included within stockholders' equity), divided by 9,747,901 shares of common stock outstanding as of March 31, 2019.

Our pro forma net tangible book value as of March 31, 2019 was \$1.9 million, or \$0.03 per share of common stock. Pro forma net tangible book value per share represents our total tangible assets less our total liabilities, divided by the number of shares of common stock outstanding as of March 31, 2019, after giving effect to the automatic conversion of all outstanding shares of our redeemable convertible preferred stock as of March 31, 2019 into an aggregate of 46,303,026 shares of our common stock as if such conversion had occurred on March 31, 2019.

Our pro forma as adjusted net tangible book value represents our pro forma net tangible book value, plus the effect of the sale of _____ shares of common stock in this offering at an assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We determine dilution per share to investors participating in this offering by subtracting pro forma as adjusted net tangible book value per share after this offering from the assumed initial public offering price per share paid by investors participating in this offering.

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

Assumed initial public offering price per share	\$
Historical net tangible book (deficit) value per share as of March 31, 2019	\$
Pro forma increase in historical net tangible book value per share as of March 31, 2019	
Pro forma net tangible book value per share as of March 31, 2019	
Increase in pro forma net tangible book value per share attributable to new investors purchasing shares from us in this offering	_____
Pro forma as adjusted net tangible book value per share	
Dilution per share to new investors participating in this offering	\$ _____

The pro forma as adjusted dilution information discussed above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing. Each \$1.00 increase or decrease in the assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the pro forma as adjusted net tangible book value per share by \$ _____ per share and the dilution per share to investors participating in this offering by \$ _____ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions. We may also increase or decrease the number of shares we are offering. Each 1.0 million share increase or decrease in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase or decrease, as applicable, the pro forma as adjusted net tangible book value per share by \$ _____ and decrease the dilution per share to investors participating in this offering by \$ _____, assuming the assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions payable by us.

If the underwriters exercise their option to purchase additional shares in full, the pro forma as adjusted net tangible book value of our common stock would increase to \$ _____ per share, representing an immediate increase to existing stockholders of \$ _____ per share and an immediate dilution of \$ _____ per share to investors participating in this offering.

The following table summarizes as of March 31, 2019, on the pro forma as adjusted basis described above, the number of shares of our common stock, the total consideration, and the average price per share (1) paid to us by our existing stockholders and (2) to be paid by investors purchasing our common stock in this offering at an assumed initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus, before deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Weighted-Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	\$	%	\$
Investors purchasing common stock					\$
Total		100.0%	\$	100.0%	

If the underwriters exercise their option to purchase additional shares in full, the number of shares held by the existing stockholders after this offering would be reduced to _____ shares, or _____ % of the total number of shares of our common stock outstanding after this offering, and the number of shares held by new investors would increase to _____ shares, or _____ % of the total number of shares of our common stock outstanding after this offering.

The foregoing tables and calculations (other than the historical net tangible book value calculation) are based on 56,156,484 shares of our common stock (including our redeemable convertible preferred stock on an as-converted basis and 105,557 shares of common stock issued to former employees for non-recourse notes) outstanding as of March 31, 2019, which excludes:

- 16,266,375 shares of common stock issuable upon the exercise of options outstanding as of March 31, 2019, at a weighted-average exercise price of \$5.26 per share;
- 82,250 shares of common stock issuable upon the exercise of options outstanding that were granted after March 31, 2019, at a weighted-average exercise price of \$10.31 per share;
- 510,674 shares of common stock issuable upon the exercise of common stock warrants outstanding as of March 31, 2019, at an exercise price of \$5.33 per share;
- 507,364 shares of common stock reserved for future issuance under our 2011 Plan, which shares will cease to be available for issuance at the time our 2019 Plan becomes effective;
- _____ shares of common stock reserved for future issuance pursuant to our 2019 Plan, which will become effective prior to the completion of this offering and will include provisions that automatically increase the number of shares of common stock reserved for issuance thereunder each year; and
- _____ shares of common stock reserved for future issuance under our 2019 ESPP, which will become effective prior to the completion of this offering and will include provisions that automatically increase the number of shares of common stock reserved for issuance thereunder each year.

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

Selected Consolidated Financial and Other Data

The following tables present our selected consolidated financial and other data. We have derived the selected consolidated statements of operations data for the years ended December 31, 2017 and 2018 and our selected consolidated balance sheet data as of December 31, 2017 and 2018 from our audited consolidated financial statements included elsewhere in this prospectus. We derived the selected consolidated statements of operations data for the three months ended March 31, 2018 and 2019 and our selected consolidated balance sheet data as of March 31, 2019 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. Our unaudited interim consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair statement of our unaudited interim consolidated financial statements.

Our historical results are not necessarily indicative of the results that may be expected in the future. The following selected consolidated financial and other data should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Consolidated Statements of Operations Data:				
(in thousands, except per share data)				
Revenue:				
Technology	\$ 31,693	\$ 57,224	\$ 9,451	\$ 20,148
Professional services	41,388	55,350	11,181	15,065
Total revenue	73,081	112,574	20,632	35,213
Cost of revenue, excluding depreciation and amortization:				
Technology ⁽¹⁾	11,610	19,429	3,359	6,752
Professional services ⁽¹⁾	32,032	40,423	8,251	10,574
Total cost of revenue, excluding depreciation and amortization	43,642	59,852	11,610	17,326
Operating expenses:				
Sales and marketing ⁽¹⁾	25,920	44,123	6,721	10,473
Research and development ⁽¹⁾	28,470	38,592	8,705	10,022
General and administrative ⁽¹⁾	14,697	22,690	3,902	6,174
Depreciation and amortization	5,892	7,412	1,550	2,312
Total operating expenses	74,979	112,817	20,878	28,981
Loss from operations	(45,540)	(60,095)	(11,856)	(11,094)
Loss on extinguishment of debt	—	—	—	(1,670)
Interest and other expense, net	(1,469)	(2,024)	(509)	(945)
Loss before income taxes	(47,009)	(62,119)	(12,365)	(13,709)
Income tax provision (benefit)	26	(135)	(156)	11
Net loss	\$ (47,035)	\$ (61,984)	\$ (12,209)	\$ (13,720)
Less: accretion (reversal of accretion) of redeemable convertible preferred stock	11,745	52,037	(10,481)	64,015
Net loss attributable to common stockholders	\$ (58,780)	\$ (114,021)	\$ (1,728)	\$ (77,735)
Net loss per share attributable to common stockholders, basic and diluted	\$ (6.06)	\$ (11.88)	\$ (0.18)	\$ (8.11)
Weighted-average number of shares outstanding used in calculating net loss per share attributable to common stockholders, basic and diluted ⁽²⁾	9,693	9,597	9,734	9,590
Pro forma net loss per share attributable to common stockholders, basic and diluted ⁽²⁾		\$ (1.15)		\$ (0.25)
Pro forma weighted-average number of shares outstanding used in calculating pro forma net loss per share, basic and diluted ⁽²⁾		53,705		55,533

- (1) Includes stock-based compensation expense, tender offer payments deemed compensation expense, and post-acquisition restructuring costs.

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Stock-Based Compensation Expense:	(in thousands)			
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ 65	\$ 78	\$ 14	\$ 33
Professional services	514	480	100	148
Sales and marketing expenses	1,192	1,514	430	783
Research and development expenses	707	787	177	222
General and administrative expenses	1,763	1,339	319	470
Total	\$ 4,241	\$ 4,198	\$ 1,040	\$ 1,656

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Tender Offer Payments Deemed Compensation Expense:	(in thousands)			
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ —	\$ 28	\$ —	\$ —
Professional services	—	284	—	—
Sales and marketing expenses	—	3,967	—	—
Research and development expenses	—	906	—	—
General and administrative expenses	—	3,133	—	—
Total	\$ —	\$ 8,318	\$ —	\$ —

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Post-Acquisition Restructuring Costs:	(in thousands)			
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ —	\$ —	\$ —	\$ —
Professional services	—	337	—	108
Sales and marketing expenses	—	780	—	306
Research and development expenses	—	513	—	32
General and administrative expenses	—	484	—	—
Total	\$ —	\$ 2,114	\$ —	\$ 446

- (2) See notes 1 and 14 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted net loss per share and unaudited pro forma net loss per share and the weighted-average number of shares used in the computation of the per share amounts.

	As of December 31,		As of March 31, 2019
	2017	2018	
Consolidated Balance Sheet Data:			
	(in thousands)		
Cash and cash equivalents	\$ 22,978	\$ 28,431	\$ 32,208
Short-term investments	28,484	4,761	32,426
Working capital ⁽¹⁾	51,337	49,807	81,574
Total assets	110,268	110,975	144,212
Deferred revenue, current and non-current	10,718	32,035	36,047
Long-term debt, net of current portion	9,618	18,814	47,263
Redeemable convertible preferred stock	321,569	409,845	485,933
Accumulated deficit	(259,473)	(374,777)	(450,048)
Total stockholders' deficit	(259,475)	(374,768)	(450,036)

(1) Working capital is calculated as current assets less current liabilities, excluding current deferred revenue. See our consolidated financial statements and the related notes included elsewhere in this prospectus for further details regarding our current assets, current liabilities and deferred revenue.

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
(in thousands, except percentages)				
Non-GAAP Financial Data:				
Adjusted Technology Gross Profit ⁽¹⁾	\$ 20,148	\$ 37,901	\$ 6,106	\$ 13,429
Adjusted Technology Gross Margin ⁽¹⁾	64%	66%	65%	67%
Adjusted Professional Services Gross Profit ⁽¹⁾	\$ 9,870	\$ 16,028	\$ 3,030	\$ 4,747
Adjusted Professional Services Gross Margin ⁽¹⁾	24%	29%	27%	32%
Total Adjusted Gross Profit ⁽¹⁾	\$ 30,018	\$ 53,929	\$ 9,136	\$ 18,176
Total Adjusted Gross Margin ⁽¹⁾	41%	48%	44%	52%
Adjusted EBITDA ⁽¹⁾	\$ (35,407)	\$ (38,053)	\$ (9,266)	\$ (6,680)

(1) These measures are not calculated in accordance with GAAP. See “- Reconciliation of Non-GAAP Financial Measures” for more information about these financial measures, including the limitations of such measures and a reconciliation of each measure to the most directly comparable measure calculated in accordance with GAAP.

Other Key Metrics

	As of December 31,	
	2017	2018
DOS Subscription Customers ⁽¹⁾	34	50

(1) See “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Key Business Metrics ” for more information about this metric.

	Year Ended December 31,	
	2017	2018
Dollar-based Retention Rate ⁽¹⁾	108%	107%

(1) See “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Key Business Metrics ” for more information about this metric.

Reconciliation of Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the following non-GAAP measures are useful in evaluating our operating performance. We use the following non-GAAP financial information to evaluate our ongoing operations, as a component in determining employee bonus compensation, and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business.

Adjusted Gross Profit and Adjusted Gross Margin

Adjusted Gross Profit is a non-GAAP financial measure that we define as revenue less cost of revenue, excluding depreciation and amortization and excluding stock-based compensation, tender offer payments deemed compensation, and post-acquisition restructuring costs. We define Adjusted Gross Margin as our Adjusted Gross Profit divided by our revenue. Adjusted Technology Gross Profit and Adjusted Professional Services Gross Profit are the portions of Adjusted Gross Profit related to technology and professional services, respectively. We believe these non-GAAP financial measures are useful in evaluating our operating performance compared to that of other companies in our industry, as these metrics generally eliminate the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

The following is a reconciliation of revenue to our Adjusted Gross Profit and Adjusted Gross Margin in total and for technology and professional services for the years ended December 31, 2017 and 2018:

	Year Ended December 31, 2017		
	(in thousands, except percentages)		
	Technology	Professional Services	Total
Revenue	\$ 31,693	\$ 41,388	\$ 73,081
Cost of revenue, excluding depreciation and amortization	(11,610)	(32,032)	(43,642)
Gross profit, excluding depreciation and amortization	20,083	9,356	29,439
Add:			
Stock-based compensation	65	514	579
Adjusted Gross Profit	\$ 20,148	\$ 9,870	\$ 30,018
Gross margin, excluding depreciation and amortization	63%	23%	40%
Adjusted Gross Margin	64%	24%	41%

	Year Ended December 31, 2018		
	(in thousands, except percentages)		
	Technology	Professional Services	Total
Revenue	\$ 57,224	\$ 55,350	\$ 112,574
Cost of revenue, excluding depreciation and amortization	(19,429)	(40,423)	(59,852)
Gross profit, excluding depreciation and amortization	37,795	14,927	52,722
Add:			
Stock-based compensation	78	480	558
Tender offer payments deemed compensation ⁽¹⁾	28	284	312
Post-acquisition restructuring costs ⁽²⁾	—	337	337
Adjusted Gross Profit	<u>\$ 37,901</u>	<u>\$ 16,028</u>	<u>\$ 53,929</u>
Gross margin, excluding depreciation and amortization	<u>66%</u>	<u>27%</u>	<u>47%</u>
Adjusted Gross Margin	<u>66%</u>	<u>29%</u>	<u>48%</u>

(1) Tender offer payments deemed compensation relate to employee compensation from repurchases of common stock at a price in excess of its estimated fair value. For additional details refer to note 12 in the consolidated financial statements.

(2) Post-acquisition restructuring costs relate to severance charges following the acquisition of Medicity. For additional details refer to note 2 in the consolidated financial statements.

Adjusted Technology Gross Margin increased from 64% for the year ended December 31, 2017 to 66% for the year ended December 31, 2018, due primarily to revenue expansion under existing contracts without a commensurate increase in expenses. Adjusted Professional Services Gross Margin increased from 24% for the year ended December 31, 2017 to 29% for the year ended December 31, 2018, due primarily to increased utilization. We anticipate Adjusted Gross Margin will generally increase over the long term. We expect Adjusted Technology Gross Margin to fluctuate and potentially decline in the near term, primarily due to additional costs associated with transitioning customers from on-premise and our managed data centers to third-party hosted data centers with Microsoft Azure. Adjusted Professional Services Gross Margin will fluctuate due to the mix of services we provide.

The following is a reconciliation of revenue to our Adjusted Gross Profit and Adjusted Gross Margin in total and for technology and professional services for the three months ended March 31, 2018 and 2019:

	Three Months Ended March 31, 2018		
	(in thousands, except percentages)		
	Technology	Professional Services	Total
Revenue	\$ 9,451	\$ 11,181	\$ 20,632
Cost of revenue, excluding depreciation and amortization	(3,359)	(8,251)	(11,610)
Gross profit, excluding depreciation and amortization	6,092	2,930	9,022
Add:			
Stock-based compensation	14	100	114
Adjusted Gross Profit	<u>\$ 6,106</u>	<u>\$ 3,030</u>	<u>\$ 9,136</u>
Gross margin, excluding depreciation and amortization	<u>64%</u>	<u>26%</u>	<u>44%</u>
Adjusted Gross Margin	<u>65%</u>	<u>27%</u>	<u>44%</u>

Three Months Ended March 31, 2019

	(in thousands, except percentages)		
	Technology	Professional Services	Total
Revenue	\$ 20,148	\$ 15,065	\$ 35,213
Cost of revenue, excluding depreciation and amortization	(6,752)	(10,574)	(17,326)
Gross profit, excluding depreciation and amortization	13,396	4,491	17,887
Add:			
Stock-based compensation	33	148	181
Post-acquisition restructuring costs ⁽¹⁾	—	108	108
Adjusted Gross Profit	\$ 13,429	\$ 4,747	\$ 18,176
Gross margin, excluding depreciation and amortization	66%	30%	51%
Adjusted Gross Margin	67%	32%	52%

(1) Post-acquisition restructuring costs relate to severance charges following the acquisition of Medicity. For additional details refer to note 2 in the consolidated financial statements.

Adjusted Technology Gross Margin increased from 65% for the three months ended March 31, 2018 to 67% for the three months ended March 31, 2019, due primarily to revenue expansion under existing contracts without a commensurate increase in expenses. Adjusted Professional Services Gross Margin increased from 27% for the three months ended March 31, 2018 to 32% for the three months ended March 31, 2019, due primarily to increased utilization. We anticipate Adjusted Gross Margin will generally increase over the long term. We expect Adjusted Technology Gross Margin to fluctuate and potentially decline in the near term, primarily due to additional costs associated with transitioning customers from on-premise and our managed data centers to third-party hosted data centers with Microsoft Azure. Adjusted Professional Services Gross Margin will fluctuate due to the mix of services we provide.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we define as net loss adjusted for interest and other expense, net, loss on extinguishment of debt, income tax provision (benefit), depreciation and amortization, stock-based compensation, tender offer payments deemed compensation, and post-acquisition restructuring costs. We believe Adjusted EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry, as this metric generally eliminates the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

The following is a reconciliation of our net loss to Adjusted EBITDA for the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and 2019:

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
	(in thousands)			
Net loss	\$ (47,035)	\$ (61,984)	\$ (12,209)	\$ (13,720)
Add:				
Interest and other expense, net	1,469	2,024	509	945
Loss on extinguishment of debt	—	—	—	1,670
Income tax provision (benefit)	26	(135)	(156)	11
Depreciation and amortization	5,892	7,412	1,550	2,312
Stock-based compensation	4,241	4,198	1,040	1,656
Tender offer payments deemed compensation ⁽¹⁾	—	8,318	—	—
Post-acquisition restructuring costs ⁽²⁾	—	2,114	—	446
Adjusted EBITDA	\$ (35,407)	\$ (38,053)	\$ (9,266)	\$ (6,680)

(1) Tender offer payments deemed compensation relate to employee compensation from repurchases of common stock at a price in excess of its estimated fair value. For additional details refer to note 12 in the consolidated financial statements.

(2) Post-acquisition restructuring costs relate to severance charges following the acquisition of Medicity. For additional details refer to note 2 in the consolidated financial statements.

Management’s Discussion and Analysis of Financial Condition and Results of Operations

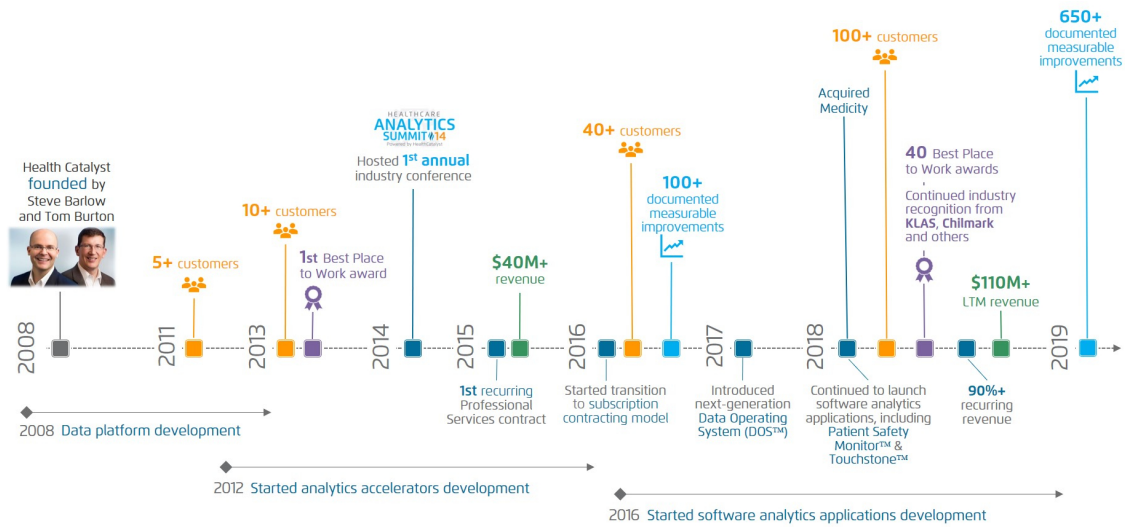
The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our “Selected Consolidated Financial and Other Data,” our consolidated financial statements, the accompanying notes, and other financial information included elsewhere in this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

Overview

We are a leading provider of data and analytics technology and services to healthcare organizations. Our Solution comprises a cloud-based data platform, analytics software, and professional services expertise. Our customers, which are primarily healthcare providers, leverage our Solution to make data-informed decisions and realize measurable clinical, financial, and operational improvements. We envision a future where all healthcare decisions are data informed.

Health Catalyst was founded in 2008 by healthcare analytics industry pioneers. Our founders and team developed the initial version of our Solution, consisting of an early version of our data platform, select analytics accelerators, and professional services expertise. From the beginning, our Solution has been focused on enabling our mission: to be the catalyst for massive, measurable, data-informed healthcare improvement.

Our business has made significant progress since our founding as evidenced by the following key milestones:



We currently employ more than 700 team members. For the years ended December 31, 2017 and 2018, and the three months ended March 31, 2018 and 2019, our total revenue was \$73.1 million, \$112.6 million, \$20.6 million, and \$35.2 million, respectively. The year ended December 31, 2018 and the three months ended March 31, 2019 included \$12.5 million and \$6.3 million, respectively, of revenue attributable to the acquired business of Medicity. For the years ended December 31, 2017 and 2018, and the three months ended March 31, 2018 and 2019, we incurred net losses of \$47.0 million, \$62.0 million, \$12.2 million, and \$13.7 million, respectively. For the years ended December 31, 2017 and 2018, and the three months ended March 31, 2018 and 2019, our Adjusted EBITDA was \$(35.4) million, \$(38.1) million, \$(9.3) million, and \$(6.7) million, respectively. See “Selected Consolidated Financial and Other Data - Reconciliation of Non-GAAP Financial Measures” for more information about this financial measure, including the limitations of such measure and a reconciliation to the most directly comparable measure calculated in accordance with

GAAP. See “Key Factors Affecting Our Performance” for more information about important opportunities and challenges related to our business.

Our Business Model

We offer our Solution to a variety of healthcare organizations, primarily in the United States, including academic medical centers, integrated delivery networks, community hospitals, large physician practices, ACOs, health information exchanges, health insurers, and other risk-bearing entities. Our 126 customers as of December 31, 2018 include more than 50 of the largest healthcare organizations in the United States. We categorize our customer count into two primary categories: DOS Subscription Customers and Other Customers. DOS Subscription Customers is defined as customers who access our DOS platform via a technology subscription contract. Other customers generally include: DOS non-subscription customers and Medicity interoperability customers. We had 34 DOS Subscription Customers with active subscriptions as of December 31, 2017 and 50 DOS Subscription Customers with active subscriptions as of December 31, 2018. We had 12 active Other Customers as of December 31, 2017 and 76 active Other Customers as of December 31, 2018, primarily increasing due to our Medicity acquisition.

We derive substantially all of our revenue through subscriptions for use of our technology and professional services on a recurring basis. In 2018, greater than 90% of our total revenue was recurring in nature. Customers pay for our technology primarily on a subscription basis for our entire technology suite or for pieces of our technology (e.g., DOS-only). We generally provide access to our technology and deliver professional services to customers on a recurring basis, with our technology invoiced upfront annually or quarterly and our professional services invoiced monthly. Most of our technology and professional services contracts have up to a three-year term, of which the vast majority are terminable after one year upon 90 days notice. As we increase the use cases we address at a given customer, we have the opportunity to upsell incremental technology and services. We have demonstrated an ability to upsell technology and services to our customer base over time as evidenced by a Dollar-based Retention Rate of 107% for the year ended December 31, 2018. Because we acquired Medicity in 2018, Medicity customers are not included in the 2018 Dollar-based Retention Rate metric.

The primary costs incurred to deliver our technology are hosting fees and headcount-related costs associated with our cloud services and support teams. Hosting fees are related to providing our technology through a cloud-based environment hosted primarily by Microsoft Azure. However, we also operate a private data center where certain customers are hosted and have deployed DOS on-premise to a small number of customers. Over time, we plan to migrate our on-premise and private data center customers to Azure-hosted environments, increasing our technology cost of revenue. We have experienced and expect to continue to experience operational inefficiencies associated with managing multiple hosting providers, resulting in a headwind against Adjusted Technology Gross Margin. The primary costs incurred to deliver our professional services are the salaries, benefits, and other headcount-related costs of our team members.

We delineate our sales organization by new customer acquisition and existing customer retention and expansion. Selling efforts to new customers vary. Many of our new customers engage with us broadly for multiple use cases, requiring buy-in during the sales cycle across the C-suite. Alternatively, in some instances, we engage with a customer in a single use case. After we demonstrate measurable improvements, we work with our customers to expand utilization of our Solution to other use cases or enterprise-wide. The average sales cycle for a new customer is approximately 11 months and generally ranges from 4 to 18 months. Because of our vertical focus on the healthcare industry, we believe our sales and marketing resources can be deployed more efficiently than at horizontally-focused companies who provide technology and services to multiple industries. Over the past few years, we have invested heavily in growth infrastructure by adding to our sales operations and marketing teams, which are built to help us scale over the long term.

We have demonstrated a consistent track record of innovation through research and development over time as evidenced by our new product features and new product offerings. This innovation is driven by feedback we glean from our customers, professional services teams, and the market generally. Our investments in product development have been focused on increasing the capabilities of our Solution and expanding the number of use cases we address for our customers.

Key Business Metrics

We regularly review a number of metrics, including the following key financial metrics, to manage our business and evaluate our operating performance compared to that of other companies in our industry:

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
	(in thousands, except percentages)			
Total revenue	\$ 73,081	\$ 112,574	\$ 20,632	\$ 35,213
Adjusted Technology Gross Profit	20,148	37,901	6,106	13,429
Adjusted Technology Gross Margin	64%	66%	65%	67%
Adjusted Professional Services Gross Profit	\$ 9,870	\$ 16,028	\$ 3,030	\$ 4,747
Adjusted Professional Services Gross Margin	24%	29%	27%	32%
Total Adjusted Gross Profit	\$ 30,018	\$ 53,929	\$ 9,136	\$ 18,176
Total Adjusted Gross Margin	41%	48%	44%	52%
Adjusted EBITDA	\$ (35,407)	\$ (38,053)	\$ (9,266)	\$ (6,680)

We monitor the key metrics set forth in the preceding table to help us evaluate trends, establish budgets, measure the effectiveness and efficiency of our operations, and determine employee incentives. We discuss Adjusted Gross Profit, Adjusted Gross Margin, and Adjusted EBITDA in more detail below.

Adjusted Gross Profit and Adjusted Gross Margin

Adjusted Gross Profit is a non-GAAP financial measure that we define as revenue less cost of revenue, excluding depreciation and amortization and excluding stock-based compensation, tender offer payments deemed compensation, and post-acquisition restructuring costs. We define Adjusted Gross Margin as our Adjusted Gross Profit divided by our revenue. We believe Adjusted Gross Profit and Adjusted Gross Margin are useful to investors as they eliminate the impact of certain non-cash expenses and allow a direct comparison of these measures between periods without the impact of non-cash expenses and certain other non-recurring operating expenses. We believe these non-GAAP measures are useful in evaluating our operating performance compared to that of other companies in our industry, as these metrics generally eliminate the effects of certain items that may vary from company to company for reasons unrelated to overall profitability.

See above for information regarding the limitations of using our Adjusted Gross Profit and Adjusted Gross Margin as financial measures and for a reconciliation of revenue to our Adjusted Gross Profit, the most directly comparable financial measure calculated in accordance with GAAP.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we define as net loss adjusted for interest and other expense, net, loss on debt extinguishment, income tax provision (benefit), depreciation and amortization, stock-based compensation, tender offer payments deemed compensation, and post-acquisition restructuring costs. We believe Adjusted EBITDA provides investors with useful information on period-to-period performance as evaluated by management and comparison with our past financial performance. We believe Adjusted EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry, as this metric generally eliminates the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

See “Selected Consolidated Financial and Other Data - Reconciliation of Non-GAAP Financial Measures” for information regarding the limitations of using our Adjusted EBITDA as a financial measure and for a reconciliation of our net loss to Adjusted EBITDA, the most directly comparable financial measure calculated in accordance with GAAP.

Other Key Metrics

We also regularly monitor and review the number of DOS Subscription Customers and Dollar-based Retention Rate as shown in the following tables:

	As of December 31,	
	2017	2018
DOS Subscription Customers	34	50

DOS Subscription Customers

Since 2016, our primary contracting model is a subscription-based contract to our DOS platform, analytics applications, and professional services. Given how fundamental DOS is to our Solution, we believe our DOS Subscription Customer count, which represents customers with active subscriptions at period end, is the best representation of our market penetration and the growth of our business.

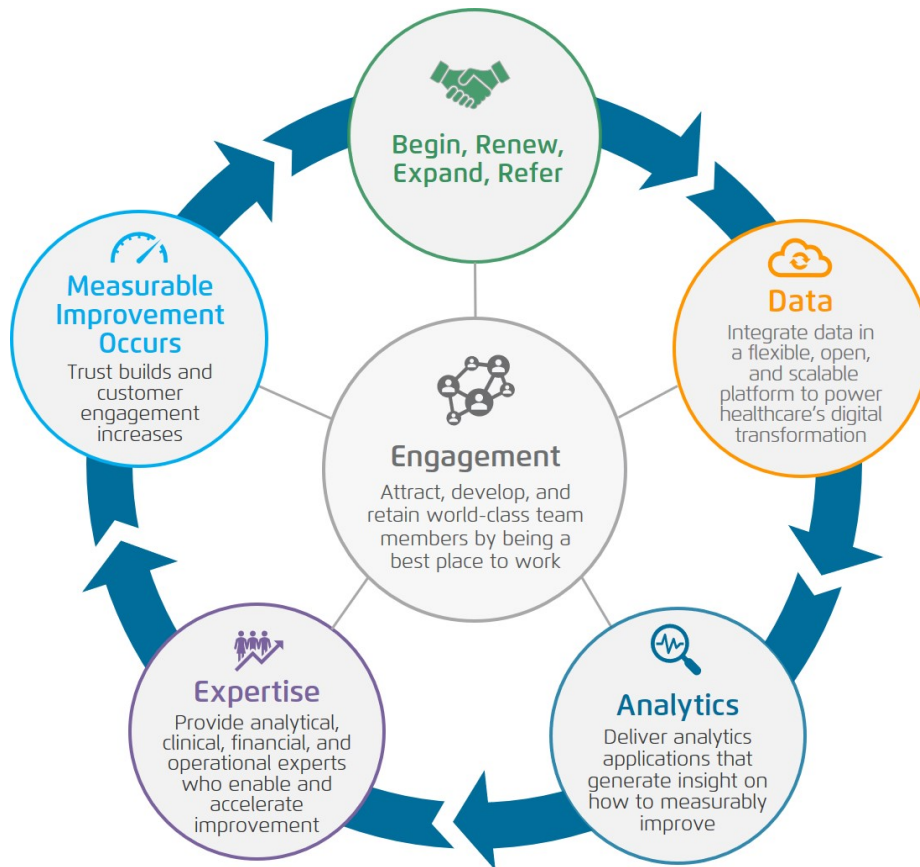
	Year Ended December 31,	
	2017	2018
Dollar-based Retention Rate	108%	107%

Dollar-based Retention Rate

We calculate our Dollar-based Retention Rate as of a period end by starting with the sum of the Annual Recurring Revenue (ARR) from all customers as of the date 12 months prior to such period end (prior period ARR). We then calculate the sum of the ARR from these same customers as of the current period end (current period ARR). Current period ARR includes any upsells and also reflects contraction or attrition over the trailing twelve months but excludes revenue from new customers added in the current period. We then divide the current period ARR by the prior period ARR to arrive at our Dollar-based Retention Rate. We calculate ARR for each customer as the expected monthly recurring revenue of our customers as of the last day of a period multiplied by 12. Because we acquired Medicity in 2018, Medicity customers are not included in 2017 and 2018 Dollar-based Retention Rate metrics.

The Health Catalyst Flywheel: Our Customer Success Model and Associated Metrics

The Health Catalyst Flywheel is how we accomplish our mission with each customer. Our operational and financial performance is based on our ability to execute successfully in all aspects of the Health Catalyst Flywheel.



Begin, Renew, Expand, Refer:

We begin a customer relationship with a fair, transparent economic exchange that is significantly less costly than a healthcare organization's 'build your own' options. As our customers experience success and see measurable improvements across their business, they renew and expand existing agreements while also often referring new business to us.

Associated Metrics

Number of Customers: Our ability to expand our customer base is a key indicator of our market penetration and the growth of our business. Since 2016, our primary contracting model has been a subscription-based contract to our DOS platform, applications, and professional services. Given how fundamental DOS is to our Solution, we believe our DOS Subscription Customer count is the best representation of our market penetration and the growth of our business. The following table summarizes the number of our customers at each year end for the periods indicated:

	As of December 31,	
	2017	2018
DOS Subscription Customers	34	50
Other Customers ⁽¹⁾	12	76
Total Customers	46	126

(1) The Other Customer amount in 2018 includes more than 60 customers acquired through the Medicity acquisition and represents customers that generated revenue during the period and that are active at the end of the period.

In 2017, Other Customers was primarily composed of non-DOS subscription customers who had previously purchased perpetual licenses and had not yet transitioned to a DOS subscription contract model. In 2018, the increase in Other Customers was a result of the acquisition of Medicity.

Dollar-based Retention Rate: Our Dollar-based Retention Rate is a key measure to provide insight into the long-term value of our customers and our ability to retain and expand revenue from our customer base over time. See "—Key Business Metrics—Dollar-based Retention Rate" for a discussion of Dollar-based Retention Rate.

	Year Ended December 31,	
	2017	2018
Dollar-based Retention Rate	108%	107%

We moved to a subscription model over the last few years, so we do not have a long history of this data. Additionally, because we acquired Medicity in 2018, Medicity customers are not included in 2017 and 2018 Dollar-based Retention Rate metrics. Historically, the Medicity business had a lower Dollar-based Retention Rate profile compared to the rest of our business, which will negatively impact this metric moving forward.

KLAS Evangelism Score : In order to measure our customers' willingness to refer us to key decision-makers at other potential customers, we utilize KLAS' Evangelism Score. KLAS, a leading healthcare technology industry research publication firm, publishes an Evangelism score, similar to that of a net promoter score. As of May 2019, our last 12 months average KLAS Evangelism score, similar to a net promoter score, for our data platform was 62, which is twice the industry average of 30.

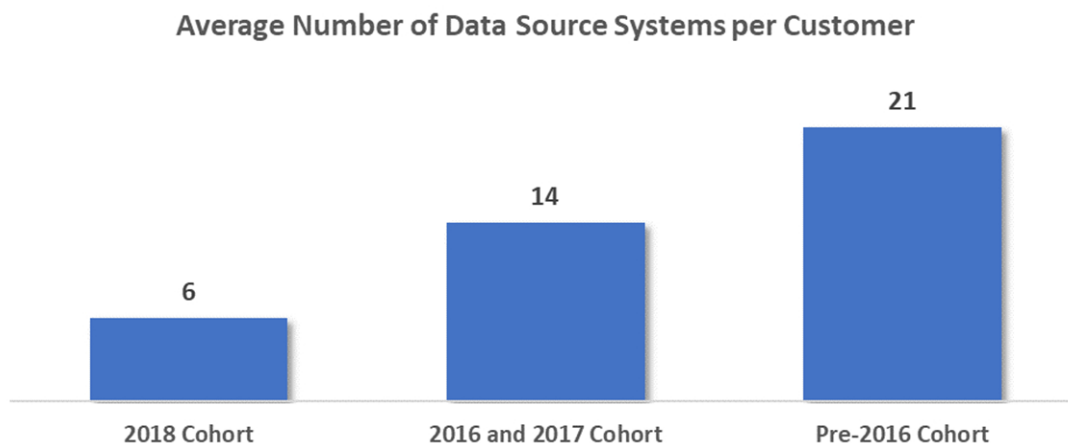
Data: Integrate data in a flexible, open, and scalable platform to power healthcare's digital transformation

Our customers face various challenges to manage data and unlock its use. DOS is an open, flexible, and scalable data platform that allows customers to integrate and organize their disparate data sources to enable analytics.

Associated Metrics

Number of Customer's Data Sources: The number of customer source systems ingested by DOS is an important indicator of the breadth and stickiness of our customer relationships. As our customers deepen their relationship and expand the number of use cases with us over time, the number of data sources required to be ingested by DOS increases.

DOS can now ingest over 300 healthcare data sources through pre-built connectors. The following chart summarizes the average source systems ingested by DOS based on the year the organization became a customer:



DOS Unique Patients and Patient Facts: DOS houses one of the largest and most comprehensive data assets of its kind. Our unique data set includes more than 100 million patient records, encompassing trillions of facts. We source data from more than 300 distinct siloed sources. The extensiveness and richness of our data asset is a strong and distinct competitive advantage and enables us to deliver differentiated solutions to our customers.

Analytics: *Deliver analytics applications that generate insight on how to measurably improve*

Only when data is effectively managed can healthcare organizations focus on analytical infrastructure transformation by developing and running analytics to gain meaningful insights. Our broad set of analytics applications builds on top of our data platform to provide insights to improve our customers' clinical, financial, and operational performance.

Associated Metrics

Utilization Metrics: We enable our customers to run a myriad of analytics on top of DOS. Given this focus, we drive both the breadth of analytics use cases and the depth of use within a specific analytic domain. We specifically aim to increase our customers' use of analytics applications, analytics accelerators, and data marts, which are subject-oriented databases used to facilitate repeatable analytics, all with the aim of increasing the number of DOS end users. For DOS Subscription Customers who initially contracted with us in 2015 and prior, we average dozens of analytics use cases (across analytics applications, analytic accelerators, and data marts) and hundreds of end users. Furthermore, given the openness of our platform, the majority of analytics that are run on top of DOS are client-generated as opposed to outputs of our applications.

Expertise: *Provide analytical, clinical, financial, and operational experts who enable and accelerate improvement*

Healthcare organizations often request for us to augment their capabilities to effectively manage and analyze data to help them garner meaningful insights and drive measurable improvements.

Associated Metrics

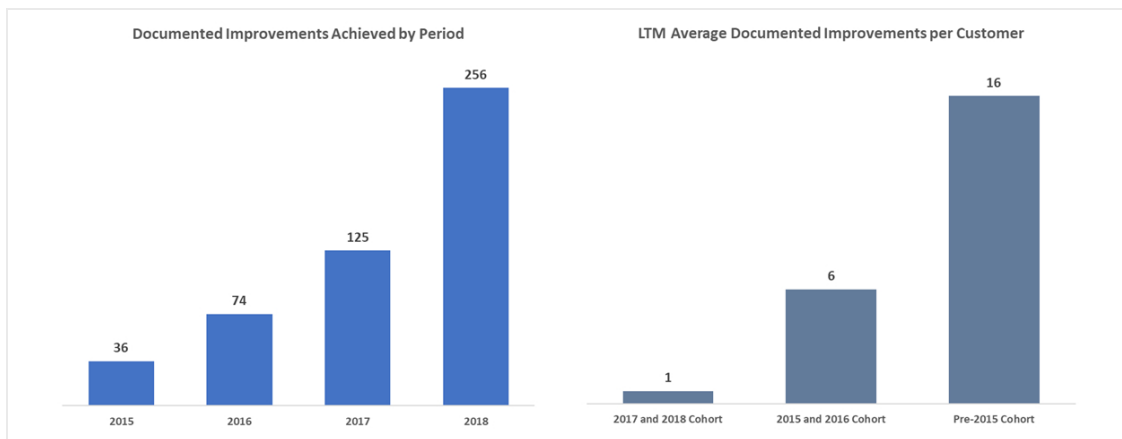
Size and Skillset of Health Catalyst Professional Services Team : Our world-class professional services team consists of both analytics experts, such as data analysts, data engineers, and data scientists, and domain experts, such as healthcare administrators, physicians, and nurses. These team members leverage our technology to provide our customers with analytical, clinical, financial, and operational expertise, enabling and accelerating sustainable improvements. Access to these resources meaningfully reduces our customers’ need to hire numerous expensive resources. We currently employ over 200 analytics experts and over 65 domain experts.

Measurable Improvement Occurs: Improvement occurs, trust builds, and customer engagement increases

Through our Solution, a combination of data, analytics, and expertise, our customers realize measurable clinical, financial, and operational improvements. This process builds trust and customer engagement increases.

Associated Metrics

Documented Measurable Improvements : A documented measurable improvement is a result that shows a positive change over an established time period in one or more clinical, financial, operational, or experience measures that have been validated and approved by our customers, and recorded in our improvement database. These improvements are a result of targeted interventions enabled by our Solution. These measures are analyzed relative to an established baseline, often using our technology, to determine if an improvement has occurred after the deployment of our technologies and services along with any customer interventions. Examples of documented improvements include reduced mortality rates, reduced readmissions, productivity gains, and reductions in variable and direct costs. As customers’ measurable improvements accelerate over time, it reinforces decisions to renew and expand their relationship with us. The graphics below present the total number of documented measurable improvements by period and the average number of documented measurable improvements per customer over the last twelve months (LTM) by customer cohort.



Note: LTM as of March 31, 2019; excludes Medicity-acquired customers

Customer Satisfaction: Our customers’ satisfaction is driven by the quality of our Solution across data, analytics, and expertise. We have been recognized as an industry leader in analytics from numerous external industry publications. Such examples include KLAS, a leading healthcare technology industry research publication firm, awarding Health Catalyst “Best in KLAS” in Healthcare Business Intelligence and Analytics in 2017 and 2018. Additionally, Chilmark Research, a leading healthcare IT research firm, named Health Catalyst the leader in the healthcare analytics market in product capabilities in its 2017 “Healthcare Analytics Market Trends Report.” Additionally, Chilmark awarded Health Catalyst an “A” grade in “Product Capabilities” and “Market Execution” in its 2019 report “Provider Analytics: Solutions and Tools for Healthcare Delivery.”

Engagement: *Attract, develop and retain world-class team members by being a best place to work*

Building and maintaining a culture where team members are highly engaged in our mission directly benefits not only team members, but also our customers and other stakeholders. Deep team member engagement in our mission leads team members to build world-class data and analytics technology and to provide industry-leading expertise, coupled with a long-term commitment to enabling our customers to measurably improve patient outcomes and their operations.

Associated Metrics

Gallup scores: Gallup is a leading polling firm. We utilize Gallup consistently to measure the engagement of our team members. Since 2015, Health Catalyst has consistently ranked between the 95th and 99th percentile in overall employee satisfaction score.

	Six Months Ended:							
	Jun. 30, 2015	Dec. 31, 2015	Jun. 30, 2016	Dec. 31, 2016	Jun. 30, 2017	Dec. 31, 2017	Jun. 30, 2018	Dec. 31, 2018
Gallup Overall Satisfaction Score Percentile	99%	99%	98%	98%	98%	96%	97%	95%

The Gallup satisfaction score as of December 31, 2018 was lower than prior periods due to the incorporation of Medicity team members.

Other Industry Awards: We have received numerous awards and recognition for our culture and service to our customers. In total, we have been recognized over 40 times as a “best place to work” by Gallup, Glassdoor, Inc., and Modern Healthcare among others.

Key Factors Affecting Our Performance

We believe that our future growth, success, and performance are dependent on many factors, including those set forth below. While these factors present significant opportunities for us, they also represent the challenges that we must successfully address in order to grow our business and improve our results of operations.

- **Add new customers.** We believe that our ability to increase our customer base will enable us to drive growth. Our potential customer base is generally in the early stages of data and analytics adoption and maturity. As of December 31, 2018, our DOS Subscription Customers comprise approximately 4% of the potential buyers in our addressable market and we expect to further penetrate the market over time as potential customers invest in commercial data and analytics solutions. As one of the first data platform and analytics vendors focused specifically on healthcare organizations, we have an early-mover advantage and strong brand awareness. Our customers are large, complex organizations who typically have long procurement cycles which may lead to declines in the pace of our new customer additions.
- **Leverage recent product and services offerings to drive expansion.** We believe that our ability to expand within our customer base will enable us to drive growth. Over the last three years, we have developed and deployed several new analytics applications including CORUS, Touchstone, Patient Safety Monitor, Population Builder, and others. Because we are in the early stages of certain of our applications’ lifecycles and maturity, we do not have enough information to know the impact on revenue growth by upselling these applications and associated services to current and new customers.
- **Impact of Medicity acquisition on growth.** Our customer base includes over 60 health systems and regional healthcare information exchanges added in the Medicity acquisition, representing a significant opportunity for us to cross-sell our Solution to Medicity customers. We are in the initial phases of that cross-selling initiative and do not have full visibility into the incremental growth opportunities from that effort. Historically, Medicity customers have generated a lower Dollar-based Retention Rate than DOS Subscription Customers. This

dynamic could negatively impact revenue growth over time if our cross-sell and technology integration strategies are not successful.

- **Changing revenue mix.** Our technology and professional services offerings have materially different gross margin profiles. While our professional services help our customers achieve measurable improvements and make them stickier, they have lower gross margins than technology revenue. In 2018, our technology revenue and professional services revenue represented 51% and 49% of total revenue, respectively. Changes in our revenue mix between the two offerings would impact future Total Adjusted Gross Margin. See “Selected Consolidated Financial and Other Data—Reconciliation of Non-GAAP Financial Measures” for more information.
- **Transitions to Microsoft Azure as DOS hosting provider.** We incur hosting fees related to providing DOS through a cloud-based environment hosted by Microsoft Azure. We also operate a private data center where we host DOS for certain customers and we maintain a small number of customers that have deployed DOS on-premise. We are in the process of transitioning customers we host in our private data center and who deployed DOS on-premise to Azure-hosted environments. The Azure cloud provides customers with more advanced DOS product functionality and a more seamless customer experience; however, hosting customers in Azure is more costly than our private data center on a per customer basis. This transition will result in higher cost of technology revenue and provide a headwind against increases in Adjusted Technology Gross Margin.

Medicity Acquisition

In June 2018, we acquired 100% of the LLC interests in Medicity from Aetna, Inc. (Aetna). The acquisition of Medicity was one element of an integrated transaction whereby we also issued 1,415,227 shares of our Series E redeemable convertible preferred stock to Aetna in exchange for \$15.0 million in cash. The acquisition was accounted for as a business combination as specified under ASC 805, *Business Combinations*.

As part of the post-acquisition activities, we agreed to pay \$2.6 million in cash as involuntary termination payments to certain Medicity team members. The termination expense was recognized as compensation expense when management committed to the plan and the severance terms were communicated to the team members.

Medicity’s customer base is comprised of large health systems and regional healthcare information exchanges. We have invested in sales and marketing resources tasked with cross-selling our Solution to the Medicity customer base. We are in the initial phases of that cross-selling initiative and do not have full visibility into additional revenue growth opportunities from that customer base.

Medicity’s technology platform also included significant technical functionality related to real-time interoperability with transactional software systems like EHRs. We plan to integrate portions of Medicity’s technology into the DOS platform and are currently in the process of that technical integration. In addition, Medicity’s technology platform houses several petabytes of data which can be added to DOS to leverage in the future.

Components of Our Results of Operations

Revenue

We derive our revenue from sales of technology and professional services. For the years ended December 31, 2017 and 2018, technology represented 43% and 51% of total revenue, respectively, and professional services represented 57% and 49%, of total revenue, respectively. For the three months ended March 31, 2018 and 2019, technology represented 46% and 57% of total revenue, respectively, and professional services represented 54% and 43% of total revenue, respectively.

Technology revenue. Technology revenue primarily consists of subscription fees charged to customers for access to use our data platform and analytics applications. We provide customers access to our technology through either an all-access or limited-access, modular subscription. Most of our subscription contracts are cloud-based and have up to

a three-year term, of which the vast majority are terminable after one year upon 90 days notice. Also included in technology revenue is the maintenance and support we provide, which generally includes updates and support services.

Professional services revenue. Professional services revenue primarily includes analytics services, strategic advisory services, improvement services, and implementation services. Professional services arrangements typically include a fee for making full-time equivalent (FTE) services available to our customers on a monthly basis. FTE services generally consist of a blend of analytic engineers, analysts, data scientists, and domain experts based on the specific needs to best serve our customer.

Deferred revenue

Deferred revenue consists of customer billings in advance of revenue being recognized from our technology and professional services arrangements. We primarily invoice our customers for technology arrangements annually or quarterly in advance. Amounts anticipated to be recognized within one year of the balance sheet date are recorded as deferred revenue and the remaining portion is recorded as deferred revenue, net of current portion on the consolidated balance sheets.

Cost of revenue, excluding depreciation and amortization

Cost of technology revenue. Cost of technology revenue primarily consists of costs associated with hosting and supporting our technology, including third-party cloud computing and hosting costs, contractor costs, and salary and related personnel costs for our cloud services and support teams.

Although we expect cost of technology revenue to increase in absolute dollars as we transition customers to third-party hosted data centers with Microsoft Azure and increase headcount to accommodate growth. We anticipate cost of technology revenue as a percentage of technology revenue will generally decrease over the long term. We expect cost of technology revenue as a percentage of technology revenue to fluctuate and potentially increase in the near term, primarily due to additional costs associated with transitioning customers from on-premise and our managed data centers to Microsoft Azure.

Cost of professional services revenue. Cost of professional services revenue consists primarily of costs related to delivering our team's expertise in analytics, strategic advisory, improvement, and implementation services. These costs primarily include salary and related personnel costs, travel-related costs, and outside contractor costs. We expect cost of professional services revenue to increase in absolute dollars as we increase headcount to accommodate growth.

Operating expense

Sales and marketing. Sales and marketing expenses primarily include salary and related personnel costs for our sales, marketing, and account management teams, lead generation, marketing events, including our Healthcare Analytics Summit (HAS), marketing programs, and outside contractor costs associated with the sale and marketing of our offerings.

We plan to continue to invest in sales and marketing to grow our customer base, expand in new markets, and increase our brand awareness. The trend and timing of sales and marketing expenses will depend in part on the timing of our expansion into new markets and marketing campaigns. We expect that sales and marketing expenses will increase in absolute dollars in future periods, but decrease as a percentage of our revenue over the long term. Our sales and marketing expenses may fluctuate as a percentage of our revenue from period to period due to the timing and extent of these expenses.

Research and development. Research and development expenses primarily include salary and related personnel costs for our data platform and analytics applications teams, subscriptions, and outside contractor costs associated with the development of products.

We plan to continue to invest in research and development to develop new solutions and enhance our applications library. We expect that research and development expenses will increase in absolute dollars in future periods, but

decrease as a percentage of our revenue over the long term. Our research and development expenses may fluctuate as a percentage of our revenue from period to period due to the timing and extent of these expenses.

General and administrative. General and administrative expenses primarily include salary and related personnel costs for our legal, finance, people operations, IT, and other administrative teams, including certain executives. General and administrative expenses also include facilities, subscriptions, corporate insurance, outside legal, accounting, and directors fees.

Following the completion of this offering, we expect to incur additional costs as a result of operating as a public company, including costs related to compliance and reporting obligations of public companies, and increased costs for insurance, investor relations, and corporate governance. As a result, we expect our general and administrative expenses to increase in absolute dollars for the foreseeable future, but decrease as a percentage of our revenue over the long term. Our general and administrative expenses may fluctuate as a percentage of our revenue from period to period due to the timing and extent of these expenses.

Depreciation and amortization. Depreciation and amortization expenses are primarily attributable to our capital investment and consist of fixed asset depreciation, amortization of intangibles considered to have definite lives, and amortization of capitalized internal-use software costs.

Interest and other expense, net

Interest and other expense, net primarily consists of interest income from our investment holdings and interest expense. Interest expense is primarily attributable to our revolving line of credit, term loan, and imputed interest on acquisition-related consideration payable. It also includes the amortization of discounts on debt and amortization of deferred financing costs related to our various debt arrangements.

Income tax provision (benefit)

Income tax provision (benefit) consists of U.S. federal and state income taxes. Because of the uncertainty of the realization of the deferred tax assets, we have a full valuation allowance for deferred tax assets, including net operating loss carryforwards (NOLs) and tax credits related primarily to research and development.

As of December 31, 2018, we had federal and state NOLs of \$232.9 million and \$186.2 million, respectively, which will begin to expire for federal and state tax purposes in 2032 and 2022, respectively. Our existing NOLs may be subject to limitations arising from ownership changes and, if we undergo an ownership change in connection with this offering or otherwise in the future, our ability to utilize our NOLs and tax credits could be further limited by Sections 382 and 383 of the Code. Future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Sections 382 and 383 of the Code. Our NOLs and tax credits may also be limited under similar provisions of state law.

Results of Operations

The following tables set forth our consolidated results of operations data and such data as a percentage of total revenue for each of the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
(in thousands)				
Revenue:				
Technology	\$ 31,693	\$ 57,224	\$ 9,451	\$ 20,148
Professional services	41,388	55,350	11,181	15,065
Total revenue	73,081	112,574	20,632	35,213
Cost of revenue, excluding depreciation and amortization shown below:				
Technology ⁽¹⁾	11,610	19,429	3,359	6,752
Professional services ⁽¹⁾	32,032	40,423	8,251	10,574
Total cost of revenue, excluding depreciation and amortization	43,642	59,852	11,610	17,326
Operating expenses:				
Sales and marketing ⁽¹⁾	25,920	44,123	6,721	10,473
Research and development ⁽¹⁾	28,470	38,592	8,705	10,022
General and administrative ⁽¹⁾	14,697	22,690	3,902	6,174
Depreciation and amortization	5,892	7,412	1,550	2,312
Total operating expenses	74,979	112,817	20,878	28,981
Loss from operations	(45,540)	(60,095)	(11,856)	(11,094)
Loss on extinguishment of debt	—	—	—	(1,670)
Interest and other expense, net	(1,469)	(2,024)	(509)	(945)
Loss before income taxes	(47,009)	(62,119)	(12,365)	(13,709)
Income tax provision (benefit)	26	(135)	(156)	11
Net loss	\$ (47,035)	\$ (61,984)	\$ (12,209)	\$ (13,720)

(1) Includes stock-based compensation expense, tender offer payments deemed compensation expense, and post-acquisition restructuring costs.

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Stock-Based Compensation Expense:	(in thousands)			
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ 65	\$ 78	\$ 14	\$ 33
Professional services	514	480	100	148
Sales and marketing	1,192	1,514	430	783
Research and development	707	787	177	222
General and administrative	1,763	1,339	319	470
Total	\$ 4,241	\$ 4,198	\$ 1,040	\$ 1,656

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Tender Offer Payments Deemed Compensation Expense:	(in thousands)			
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ —	\$ 28	\$ —	\$ —
Professional services	—	284	—	—
Sales and marketing	—	3,967	—	—
Research and development	—	906	—	—
General and administrative	—	3,133	—	—
Total	\$ —	\$ 8,318	\$ —	\$ —

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Post-Acquisition Restructuring Costs:	(in thousands)			
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ —	\$ —	\$ —	\$ —
Professional services	—	337	—	108
Sales and marketing	—	780	—	306
Research and development	—	513	—	32
General and administrative	—	484	—	—
Total	\$ —	\$ 2,114	\$ —	\$ 446

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Revenue:				
Technology	43 %	51 %	46 %	57 %
Professional services	57	49	54	43
Total revenue	100	100	100	100
Cost of revenue, excluding depreciation and amortization shown below:				
Technology	16	17	16	19
Professional service	44	36	40	30
Total cost of revenue, excluding depreciation and amortization	60	53	56	49
Operating expenses				
Sales and marketing	35	39	33	30
Research and development	39	34	42	28
General and administrative	20	20	19	18
Depreciation and amortization	8	7	8	7
Total operating expenses	102	100	102	83
Loss from operations	(62)	(53)	(58)	(32)
Loss on extinguishment of debt	—	—	—	(5)
Interest and other expense, net	(2)	(2)	(2)	(3)
Loss before income taxes	(64)	(55)	(60)	(40)
Income tax provision (benefit)	—	—	(1)	—
Net loss	(64)%	(55)%	(59)%	(40)%

Discussion of the Three Months Ended March 31, 2018 and 2019

Revenue

	Three Months Ended March 31,		\$ Change	% Change
	2018	2019		
(in thousands, except percentages)				
Revenue:				
Technology	\$ 9,451	\$ 20,148	\$ 10,697	113%
Professional services	11,181	15,065	3,884	35%
Total revenue	\$ 20,632	\$ 35,213	\$ 14,581	71%
Percentage of revenue:				
Technology	46%	57%		
Professional services	54	43		
Total	100%	100%		

Total revenue was \$35.2 million for the three months ended March 31, 2019, compared to \$20.6 million for the three months ended March 31, 2018, an increase of \$14.6 million, or 71%. Total revenue for the three months ended March 31, 2019 resulting from the Medicity acquisition completed in June 2018 was \$6.6 million.

Technology revenue was \$20.1 million , or 57% of total revenue, for the three months ended March 31, 2019, compared to \$9.5 million , or 46% of total revenue, for the three months ended March 31, 2018. The increase in technology revenue was due to a \$9.3 million increase from new customers and a \$1.4 million increase from existing customers. The increase of \$9.3 million in technology revenue from new customers is from acquired customers from Medicity and DOS Subscription Customers. Medicity customers and DOS Subscription Customers accounted for \$6.3 million and \$3.0 million of the increase from new customers, respectively. The increase of \$1.4 million in technology revenue from existing customers is primarily due to customers paying higher technology access fees from contractual, annual escalators . The increase was also attributable to new offerings of expanded support services. The increase in technology revenue as a percentage of total revenue from 46% for the three months ended March 31, 2018 to 57% for the three months ended March 31, 2019 was primarily due to the Medicity acquisition. Our overall revenue mix has significantly changed post-acquisition as a result of the Medicity revenue being predominantly technology revenue.

Professional services revenue was \$15.1 million , or 43% of total revenue, for the three months ended March 31, 2019, compared to \$11.2 million , or 54% of total revenue, for the three months ended March 31, 2018. The increase in professional services revenue was due to a \$3.1 million increase from new customers and a \$0.8 million increase from existing customers. The increase of \$3.1 million in professional services revenue from new customers is primarily due to implementation, analytics, and improvement services being provided to new DOS Subscription Customers. Professional services provided to Medicity customers accounted for \$0.3 million. The increase of \$0.8 million in professional services revenue from existing customers is primarily due to the expanded deployment of implementation, analytics, and improvement services.

Cost of revenue, excluding depreciation and amortization

	Three Months Ended March 31,		\$ Change	% Change
	2018	2019		
(in thousands, except percentages)				
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ 3,359	\$ 6,752	\$ 3,393	101%
Professional services	8,251	10,574	2,323	28%
Total cost of revenue, excluding depreciation and amortization	<u>\$ 11,610</u>	<u>\$ 17,326</u>	<u>\$ 5,716</u>	49%
Percentage of total revenue	56%	49%		

Cost of technology revenue, excluding depreciation and amortization, was \$6.8 million for the three months ended March 31, 2019, compared to \$3.4 million for the three months ended March 31, 2018, an increase of \$3.4 million , or 101% . The increase in cost of technology revenue was primarily due to \$1.5 million in increased cloud computing and hosting costs largely from the expanded use of Microsoft Azure to serve existing and new customers and an increase of \$0.9 million in salary and related personnel costs from an increase in cloud services and support headcount. The increase in cost of technology revenue was also attributable to an increase of \$1.0 million in subscription fees, equipment maintenance charges, and outside contractor fees, of which \$0.8 million were related to Medicity.

Cost of professional services revenue was \$10.6 million for the three months ended March 31, 2019, compared to \$8.3 million for the three months ended March 31, 2018, an increase of \$2.3 million , or 28% . This increase was primarily due to an increase in salary and related personnel costs from additional professional services headcount.

Operating Expenses

Sales and marketing

	Three Months Ended March 31,			
	2018	2019	\$ Change	% Change
	(in thousands, except percentages)			
Sales and marketing	\$ 6,721	\$ 10,473	\$ 3,752	56%
Percentage of total revenue	33%	30%		

Sales and marketing expenses were \$10.5 million for the three months ended March 31, 2019, compared to \$6.7 million for the three months ended March 31, 2018, an increase of \$3.8 million, or 56%. The increase was primarily due to an increase of \$3.0 million in salary and related personnel costs from additional sales, marketing, and account management headcount, of which \$1.4 million related to new team members as a result of the Medicity acquisition. The remaining increase was primarily caused by an increase in advertising costs, subscription costs, and travel-related costs.

Sales and marketing expense as a percentage of total revenue decreased from 33% in the three months ended March 31, 2018 to 30% in the three months ended March 31, 2019.

Research and development

	Three Months Ended March 31,			
	2018	2019	\$ Change	% Change
	(in thousands, except percentages)			
Research and development	\$ 8,705	\$ 10,022	\$ 1,317	15%
Percentage of total revenue	42%	28%		

Research and development expenses were \$10.0 million for the three months ended March 31, 2019, compared to \$8.7 million for the three months ended March 31, 2018, an increase of \$1.3 million, or 15%. The increase was primarily due to an increase of \$1.1 million in salary and related personnel costs from additional development team's headcount largely as a result of the Medicity acquisition. The remaining increase was primarily caused by an increase in third-party hosting costs and outside contractor fees.

Research and development expense as a percentage of revenue decreased from 42% in the three months ended March 31, 2018 to 28% in the three months ended March 31, 2019.

General and administrative

	Three Months Ended March 31,			
	2018	2019	\$ Change	% Change
	(in thousands, except percentages)			
General and administrative	\$ 3,902	\$ 6,174	\$ 2,272	58%
Percentage of total revenue	19%	18%		

General and administrative expenses were \$6.2 million for the three months ended March 31, 2019, compared to \$3.9 million for the three months ended March 31, 2018, an increase of \$2.3 million, or 58%. The increase was primarily due to an increase of \$1.3 million in salary and related personnel costs from additional general and administrative

headcount. The increase was also attributable to an increase of \$0.6 million in legal, accounting, and outside contractor fees. The remaining increase was primarily caused by an increase in subscription and facility costs.

General and administrative expense as a percentage of revenue decreased from 19% in the three months ended March 31, 2018 to 18% in the three months ended March 31, 2019.

Depreciation and amortization

	Three Months Ended March 31,		\$ Change	% Change
	2018	2019		
	(in thousands, except percentages)			
Depreciation and amortization	\$ 1,550	\$ 2,312	\$ 762	49%
Percentage of total revenue	8%	7%		

Depreciation and amortization expenses were \$2.3 million for the three months ended March 31, 2019, compared to \$1.6 million for the three months ended March 31, 2018, an increase of \$0.8 million, or 49%. This increase was primarily due to the amortization of capitalized internal-use software costs and additional depreciation and amortization on property, equipment, and intangibles from the Medicity acquisition.

Depreciation and amortization expense as a percentage of revenue decreased from 8% in the three months ended March 31, 2018 to 7% in the three months ended March 31, 2019.

Loss on extinguishment of debt

	Three Months Ended March 31,		\$ Change	% Change
	2018	2019		
	(in thousands, except percentages)			
Loss on extinguishment of debt	\$ —	\$ (1,670)	\$ (1,670)	n/m(1)

(1) Not meaningful.

On February 6, 2019, we entered into the OrbiMed Credit Facility that established a senior term loan facility of up to \$80.0 million under certain conditions and we simultaneously borrowed \$50.0 million. The use of proceeds from the OrbiMed senior term loan included an immediate repayment of our \$20.0 million term loan from SVB that required a prepayment premium of \$0.5 million and the write-off of deferred debt issuance costs of \$1.2 million, resulting in a \$1.7 million loss on extinguishment of debt.

Interest and other expense, net

	Three Months Ended March 31,		\$ Change	% Change
	2018	2019		
	(in thousands, except percentages)			
Interest income	\$ 139	\$ 293	\$ 154	111%
Interest expense	(684)	(1,247)	(563)	82%
Other income	36	9	(27)	(75)%
Total interest and other expense, net	\$ (509)	\$ (945)	\$ (436)	86%

Interest and other expense, net increased \$0.4 million, or 86%, for the three months ended March 31, 2019, compared to the three months ended March 31, 2018. This increase is primarily due to an increase in interest expense

of \$0.6 million from an increase in net borrowings under the SVB Mezzanine Loan and Security Agreement and borrowings under the OrbiMed Credit Facility.

Income tax (benefit) provision

	Three Months Ended March 31,			
	2018	2019	\$ Change	% Change
	(in thousands, except percentages)			
Income tax (benefit) provision	\$ (156)	\$ 11	\$ 167	n/m(1)

(1) Not meaningful.

Income tax provision (benefit) consists of current and deferred taxes for U.S. federal and state income taxes. On December 22, 2017, federal tax legislation was enacted that included lowering the U.S. corporate income tax rate to 21% effective in 2018. We remeasured certain deferred tax assets and liabilities based on the tax rates at which they are expected to reverse in the future, which is generally 21%. As we have a full valuation allowance on deferred tax assets, the allowance was adjusted accordingly based on the remeasured deferred tax asset and liability position. As a result, the federal tax legislation had a limited impact on our income tax expense.

Discussion of the Years Ended December 31, 2017 and 2018

Revenue

	Year Ended December 31,			
	2017	2018	\$ Change	% Change
	(in thousands, except percentages)			
Revenue:				
Technology	\$ 31,693	\$ 57,224	\$ 25,531	81%
Professional services	41,388	55,350	13,962	34%
Total revenue	\$ 73,081	\$ 112,574	\$ 39,493	54%
Percentage of revenue:				
Technology	43%	51%		
Professional services	57	49		
Total	100%	100%		

Total revenue was \$112.6 million for the year ended December 31, 2018, compared to \$73.1 million for the year ended December 31, 2017, an increase of \$39.5 million, or 54%.

Technology revenue was \$57.2 million, or 51% of total revenue, for the year ended December 31, 2018, compared to \$31.7 million, or 43% of total revenue, for the year ended December 31, 2017. The increase in technology revenue was due to a \$17.3 million increase from new customers and an \$8.2 million increase from existing customers. The increase of \$17.3 million in technology revenue from new customers is from DOS Subscription Customers and acquired customers from Medicity. DOS Subscription Customers and Medicity customers accounted for \$5.2 million and \$12.1 million of the increase from new customers, respectively. The increase of \$8.2 million in technology revenue from existing customers is primarily due to customers paying higher technology access fees from contractual, annual escalators. The increase was also attributable to new offerings of expanded support services.

Professional services revenue was \$55.4 million, or 49% of total revenue, for the year ended December 31, 2018, compared to \$41.4 million, or 57% of total revenue, for the year ended December 31, 2017. The increase in professional services revenue was due to a \$7.2 million increase from new customers and a \$6.8 million increase from existing

customers. The increase of \$7.2 million in professional services revenue from new customers is primarily due to implementation, analytics, and improvement services being provided to new DOS Subscription Customers. Professional services provided to Medicity customers accounted for \$0.4 million of professional services revenue. The increase of \$6.8 million in professional services revenue from existing customers is primarily due to the expanded deployment of implementation, analytics, and improvement services.

Cost of revenue, excluding depreciation and amortization

	Year Ended December 31,		\$ Change	% Change
	2017	2018		
(in thousands, except percentages)				
Cost of revenue, excluding depreciation and amortization:				
Technology	\$ 11,610	\$ 19,429	\$ 7,819	67%
Professional services	32,032	40,423	8,391	26%
Total cost of revenue, excluding depreciation and amortization	\$ 43,642	\$ 59,852	\$ 16,210	37%
Percentage of total revenue	60%	53%		

Cost of technology revenue, excluding depreciation and amortization, was \$19.4 million for the year ended December 31, 2018, compared to \$11.6 million for the year ended December 31, 2017, an increase of \$7.8 million, or 67%. The increase in cost of technology revenue was primarily due to \$3.4 million in increased cloud computing and hosting costs largely from the expanded use of Microsoft Azure to serve existing and new customers and \$2.3 million in salary and related personnel costs from an increase in cloud services and support headcount. The increase in cost of technology revenue was also attributable to an increase of \$2.1 million in subscription fees, equipment maintenance charges, and outside contractor fees.

Cost of professional services revenue was \$40.4 million for the year ended December 31, 2018, compared to \$32.0 million for the year ended December 31, 2017, an increase of \$8.4 million, or 26%. This increase is primarily due to an increase in salary and related personnel costs from an increase in our professional services headcount.

Operating Expenses

Sales and marketing

	Year Ended December 31,		\$ Change	% Change
	2017	2018		
(in thousands, except percentages)				
Sales and marketing	\$ 25,920	\$ 44,123	\$ 18,203	70%
Percentage of total revenue	35%	39%		

Sales and marketing expenses were \$44.1 million for the year December 31, 2018, compared to \$25.9 million for the year ended December 31, 2017, an increase of \$18.2 million, or 70%. The increase was primarily due to an increase of \$13.0 million in salary and related personnel costs from an increase in our sales, marketing, and account management headcount, of which \$3.3 million related to new team members as a result of the Medicity acquisition. The increase was also attributable to \$4.0 million in compensation expense associated with the repurchase of common stock at a price in excess of its estimated fair value. The remaining increase was primarily caused by an increase in subscription costs, travel-related costs, and outside contractor fees.

Sales and marketing expense as a percentage of total revenue increased from 35% in the year ended December 31, 2017 to 39% in the year ended December 31, 2018.

Research and development

	Year Ended December 31,		\$ Change	% Change
	2017	2018		
	(in thousands, except percentages)			
Research and development	\$ 28,470	\$ 38,592	\$ 10,122	36%
Percentage of total revenue	39%	34%		

Research and development expenses were \$38.6 million for the year ended December 31, 2018, compared to \$28.5 million for the year ended December 31, 2017, an increase of \$10.1 million, or 36%. The increase was primarily due to an increase of \$8.5 million in salary and related personnel costs from an increase in our development team's headcount largely as a result of the Medicity acquisition. The increase was also attributable to \$0.9 million in compensation expense associated with the repurchase of common stock at a price in excess of its estimated fair value. The remaining increase was primarily caused by an increase in subscription costs, travel-related costs, and outside contractor fees.

Research and development expense as a percentage of revenue decreased from 39% in the year ended December 31, 2017 to 34% in the year ended December 31, 2018.

General and administrative

	Year Ended December 31,		\$ Change	% Change
	2017	2018		
	(in thousands, except percentages)			
General and administrative	\$ 14,697	\$ 22,690	\$ 7,993	54%
Percentage of total revenue	20%	20%		

General and administrative expenses were \$22.7 million for the year ended December 31, 2018, compared to \$14.7 million for the year ended December 31, 2017, an increase of \$8.0 million, or 54%. The increase was primarily due to \$3.1 million in compensation expense associated with the repurchase of common stock at a price in excess of its estimated fair value. The increase was also attributable to an increase of \$1.9 million in legal, accounting, and outside contractor fees and an increase of \$1.6 million in salary and related personnel costs from an increase in general and administrative headcount. The remaining increase was primarily caused by an increase in subscription and facility costs.

General and administrative expense as a percentage of revenue remained consistent at 20% in both of the years ended December 31, 2017 and 2018.

Depreciation and amortization

	Year Ended December 31,		\$ Change	% Change
	2017	2018		
	(in thousands, except percentages)			
Depreciation and amortization	\$ 5,892	\$ 7,412	\$ 1,520	26%
Percentage of total revenue	8%	7%		

Depreciation and amortization expenses were \$7.4 million for the year ended December 31, 2018, compared to \$5.9 million for the year ended December 31, 2017, an increase of \$1.5 million, or 26%. This increase was primarily due to the amortization of capitalized internal-use software costs and additional depreciation and amortization on property, equipment, and intangibles from the Medicity acquisition.

Depreciation and amortization expense as a percentage of revenue decreased from 8% in the year ended December 31, 2017 to 7% in the year ended December 31, 2018.

Interest and other expense, net

	Year Ended December 31,		\$ Change	% Change
	2017	2018		
(in thousands, except percentages)				
Interest income	\$ 542	602	\$ 60	11%
Interest expense	(2,007)	(2,587)	(580)	29%
Other expense	(4)	(39)	(35)	n/m ⁽¹⁾
Total interest and other expense, net	\$ (1,469)	\$ (2,024)	\$ (555)	38%

(1) Not meaningful.

Interest and other expense, net increased \$0.6 million, or 38%, for the year ended December 31, 2018 compared to the year ended December 31, 2017. This increase is primarily due to an increase in interest expense of \$0.6 million from an increase in net borrowings under the SVB Mezzanine Loan and Security Agreement. In October 2017, we borrowed \$10 million under the SVB Mezzanine Loan and Security Agreement with an additional \$10 million borrowed in October 2018.

Income tax provision (benefit)

	Year Ended December 31,		\$ Change	% Change
	2017	2018		
(in thousands, except percentages)				
Income tax provision (benefit)	\$ 26	\$ (135)	\$ (161)	n/m ⁽¹⁾

(1) Not meaningful.

Income tax provision (benefit) consists of current and deferred taxes for U.S. federal and state income taxes. On December 22, 2017, federal tax legislation was enacted that included lowering the U.S. corporate income tax rate to 21% effective in 2018. We remeasured certain deferred tax assets and liabilities based on the tax rates at which they are expected to reverse in the future, which is generally 21%. As we have a full valuation allowance on deferred tax assets, the allowance was adjusted accordingly based on the remeasured deferred tax asset and liability position. As a result, the federal tax legislation had a limited impact on our income tax expense.

Quarterly Results of Operations

The following table sets forth our unaudited quarterly consolidated statements of operations data for each of the nine quarters in the period ended March 31, 2019. The unaudited consolidated statements of operations data set forth below has been prepared on the same basis as our audited consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, that are necessary for the fair presentation of such data. Our historical results are not necessarily indicative of the results that may be expected in the future and the results for any quarter are not necessarily indicative of results to be expected for a full year or any other

period. The following quarterly financial data should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Three Months Ended								
	March 31, 2017	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017	March 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	March 31, 2019
	(in thousands)								
Revenue:									
Technology	\$ 6,836	\$ 7,653	\$ 8,223	\$ 8,981	\$ 9,451	\$ 10,725	\$ 18,283	\$ 18,765	\$ 20,148
Professional services	9,579	9,889	9,401	12,519	11,181	12,265	14,585	17,319	15,065
Total revenue	16,415	17,542	17,624	21,500	20,632	22,990	32,868	36,084	35,213
Cost of revenue, excluding depreciation and amortization:									
Technology	2,184	2,483	3,986	2,957	3,359	3,291	6,132	6,647	6,752
Professional services	9,189	9,172	6,653	7,018	8,251	9,227	10,865	12,080	10,574
Total cost of revenue, excluding depreciation and amortization⁽¹⁾	11,373	11,655	10,639	9,975	11,610	12,518	16,997	18,727	17,326
Operating expenses:									
Sales and marketing ⁽¹⁾	6,327	6,707	7,462	5,424	6,721	12,004	13,771	11,627	10,473
Research and development ⁽¹⁾	6,431	6,797	7,701	7,541	8,705	8,487	10,839	10,561	10,022
General and administrative ⁽¹⁾	3,955	3,583	3,463	3,696	3,902	7,241	5,605	5,942	6,174
Depreciation and amortization	1,518	1,541	1,421	1,412	1,550	1,551	2,151	2,160	2,312
Total operating expenses	18,231	18,628	20,047	18,073	20,878	29,283	32,366	30,290	28,981
Loss from operations	(13,189)	(12,741)	(13,062)	(6,548)	(11,856)	(18,811)	(16,495)	(12,933)	(11,094)
Loss on extinguishment of debt	—	—	—	—	—	—	—	—	(1,670)
Interest and other expense, net	(381)	(332)	(312)	(444)	(509)	(506)	(374)	(635)	(945)
Loss before income taxes	(13,570)	(13,073)	(13,374)	(6,992)	(12,365)	(19,317)	(16,869)	(13,568)	(13,709)
Income tax provision (benefit)	—	11	5	10	(156)	7	7	7	11
Net loss	\$ (13,570)	\$ (13,084)	\$ (13,379)	\$ (7,002)	\$ (12,209)	\$ (19,324)	\$ (16,876)	\$ (13,575)	\$ (13,720)

(1) Includes stock-based compensation expense, tender offer payments deemed compensation expense, and post-acquisition restructuring costs.

	Three Months Ended								
	March 31, 2017	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017	March 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	March 31, 2019
	(in thousands)								
Stock-Based Compensation Expense:									
Cost of revenue, excluding depreciation and amortization:									
Technology	\$ —	\$ —	\$ 29	\$ 36	\$ 14	\$ 17	\$ 18	\$ 29	\$ 33
Professional services	157	149	106	102	100	105	120	155	148
Sales and marketing	268	432	243	249	430	295	298	491	783
Research and development	171	173	181	182	177	176	179	255	222
General and administrative	305	309	300	849	319	321	318	381	470
Total	\$ 901	\$ 1,063	\$ 859	\$ 1,418	\$ 1,040	\$ 914	\$ 933	\$ 1,311	\$ 1,656

	Three Months Ended								
	March 31, 2017	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017	March 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	March 31, 2019
Tender Offer Payments Deemed Compensation Expense:	(in thousands)								
Cost of revenue, excluding depreciation and amortization:									
Technology	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 28	\$ —	\$ —	\$ —
Professional services	—	—	—	—	—	284	—	—	—
Sales and marketing	—	—	—	—	—	3,967	—	—	—
Research and development	—	—	—	—	—	906	—	—	—
General and administrative	—	—	—	—	—	3,133	—	—	—
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,318	\$ —	\$ —	\$ —

	Three Months Ended								
	March 31, 2017	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017	March 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	March 31, 2019
Post-Acquisition Restructuring Costs:	(in thousands)								
Cost of revenue, excluding depreciation and amortization:									
Technology	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Professional services	—	—	—	—	—	—	332	5	108
Sales and marketing	—	—	—	—	—	—	749	31	306
Research and development	—	—	—	—	—	—	484	—	32
General and administrative	—	—	—	—	—	—	513	—	—
Total	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,078	\$ 36	\$ 446

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

	Three Months Ended								
	March 31, 2017	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017	March 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	March 31, 2019
Revenue:									
Technology	42%	44%	47%	42%	46%	47%	56%	52%	57%
Professional services	58	56	53	58	54	53	44	48	43
Total revenue	100	100	100	100	100	100	100	100	100
Cost of revenue, excluding depreciation and amortization:									
Technology	13	14	23	14	16	14	19	18	19
Professional services	56	52	38	33	40	40	33	33	30
Total cost of revenue, excluding depreciation and amortization	69	66	61	47	56	54	52	51	49
Operating expenses:									
Sales and marketing	39	38	42	25	33	52	42	32	30
Research and development	39	39	44	35	42	37	33	29	28
General and administrative	24	20	20	17	19	31	17	16	18
Depreciation and amortization	9	9	8	7	8	7	7	6	7
Total operating expenses	111	106	114	84	102	127	99	83	83
Loss from operations	(80)	(72)	(75)	(31)	(58)	(81)	(51)	(34)	(32)
Loss on extinguishment of debt	—	—	—	—	—	—	—	—	(5)
Interest and other expense, net	(2)	(2)	(2)	(2)	(2)	(2)	(1)	(2)	(3)
Loss before income taxes	(82)	(74)	(77)	(33)	(60)	(83)	(52)	(36)	(40)
Income tax provision (benefit)	—	—	—	—	(1)	—	—	—	—
Net loss	(82)	(74)	(77)	(33)	(59)	(83)	(52)	(36)	(40)

Quarterly revenue trends

Our quarterly technology revenue increased sequentially in each of the periods presented due primarily to increases in the number of customers as well as the expansion of technology offerings to existing customers. Contracting activity can vary quarterly as a result of large healthcare provider buying patterns, though this seasonality is sometimes not apparent in our technology revenue because we generally recognize technology revenue over the term of the contract. The growth in quarterly technology revenue in the last two quarters of 2018 and the first quarter of 2019 was attributable to a combination of organic growth and the acquisition of Medicity. Technology revenue from Medicity accounted for \$6.2 million, \$5.9 million, and \$6.3 million during the quarters ended September 30, 2018, December 31, 2018, and March 31, 2019, respectively.

Our quarterly professional services revenue generally increased over the periods presented due to increases in the number of customers as well as the expansion of professional services arrangements with existing customers. The increases in each of the fourth quarters of 2017 and 2018 were primarily due to performance-based revenue arrangements whereby performance was measured and achieved. We expect performance-based revenue arrangements to become a smaller portion of our overall revenue base and thus have less of an impact on future fourth quarters.

Quarterly cost of revenue, excluding depreciation and amortization trends

Our quarterly cost of revenue, excluding depreciation and amortization has varied over the quarterly periods due to the timing of hiring, bonus achievement, reorganization of team member duties that impacted the third quarter of 2017, and the acquisition of Medicity. In the last two quarters of 2018 and the first quarter of 2019, the increases in cost of revenue, excluding depreciation and amortization were primarily attributable to the Medicity acquisition.

Quarterly operating expenses trends

Total operating expenses have generally increased sequentially for the periods presented, primarily due to the addition of personnel in connection with the expansion of our business. The significant increase in the second quarter of 2018 is primarily attributable to deemed compensation expense associated with a tender offer for the repurchase of common stock at a price in excess of its estimated fair value. The additional increase in total operating expenses during the last two quarters of 2018 and the first quarter of 2019 is primarily attributable to the Medicity acquisition.

Sales and marketing expenses generally grew sequentially over the periods, due to the continued expansion of our sales, marketing, and account management teams. Sales and marketing expenses are higher in the third quarter due to our Healthcare Analytics Summit which is typically held in September. Research and development expenses have generally increased sequentially for the periods presented, due to continued investment in developing our Solution. Sales and marketing expenses and research and development expenses decreased slightly during the fourth quarter of 2018 and the first quarter of 2019 compared to the third quarter of 2018 primarily as a result of Medicity operational synergies achieved after closing the acquisition. General and administrative expenses increased over the periods presented due primarily to the expansion of the legal, finance, and IT teams and due to increased costs for accounting, legal, and outside contractors.

Our quarterly results of operations may fluctuate due to various factors affecting our performance. As noted above, we generally recognize revenue from technology ratably over the term of the contract. Therefore, changes in our contracting activity in the near term may not be apparent as a change to our reported revenues until future periods. Most of our expenses are recorded as period costs and thus factors affecting our cost structure may be reflected in our financial results sooner than changes to our contracting activity.

Liquidity and Capital Resources

As of March 31, 2019, we had cash, cash equivalents, and short-term investments of \$64.6 million, which were held for working capital purposes. Our cash equivalents and short-term investments are comprised primarily of money market funds, U.S. treasury notes, commercial paper, corporate bonds, and asset-backed securities.

Since inception, we have financed our operations primarily from the proceeds we received through private sales of equity securities, payments received from customers under technology and professional services arrangements, and borrowings under our loan and security agreements. We believe our existing cash, cash equivalents, and short-term investments will be sufficient to meet our projected operating requirements for at least the next 12 months. Our future capital requirements will depend on many factors, including our pace of new customer growth and expanded customer relationships, technology and professional services renewal activity, and the timing and extent of spend to support the expansion of sales, marketing, and development activities. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us, or at all. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would be adversely affected.

SVB Debt Agreements and OrbiMed Financings

In October 2017, we entered into the Amended Loan and Security Agreement and the Mezzanine Loan and Security Agreement (the SVB Debt Agreements) with SVB. The SVB Debt Agreements established a revolving line of credit and a term loan facility of up to \$20.0 million under certain conditions and \$20.0 million, respectively.

Revolving Line of Credit

As of December 31, 2018, the Amended Loan and Security Agreement allowed us to borrow up to \$20.0 million in advances on the revolving line of credit with a contractual interest rate of prime plus 0.5% and a maturity date of December 2019. As of December 31, 2018, the interest rate was 6.0% and we had drawn \$1.3 million under this revolving line of credit.

The Amended Loan and Security Agreement was further amended on February 6, 2019 to reduce the revolving line of credit from up to \$20.0 million to \$5.0 million with an obligation to maintain a minimum of \$5.0 million cash or cash equivalents on deposit with SVB to maintain the assurance of future credit availability. The line may be increased by \$5.0 million upon request and approval by SVB. The maturity date of the revolving line of credit was amended to be February 6, 2021.

Term Loan

As of December 31, 2018, the SVB Debt Agreements allowed us to borrow up to \$20.0 million in term loans with a contractual interest rate of prime plus 6.25%. The interest rate was 11.75% as of December 31, 2018. We were contractually allowed to prepay all outstanding principal and accrued interest at any time together with a prepayment penalty of \$0.5 million. As of December 31, 2018, we had borrowed the full \$20.0 million under this term loan.

Both the revolving line of credit and the term loan were subject to certain covenants and, as of December 31, 2018, we were in compliance with the covenants under the SVB Debt Agreements.

OrbiMed Financings

On February 6, 2019, we entered into the OrbiMed Credit Facility that established a senior term loan facility of up to \$80.0 million under certain conditions. The contractual interest rate is the higher of LIBOR plus 7.5% and 10.0%. On February 6, 2019, we borrowed \$50.0 million under the OrbiMed Debt Agreement with principal payments due beginning in 2023, and we simultaneously repaid our \$20.0 million term loan from SVB in full. In addition, we repaid in full the outstanding balance of \$1.3 million under the SVB revolving line of credit.

In addition, on February 6, 2019, we sold 875,585 shares of our Series F redeemable convertible preferred stock for a purchase price of \$12.2 million. The effect of the OrbiMed debt proceeds, the Series F stock issuance, and the repayment of the SVB term loan resulted in a net increase in cash, cash equivalents, and short-term investments of \$38.7 million, net of fees and debt prepayment premiums.

Cash Flows

The following table summarizes our cash flows for the years ended December 31, 2017 and 2018, and the three months ended March 31, 2018 and 2019:

	<u>Year Ended December 31,</u>		<u>Three Months Ended March 31,</u>	
	<u>2017</u>	<u>2018</u>	<u>2018</u>	<u>2019</u>
	(in thousands)			
Net cash used in operating activities	\$ (36,829)	\$ (40,296)	\$ (7,387)	\$ (5,224)
Net cash provided by (used in) investing activities	22,408	21,403	8,809	(28,656)
Net cash provided by (used in) financing activities	24,871	24,346	(6,226)	37,657
Net increase (decrease) in cash and cash equivalents	<u>\$ 10,450</u>	<u>\$ 5,453</u>	<u>\$ (4,804)</u>	<u>\$ 3,777</u>

Operating Activities

Our largest source of operating cash flows is cash collections from our customers for technology and professional services arrangements. Our primary uses of cash from operating activities are for employee-related expenses, marketing expenses, and technology costs.

For the three months ended March 31, 2019, net cash used in operating activities was \$5.2 million, which included a net loss of \$13.7 million. Non-cash charges primarily consisted of \$2.3 million in depreciation and amortization of property, equipment, and intangible assets, \$1.7 million in stock-based compensation, and \$1.7 million of loss from the extinguishment of debt.

For the three months ended March 31, 2018, net cash used in operating activities was \$7.4 million, which included a net loss of \$12.2 million. Non-cash charges primarily consisted of \$1.6 million in depreciation and amortization of property, equipment, and intangible assets and \$1.0 million in stock-based compensation. For the year ended December 31, 2018, net cash used in operating activities was \$40.3 million, which included a net loss of \$62.0 million. Non-cash charges primarily consisted of \$4.2 million in stock-based compensation and \$7.4 million in depreciation and amortization of property, equipment, and intangible assets. The 2018 net loss also included an \$8.3 million charge that was paid in association with the repurchase of common stock at a price in excess of its estimated fair value as part of the 2018 tender offer that is further described in note 12 to the audited consolidated financial statements. The tender offer cash payments are not expected to be recurring in future periods.

For the year ended December 31, 2017, net cash used in operating activities was \$36.8 million, which included a net loss of \$47.0 million. Non-cash charges primarily consisted of \$4.2 million in stock-based compensation and \$5.9 million in depreciation and amortization of property, equipment, and intangible assets.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2019 of \$28.7 million was primarily due to \$30.7 million used to purchase short-term investments and \$1.1 million in purchases of property, equipment, and intangible assets, reduced by \$3.1 million provided from the sale and maturity of short-term investments.

Net cash provided by investing activities for the three months ended March 31, 2018 of \$8.8 million primarily was due to \$9.2 million provided from the sale and maturity of short-term investments, reduced by \$0.4 million in purchases of property, equipment, and intangible assets.

Net cash provided by investing activities for the year ended December 31, 2018 of \$21.4 million was primarily due to \$37.9 million provided from the sale and maturity of short-term investments, reduced by \$14.0 million used to purchase short-term investments and \$2.5 million in purchases of property, equipment, and intangible assets.

Net cash provided by investing activities for the year ended December 31, 2017 of \$22.4 million primarily was due to \$72.1 million provided from the sale and maturity of short-term investments, reduced by \$46.4 million used to purchase short-term investments and \$3.3 million in purchases of property, equipment, and intangible assets.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2019 of \$37.7 million was primarily the result of \$12.1 million in net proceeds from the sale and issuance of Series F redeemable convertible preferred stock, \$47.2 million in net proceeds drawn under the OrbiMed Credit Facility, and \$0.8 million in stock option exercise proceeds, reduced by the \$21.8 million payoff of the SVB debt and \$0.4 million in payments of acquisition-related obligations.

Net cash used in financing activities for the three months ended March 31, 2018 of \$6.2 million was primarily the result of \$10.3 million in payments of acquisition-related obligations, reduced by \$4.0 million in proceeds from the sale and issuance of Series E redeemable convertible preferred stock.

Net cash provided by financing activities for the year ended December 31, 2018 of \$24.3 million was primarily the result of \$34.0 million in proceeds from the issuance of Series E redeemable convertible preferred stock, \$10.0 million in proceeds drawn under the SVB Debt Agreements and \$3.0 million in stock option exercise proceeds, reduced by an \$8.7 million repurchase of our common stock, and \$13.9 million in payments of acquisition-related obligations.

Net cash provided by financing activities for the year ended December 31, 2017 of \$24.9 million was primarily the result of \$23.8 million in proceeds from the issuance of Series E redeemable convertible preferred stock and \$9.8 million in proceeds drawn under the SVB Debt Agreements, reduced by \$8.8 million in payments of acquisition-related obligations.

Contractual Obligations and Commitments

The following table presents a summary of our payments due under contractual arrangements as of December 31, 2018:

	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
	(in thousands)				
Revolving line of credit ⁽¹⁾	\$ 1,321	\$ 1,321	\$ —	\$ —	\$ —
Term loan ⁽¹⁾	20,000	—	20,000	—	—
Operating leases	7,342	2,882	3,837	531	92
Acquisition-related consideration	6,500	2,250	4,250	—	—
Total	\$ 35,163	\$ 6,453	\$ 28,087	\$ 531	\$ 92

(1) On February 6, 2019, we borrowed \$50.0 million under the OrbiMed Debt Agreement, and we simultaneously repaid our \$20.0 million term loan from SVB in full. We also repaid in full our \$1.3 million SVB revolving line of credit.

In the ordinary course of business, we enter into agreements of varying scope and terms pursuant to which we agree to indemnify customers or business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, services to be provided by us or from data breaches, or intellectual property infringement claims made by third parties. No demands have been made upon us to provide indemnification under such agreements and there are no claims that we are aware of that could have a material effect on our consolidated financial statements.

Off-Balance Sheet Arrangements

As of March 31, 2019, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates but may include foreign currency exchange risk and inflation in the future.

Interest Rate Risk

We had cash, cash equivalents, and short-term investments of \$64.6 million as of March 31, 2019, which are held for working capital purposes. We do not make investments for trading or speculative purposes.

Our cash equivalents and short-term investments are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fluctuate due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However, because we classify our investments as “available for sale,” no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be other-than-temporary.

Under the SVB Debt Agreements, we pay interest on any outstanding balances based on variable market rates. A significant increase in these market rates may adversely affect our results of operations.

As of March 31, 2019, a hypothetical 100 basis point change in interest rates would not have had a material impact on the value of our cash equivalents or investment portfolio. Fluctuations in the value of our cash equivalents and investment portfolio caused by a change in interest rates (gains or losses on the carrying value) are recorded in other comprehensive income and are realized only if we sell the underlying securities prior to maturity.

Inflation Risk

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

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires management to make estimates, assumptions, and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the applicable periods. We base our estimates, assumptions, and judgments on our knowledge and experience about past and current events and on various other factors that we believe to be reasonable under the circumstances. Different assumptions and judgments would change the estimates used in the preparation of our consolidated financial statements, which, in turn, could change the results from those reported. We evaluate our estimates, assumptions, and judgments on an ongoing basis.

The critical accounting estimates, assumptions, and judgments that we believe have the most significant impact on our consolidated financial statements are described below.

Revenue Recognition

We derive our revenues primarily from technology subscriptions and professional services. We determine revenue recognition by applying 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; and
- Recognition of revenue when, or as, we satisfy the performance obligation.

We recognize revenue net of any taxes collected from customers and subsequently remitted to governmental authorities.

Technology Revenue

Technology revenue primarily consists of subscription fees charged to customers for access to use our technology. We provide customers access to our technology through either an all-access or limited-access, modular subscription. The majority of our subscription arrangements are cloud-based and do not provide customers the right to take possession of the technology or contain a significant penalty if the customer were to take possession of the technology. Revenue from cloud-based subscriptions is recognized ratably over the contract term beginning on the date that the service is made available to the customer. Most of our subscription contracts have up to a three-year term, of which the vast majority are terminable after one year upon 90 days notice.

Subscriptions that allow the customer to take software on-premise without significant penalty are treated as time-based licenses. These arrangements generally include access to technology, access to unspecified future products and maintenance and support. Revenue for upfront access to the technology library is recognized at a point in time when the technology is made available to the customer. Revenue for access to unspecified future products included in time-based license subscriptions is recognized ratably over the contract term beginning on the date that the access is made available to the customer.

We also have certain perpetual license arrangements. Revenue from these arrangements is recognized at a point in time upon delivery of the software.

Technology revenue also includes maintenance and support revenue which generally includes bug fixes, updates, and support services. Revenue related to maintenance and support is recognized over the contract term beginning on the date that the service is made available to the customer.

Professional Services Revenue

Professional services revenue primarily includes implementation services, strategic advisory services, and improvement services. Professional services arrangements typically include a fee for making FTE services available to our customers on a monthly basis. FTE services generally consist of a blend of analytic engineers, analysts, and data scientists based on the domain expertise needed to best serve our customer. Professional services are typically considered distinct from the technology offerings and revenue is generally recognized as the service is provided using the "right to invoice" practical expedient.

Contracts with Multiple Performance Obligations

Many of our contracts include multiple performance obligations. We account for performance obligations separately if they are capable of being distinct and distinct within the context of the contract. The transaction price is allocated to separate performance obligations on a relative standalone selling price basis.

We determine standalone selling prices based on the observable price a good or service is sold for separately when available. In cases where standalone selling prices are not directly observable, based on information available, we utilize the expected cost plus a margin, adjusted market assessment, or residual estimation method. We consider all information available including our overall pricing objectives, market conditions, and other factors, which may include the value of contracts, customer demographics, and the types of users. We use the residual estimation method for technology licenses and subscriptions due to a limited number of standalone transactions and/or prices that are highly variable.

Variable Consideration

We have also entered into at-risk and shared savings arrangements with certain customers whereby we receive variable consideration based on the achievement of measurable improvements which may include cost savings or performance against metrics. For these arrangements, we estimate revenue using the most likely amount that we will receive. Estimates are based on our historical experience and best judgment at the time to the extent it is probable that

a significant reversal of revenue recognized will not occur. Due to the nature of our arrangements, certain estimates may be constrained until the uncertainty is further resolved.

Stock-Based Compensation

We have granted stock-based awards, consisting of stock options to our employees, certain outside contractors, and certain members of our board of directors.

We have issued two types of employee stock options, standard and two-tier. Our standard employee stock options vest solely on a service-based condition. For these awards, we recognize stock-based compensation based on the grant date fair value of the awards and recognize that cost using the straight-line method over the requisite service period of the award. Two-tier employee stock options contain both a service-based condition and performance condition, defined as the earlier of (i) an acquisition or change in control of the company or (ii) upon the occurrence of our initial public offering. A change in control event and effective registration event are not deemed probable until consummated; accordingly, no expense is recorded related to two-tier stock options until the performance condition becomes probable of occurring. Awards which contain both service-based and performance conditions are recognized using the accelerated attribution method once the performance condition is probable of occurring. The service-based condition is generally a service period of four years.

As of March 31, 2019, all compensation expense related to two-tier employee stock options remained unrecognized because the performance condition was not satisfied. At the time the performance condition becomes probable, we will recognize the cumulative stock-based compensation expense for the two-tier employee stock options to the extent that they would have been expensed based on the service vesting condition using the accelerated attribution method. Under the Health Catalyst, Inc. Stock Incentive Plan as of March 31, 2019, 4.6 million two-tier employee stock options were outstanding, of which no two-tier employee stock options would have been vested based on the service condition alone. If the performance condition had occurred on March 31, 2019, we would have recorded \$3.8 million of stock-based compensation expense on that date. If the performance condition had been satisfied on these two-tier employee stock options as of March 31, 2019, we would recognize future stock-based compensation expense of \$10.7 million over a weighted-average period of approximately 1.9 years, if the requisite service is provided.

We estimate the fair value of our stock options using the Black-Scholes option-pricing model. This requires the input of highly subjective assumptions, including the fair value of our underlying common stock, the expected term of stock options, the expected volatility of the price of our common stock, risk-free interest rates, and the expected dividend yield of our common stock. The assumptions used in our option-pricing model represent our best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future. The resulting fair value, net of actual forfeitures, is recognized on a straight-line basis over the period during which an employee is required to provide service in exchange for the award.

These assumptions used in the Black-Scholes option-pricing model, other than the fair value of our common stock, are estimated as follows:

- *Expected volatility.* Since a public market for our common stock has not existed and, therefore, we do not have a trading history of our common stock, we estimated the expected volatility based on the volatility of similar publicly-held entities (guideline companies) over a period equivalent to the expected term of the awards. In evaluating the similarity of guideline companies to us, we considered factors such as industry, stage of life cycle, size, and financial leverage. We intend to continue to consistently apply this process using the same or similar guideline companies to estimate the expected volatility until sufficient historical information regarding the volatility of the share price of our common stock becomes available.
- *Expected term.* We estimate the expected term using the simplified method, as we do not have sufficient historical exercise activity to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. The simplified method calculates the average period the stock options are

expected to remain outstanding as the midpoint between the vesting date and the contractual expiration date of the award.

- *Risk-free interest rate.* The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for maturities corresponding with the expected term of the option.
- *Expected dividend yield.* We have never declared or paid any dividends and do not presently plan to pay dividends in the foreseeable future. Consequently, we use an expected dividend yield of zero.

The following table summarizes the assumptions, other than the fair value of our common stock, relating to stock options granted during the periods indicated:

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Expected volatility	46.5-48.4%	43.6-47.6%	46.4%	44.5%
Expected term (in years)	6.3	6.3	6.3	6.3
Risk-free interest rate	2.0-2.2%	2.5-3.0%	2.5%	2.5%
Expected dividend yield	—	—	—	—

On January 1, 2017, we adopted ASU No. 2016-09, *Improvement to Employee Share-based Payment Accounting (Topic 718)*, which among other items, provides an accounting policy election to account for forfeitures as they occur, rather than to account for them based on an estimate of expected forfeitures. We elected to account for forfeitures as they occur and therefore, stock-based compensation expense for the years ended December 31, 2017 and 2018, and the three months ended March 31, 2018 and 2019, have been calculated based on actual forfeitures in our consolidated statements of operations.

Prior to the adoption of ASU No. 2018-07, *Compensation — Stock Compensation (ASU 2018-17)*, which simplifies the accounting for non-employee share-based payment transactions, the fair value measurement date for non-employee awards was the date the performance of services was completed. Upon adoption of ASU 2018-07 on January 1, 2019, the measurement date for non-employee awards is the date of grant. The compensation expense for non-employees is recognized, without changes in the fair value of the award, in the same period and in the same manner as though we had paid cash for the services, which is typically the vesting period of the respective award. The impact on our consolidated financial statements was immaterial. See “Accounting pronouncements adopted,” in note 1 to our audited consolidated financial statements for more information.

We will continue to use judgment in evaluating the assumptions related to our stock-based compensation on a prospective basis. As we continue to accumulate additional data related to our common stock, we may have refinements to our estimates, which could materially impact our future stock-based compensation expense.

Common Stock Valuations

We are required to estimate the fair value of the common stock underlying our stock-based awards when performing fair value calculations. We have granted all options to purchase shares of our common stock with an exercise price per share no less than the fair value per share of our common stock underlying those options on the date of grant, based on the information known on the date of grant.

Given the absence of a public trading market for our common stock, and in accordance with the American Institute of Certified Public Accountants Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, or AICPA Guide, we exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock including:

- contemporaneous valuations performed at periodic intervals by unrelated third-party specialists;

- rights, preferences, and privileges of our redeemable convertible preferred stock relative to those of our common stock;
- our actual operating and financial performance;
- relevant precedent transactions involving our capital stock;
- likelihood of achieving a liquidity event, such as an initial public offering or a sale of our company given prevailing market conditions and the nature and history of our business;
- market multiples of comparable companies in our industry;
- stage of development;
- industry information such as market size and growth;
- illiquidity of stock-based awards involving securities in a private company; and
- macroeconomic conditions.

The enterprise value of our company was determined using both the income approach and market approach valuation methods. The income approach estimates value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using a discount rate based on the cost of capital at a company's stage of development. The market approach estimates value based on a comparison of the subject company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple is determined and then applied to the subject company's financial results to estimate the enterprise value of the subject company.

The resulting equity values derived by the income approach and market approach were then allocated between share classes by a hybrid of the Probability Weighted Expected Return Method (PWERM) and the Option Pricing Method (OPM). The hybrid method was selected to consider various outcomes for our company including an initial public offering or continuing as a private company. The values of the share classes under an initial public offering scenario were based on the expected pricing and timing of the anticipated event according to the PWERM. Conversely, the OPM was used to estimate the value of the share classes assuming we stayed private.

The PWERM estimates the value of the various equity classes based upon analysis of the future value for the enterprise under different potential outcomes including sale, merger, IPO, and dissolution. For each scenario, the value determined for the enterprise is allocated to each class of stock based upon the assumption that each class will maximize its value. The values determined for each class of stock under each scenario are weighted by the probability of each scenario and then discounted to a present value.

The OPM treats common stock and redeemable convertible preferred stock as call options on the enterprise's value, with exercise prices based on the liquidation preference of the redeemable convertible preferred stock. Under this method, the common stock has value only if the funds available for distribution exceed the value of liquidation preference at the time of a liquidity event. If the total equity value exceeds the total liquidation preference of the redeemable convertible preferred stock, the common stock will be worth one dollar for each dollar of the total equity value in excess of the total liquidation preference up to the point that the redeemable convertible preferred equity owners will convert their preferred ownership to common ownership. Any incremental value beyond that point would be shared based on the converted ownership interests. In the application of this method, the convertible features of the preferred equity classes, common options and warrants outstanding are considered.

After the equity value is determined and allocated to the various classes of shares, a discount for lack of marketability (DLOM) is applied to the various outcomes to arrive at the fair value of the common stock. A DLOM is applied based

on the theory that as a private company, an owner of the stock has limited opportunities to sell this stock and any such sale would involve significant transaction costs, thereby reducing overall fair market value.

Application of these valuation 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.

Following this offering, we will rely on the closing price of our common stock as reported on the date of grant to determine the fair value of our common stock, as shares of our common stock will be traded in the public market.

Based on the assumed initial public offering price per share of \$ _____, which is the midpoint of the offering price range set forth on the cover page of this prospectus, the aggregate intrinsic value of our outstanding stock options as of March 31, 2019 was \$ _____ million, with \$ _____ million related to vested stock options.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from 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.

Recent Accounting Pronouncements

See “Description of Business and Summary of Significant Accounting Policies” in note 1 to our audited consolidated financial statements for more information.

Business

Overview

We are a leading provider of data and analytics technology and services to healthcare organizations. Our Solution comprises a cloud-based data platform, analytics software, and professional services expertise. Our customers, which are primarily healthcare providers, leverage our Solution to make data-informed decisions and realize measurable clinical, financial, and operational improvements. We envision a future where all healthcare decisions are data informed.

The Health Catalyst Way

Our Mission

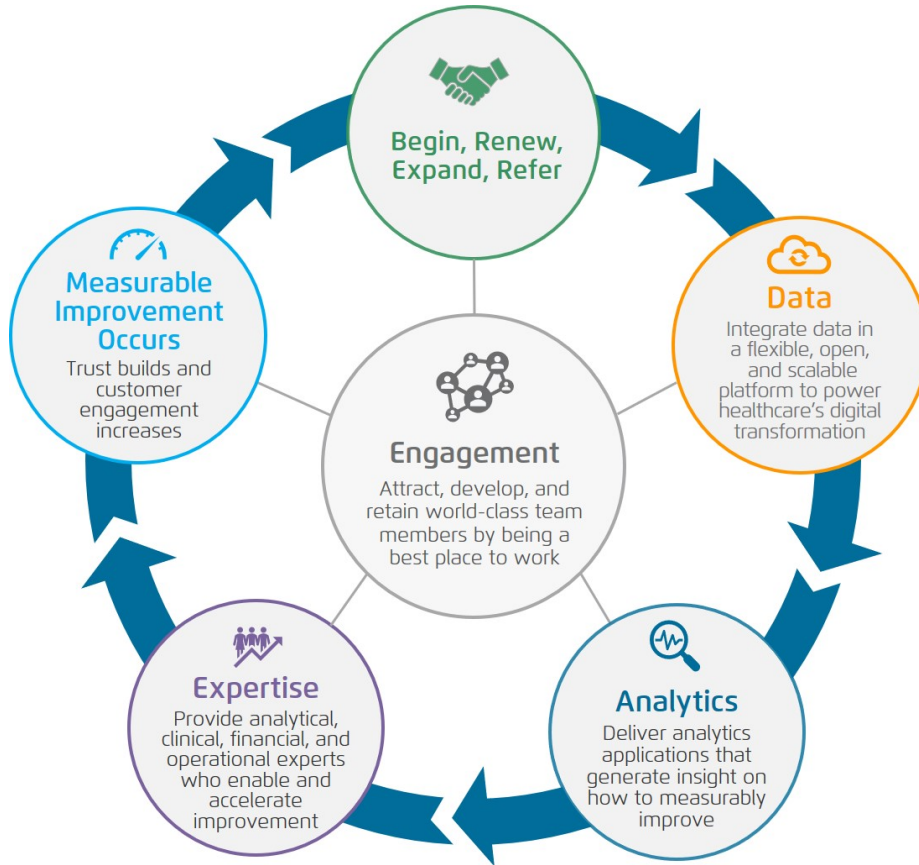
Our **mission** is to be the *catalyst* for massive, measurable, data-informed healthcare improvement. We fulfill our mission through a confluence of the following elements:

- **Data:** integrate data in a flexible, open, and scalable platform to power healthcare's digital transformation;
- **Analytics:** deliver analytics applications that generate insight on how to measurably improve;
- **Expertise:** provide analytical, clinical, financial, and operational experts who enable and accelerate improvement; and
- **Engagement:** attract, develop, and retain world-class team members by being a best place to work.

The Health Catalyst Flywheel

We accomplish our mission with each of our customers by following a process we call the Health Catalyst Flywheel or the Flywheel. This process includes delivering on the three components of our Solution: data, analytics, and expertise, which together drive measurable improvements. At the center of the Flywheel is the engagement of our team members. Team member engagement is foundational to everything we do and is the #1 priority of our CEO and broader leadership team. When team members feel connected to our mission and are listened to, cared for, and respected at an extraordinary level, they produce outstanding work, which enables our customers to measurably improve. As customers realize improvements, their trust in Health Catalyst builds, their engagement in our shared work increases, and they choose to renew and expand their relationship with us, while also referring Health Catalyst to key decision-makers at other potential customers. Customer renewal, expansion, and referral produce growing, scalable, and predictable financial performance.

The virtuous cycle described above creates momentum for our business and is encapsulated in the following diagram:



Given the central importance of team member engagement to our company’s long-term success, we have been purposeful in defining and emphasizing operating principles and cultural attributes that reinforce the commitment to our mission and to team member engagement. We consistently focus on our operating principles and cultural attributes, as well as our mission and Flywheel (collectively, the Health Catalyst Way), which we review in all new hire orientations, company-wide meetings, and board of directors’ meetings. Furthermore, we regularly measure our team member engagement and adjust our practices based on team member feedback. We have demonstrated an elite, consistent level of team member engagement over time as demonstrated by a 95th to 99th percentile ranking by Gallup.

We will continue to emphasize the Health Catalyst Way, including our operating principles and cultural attributes, which we believe will be central to our long-term success.

Our Operating Principles

The principles that govern our daily interactions include:

Improvement

- We are deeply committed to enabling our customers to achieve and sustain measurable clinical, financial, and operational improvements

- We nurture deep, long-term customer partnerships because achieving and sustaining improvement is a transformational journey (not a quick trip)
- We pragmatically balance the vision, priority, and pace of innovation for data and analytics technology. We prioritize innovations that accelerate improvement
- We attract, develop and retain experts who know best practices in their domain, leverage analytics for insight, and accelerate adoption for sustained improvement

Ownership

- We are accountable, as owners, to enable our customers’ measurable improvements
- We make decisions that balance and optimize the interests of our teammates, customers, patients, and owners
- We avoid an entitlement mentality and are good stewards of our assets
- We don’t micro-manage and we encourage autonomy while also supporting scalable consistency

Respect

- We recognize the immeasurable value of every individual
- We listen carefully to one another and learn from each of our colleagues
- We care deeply about our colleagues, including teammates, customers, patients, and owners
- We benefit from one another’s diverse backgrounds and experiences

Transparency

- We courageously tell the truth and we face the truth
- We are the same company, culture, and people in all settings
- We treat confidential information appropriately, and we protect the private data of our customers’ patients
- We recommend the best solutions for our customers, whether or not those solutions come from Health Catalyst

Our Cultural Attributes

The attributes we prioritize in hiring, retention, and promotion include:

Continuous Learner

- I can learn from anyone
- I love to learn, and I am a lifelong student
- I recognize my mistakes and correct them quickly; I fail fast
- I am open to and respond favorably to feedback and coaching
- I value my autonomy and use it to gain new knowledge and skills
- I recognize that diversity of perspectives leads to better decisions
- I am self-aware and seek improvement, personally and professionally
- I watch, listen, and learn from others; thank them for their teachings; and apply the teachings to the mastery of my profession

Hard Working

- I have a deep commitment to massive healthcare improvement
- I stick to the task until the job is completed, then take on new work
- I lead a balanced, healthy life that enables me to sustain my pace
- I am willing to contribute more than my fair share to a project
- I make personal sacrifices, as needed, to get the work done
- I recognize that not every part of my job will be fun

Humble

- I listen first
- I assume positive intent
- I ask for help when I need it
- I serve others without looking for recognition
- I am secure in my own abilities (quiet self-confidence)
- I seek to improve myself before trying to improve others
- I am excited when others succeed and I offer sincere praise
- I often acknowledge others for their contributions to my success
- I frequently express gratitude and appreciation to those around me

World-Class

- I strive to be the best in the world at what I do by continuously learning
- I recognize the importance of excellence in pursuit of our mission
- I am well informed about events and trends in healthcare, data, and analytics
- I actively contribute to the company's pursuit of excellence - in the data and analytics technology we build, in the domain expertise we provide, and in the functions that support this important work

Business Overview

Healthcare organizations operate in an environment that is characterized by waste, changing economics, and data complexity. Organizations that leverage analytics to make data-informed decisions will be better positioned to succeed in this environment. Our customers, which are primarily healthcare providers, utilize our Solution to make data-informed decisions and realize measurable clinical, financial, and operational improvements.

The core elements of our Solution include:

- ***Data platform.*** DOS is a healthcare-specific, cloud-based, open, flexible, and scalable data platform that provides customers a single comprehensive environment to integrate and organize data from their disparate software systems. It has been built with modern technology and is deeply embedded with healthcare domain knowledge, enabling a broad range of analytics. DOS has amassed one of the largest and most comprehensive data assets of its kind, which enables us to deliver differentiated insights to our customers.
- ***Analytics applications.*** Our software analytics applications build on top of our data platform and are designed to analyze the most common problems our customers face. These analytics applications allow our customers to pinpoint opportunities for measurable improvement across their entire enterprise and are employed by a broad range of users from healthcare executives to front-line clinicians providing care. We developed this suite of foundational and domain-specific software analytics applications over the last three years based on thoughtful measurement of the most critical analytics needs faced by our customers. The majority of them became generally available for deployment in 2018, with more to be released in the coming years. Our software analytics applications are further enhanced by a broad range of analytics accelerators, which are pre-built, configurable data models with customizable visualizations that can be tailored to specific customer needs.
- ***Services expertise.*** Our world-class team consists of both analytics experts, such as data analysts, data engineers, and data scientists, and domain experts, such as healthcare administrators, physicians, and nurses. These team members leverage our technology to help our customers shorten time-to-value and achieve sustainable measurable improvements. Examples of the services expertise we provide include opportunity analysis and prioritization, data governance, data modeling and analysis, quality and process improvement strategy, and population health strategies. Our approach to integrate data, analytics, and expertise into a holistic Solution is differentiated and has been recognized as among the best in the industry by multiple third parties, including KLAS, Chilmark Research, and Black Book. Our customers achieve sustainable measurable improvements through our Solution . Example improvements include:

- Allina Health generated savings of up to \$125 million in a given year using our Solution across numerous clinical, financial, and operational improvement projects. In one example improvement, Allina Health utilized our Solution to drive higher adherence to sepsis treatment best practices, achieving over \$1 million of cost savings and over 30% reduction in severe sepsis and septic shock mortality.
- UPMC utilized our Solution to more deeply understand their cost and clinical variation, realizing \$38 million in clinical, financial and operational improvements over a multiyear period. The improvements spanned across its service lines, including \$15 million in supply, drug, and pharmaceutical reductions from interventions such as order set standardization and protocol development.
- Mission Health became recognized as one of the best ACOs in the nation by utilizing our Solution to improve processes in order to optimize performance against its ACO's MSSP measures, saving Medicare over \$11 million and achieving 100% of all at-risk dollars.
- Thibodaux Regional Medical Center (Thibodaux) leveraged our Solution to improve its discharged-not-final-billed problem, where bills remain incomplete due to coding or documentation gaps, to reduce accounts receivable days by 28%. Thibodaux achieved \$1 million in additional annual reimbursement, attributable to improvements in the accuracy of clinical documentation and case mix index.
- Partners HealthCare utilized our Solution to identify patients at high-risk to enroll in the Integrated Care Management Program, reducing costs by \$125 per member per month and simultaneously reducing emergency department utilization for these patients.

Since 2015, we have generated more than 650 documented, customer-verified improvements across clinical, financial, and operational domains. In addition to the positive ROI of customers utilizing our Solution versus a homegrown solution, each of these documented improvements is highly valuable to our customers, enabling them to realize substantial clinical improvements, financial savings, or operational efficiencies. As we deliver measurable improvements, trust builds, and our customers engage with us more broadly and refer new business. This is evidenced by a continued increase in documented improvements achieved by our customers over time. Customers who have recently contracted with us have already started achieving measurable improvements, while longer-standing customers have seen the number of annual improvements meaningfully grow. For the 12 months ended March 31, 2019, customers who contracted with us in 2017 and 2018 experienced approximately one improvement on average, customers who contracted with us in 2015 and 2016 experienced approximately six improvements on average, and customers who contracted with us prior to 2015 experienced more than 15 improvements on average.

We serve the majority of our customers through a subscription-based contract model. As of December 31, 2018, we served 126 customers, including 50 customers with a DOS subscription contract. The majority of our customers not on a DOS subscription contract are interoperability subscription customers resulting from our recent acquisition of Medicity. We have achieved rapid DOS Subscription customer growth in part due to strong customer retention and customer referrals. We have achieved Dollar-based Retention Rates of 108% and 107% for the years ended December 31, 2017 and 2018, respectively. As of May 2019, our last 12 months average KLAS Evangelism score, similar to a net promoter score, for our Solution was 62, which is twice the industry average of 30. Our customers include academic medical centers, integrated delivery networks, community hospitals, large physician practices, ACOs, health information exchanges, health insurers, and other risk-bearing entities. Example customers include Acuitas Health, Allina Health, AlohaCare, Children's Hospital of Orange County, Community Health Network, Partners HealthCare, UnityPoint Health, and UPMC.

We currently employ more than 700 team members including over 200 analytics experts and over 65 domain experts. For the years ended December 31, 2017 and 2018, and the three months ended March 31, 2018 and 2019, our total revenue was \$73.1 million, \$112.6 million, \$20.6 million, and \$35.2 million, respectively. For the years ended December 31, 2017 and 2018, and the three months ended March 31, 2018 and 2019, we incurred net losses of \$47.0 million, \$62.0 million, \$12.2 million, and \$13.7 million, respectively. For the years ended December 31, 2017 and 2018, and the three months ended March 31, 2018 and 2019, our Adjusted EBITDA was \$(35.4) million, \$(38.1) million, \$(9.3) million, and \$(6.7) million, respectively. See "Selected Consolidated Financial and Other Data -

Reconciliation of Non-GAAP Financial Measures” for more information about Adjusted EBITDA, including the limitations of such measure and a reconciliation to the most directly comparable measure calculated in accordance with GAAP.

Industry Overview

A number of important industry challenges and market dynamics are transforming the way data and analytics are used by healthcare organizations. We believe the current confluence of healthcare waste, changing economics, and data complexity create a unique opportunity for meaningful clinical, financial, and operational improvements in healthcare.

Unprecedented waste amidst unsustainably high and rising healthcare costs

Research cited by the National Academy of Medicine estimates 30% of U.S. healthcare spending is wasteful in nature, implying more than \$1 trillion of waste amongst \$3.6 trillion of total healthcare expenditure in 2018. For the healthcare system to operate more sustainably and thrive in the long term, constituents must be data informed to remove excess utilization, unnecessary variation, and inefficiency:

- *Utilization.* Includes delivery of care not proven to be medically beneficial, care delivered in absence of complete information, and where delivery of care could have been prevented through earlier, cost-efficient interventions.
- *Variation.* Exists clinically and financially within an individual provider, between providers within health systems, and across geographies. Includes delivery of care that deviates from clinical protocols and accepted industry standards as well as avoidable patient injuries, such as serious safety events and wrongful deaths.
- *Inefficiency.* Includes administrative inefficiencies, such as manual reporting methods and regulatory reporting burdens as well as resource and supply chain inefficiencies.

Changing economics due to financial pressure and the move to value-based care

Over the past several years, public- and private-sector payors have reduced fee-for-service reimbursement rates, increasing pressure on healthcare providers’ profitability. At the same time, providers are experiencing a shift from volume to value-based payment models, impacting reimbursement. Increasing margin pressure coupled with the move to value-based care models present economic complexity and uncertainty for healthcare providers that can be better managed through the use of data and analytics.

Proliferation and increasing complexity of data

For more than a decade, the U.S. healthcare system has invested billions of dollars to collect vast amounts of detailed information in digital format. Examples of major areas of this investment include electronic transactional systems that digitize clinical information (e.g., EHR systems, pharmacy, laboratory, imaging, patient satisfaction, and healthcare information exchanges), financial information (e.g., general ledger, costing and billing) and operational information (e.g., supply chain, human resources, time and attendance, IT support, and patient engagement). These investments have led to a proliferation of healthcare data which, according to International Data Corporation, is expected to exceed 10 zettabytes by 2025, and will include socioeconomic, genomic, and remote patient monitoring information.

Collecting, storing, and using healthcare data is complicated by the breadth and depth of disparate sources, the multitude of formats, and increasing regulatory requirements. At the same time, treatment protocols and definitions of illnesses are constantly evolving. Legacy clinical software and industry-agnostic horizontal data vendors have attempted to enter the healthcare data space, but have been unsuccessful due to the healthcare-specific content, logic, and advanced analytics capabilities required. In addition, many healthcare organizations have attempted to develop their own analytics solutions but have found them to be too costly to develop and maintain. They have also looked to traditional EHR vendors; however, these vendors lack the capabilities needed to compile and derive analytics insights from the vast number of available data sources in a flexible manner that drives time-to-value.

After decades of investing in EHR technology, the state of interoperability is insufficient and inhibits care coordination, health data exchange, clinical efficiency, and the quality of care provided to patients. Given that the EHR is the principal electronic interface used today at the point of care, the path to improved data-driven decision support will require integration between EHR systems and other data and analytics providers. Incidentally, the U.S. healthcare system is in the midst of an “open data wave,” with increasing focus and demand for patient data interoperability. Additionally, recent laws and regulations, such as the 21st Century Cures Act, promote and prioritize interoperability and free exchange of health information.

Problems Our Customers Face

As the U.S. healthcare system continues to evolve due to the aforementioned waste, changing economics and data complexity, healthcare organizations must undergo fundamental transformations to stay relevant and competitive. To meaningfully change and improve, we believe healthcare organizations must solve key problems related to data, analytics, and expertise, which most have not solved today.

Problems Related to Data, Analytics, and Expertise	
Data	<ul style="list-style-type: none"> ■ Harmonizing disparate and siloed data into a "single source of truth" ■ Ingesting large quantities of structured and unstructured data ■ Building and maintaining healthcare registries, measures, and data models ■ Operationalizing machine learning models and natural language processing queries ■ Realizing value in a timely, scalable, and cost efficient manner
Analytics	<ul style="list-style-type: none"> ■ Identifying the highest value and most impactful improvement opportunities ■ Producing meaningful insights from using only industry-agnostic analytics tools ■ Leveraging analytical insights generated across the healthcare industry
Expertise	<ul style="list-style-type: none"> ■ Conducting sophisticated analytics, including opportunity prioritization, quality and process improvement, and data modeling ■ Recruiting and retaining top talent, including data analysts and scientists, and clinical, financial, and operational subject-matter experts ■ Leveraging industry best practices and expertise developed from numerous domain-specific engagements

Only after healthcare organizations have resolved their data, analytics, and expertise challenges, can they focus on addressing key clinical, financial, and operational problems that are critical to realizing improvements. We believe our Solution enables our customers to solve these problems.

Key Clinical, Financial, and Operational Problems		
Clinical	Financial	Operational
<ul style="list-style-type: none"> ■ Maintaining consistency in quality and quantity of care ■ Optimizing clinical success and patient safety metrics ■ Identifying high-risk, high-cost patients to enhance care management 	<ul style="list-style-type: none"> ■ Measuring true cost of care from current cost accounting methods ■ Comprehending population-level cost and quality of care to engage in value-based care risk models ■ Understanding and improving revenue cycle and cash collection processes 	<ul style="list-style-type: none"> ■ Monitoring, prioritizing, and submitting complex and evolving metrics to regulatory agencies ■ Creating automated, real-time reporting methods ■ Streamlining supply chain processes and optimizing costs ■ Implementing efficient staffing models to optimize labor costs

Our Opportunity

We believe the market opportunity for our Solution is large and rapidly growing with strong tailwinds. We estimate the addressable market for our data platform to be approximately \$2 billion, our analytics applications portfolio to be approximately \$3 billion, and our professional services offerings to be approximately \$3 billion, which total an approximately \$8 billion addressable market. We calculate our market opportunity from the number of health systems and risk-bearing entities that can benefit from our Solution using market pricing. We estimate our core market to include more than 1,200 U.S. health systems and risk-bearing entities. We intend to grow our addressable market through new product offerings, international expansion, market adjacencies such as life sciences, and growth of relationships with risk-bearing entities.

Our Strengths

Our operational and financial success is based on the following key strengths:

Healthcare-specific, flexible, open, and scalable data platform. DOS was purpose-built to handle healthcare-specific data management and analytics use cases, including the ingestion of disparate healthcare data sources. By linking healthcare-specific vocabularies and rules with a flexible and adaptable framework, we enable faster and more repeatable analytics. As an open platform, we support the development of analytics and applications on top of DOS, which accelerates the adoption and integration of our platform by our customers. The majority of analytics that are run on top of DOS are client-generated as opposed to outputs of our applications. The scalable, cloud-based infrastructure enables quicker product iteration and deployment.

Expansive and growing data asset. DOS contains one of the largest and most comprehensive data assets of its kind with more than 100 million patient records, encompassing trillions of facts. We source data from more than 300 siloed sources including clinical, claims, financial, patient satisfaction, and administrative data domains. The extensiveness and richness of the data asset is a strong and distinct competitive advantage and enables us to deliver differentiated products and services to our customers.

Integrated and comprehensive nature of our Solution creates measurable improvements. Through the delivery of our comprehensive and integrated Solution of data, analytics, and services expertise, we enable measurable improvements for our customers. Since 2015, our Solution has generated more than 650 documented, customer-verified improvements across clinical, financial, and operational domains. Over this period, total improvements have grown at a 92% CAGR while the number of annual improvements per customer has increased meaningfully as customers renew and expand the use of our Solution.

Attractive operating model. We have an attractive operating model due to the recurring nature of our revenue and the scalability of our data platform and analytics applications. Our recurring revenue subscription model provides a high degree of revenue visibility. The open and flexible nature of DOS makes it highly scalable, which allows us to deliver additional applications on top of DOS with limited incremental costs. We expect the benefits of our operating model and cost structure to generate operating leverage in our business.

Unique and differentiated culture focused on team member engagement. Our leadership team's commitment to the team member is central to our long-term success. Our commitment to building and maintaining a culture where team members are highly engaged in our mission directly benefits not only team members, but also customers and other stakeholders.

The team member experience is the #1 priority of our CEO and other members of our leadership team. On a daily basis, our leadership focuses on the team member experience, by listening carefully to team member feedback and making changes based on this feedback, by erring in favor of the team member, and by working as an advocate for each team member. This focus enables team members to become highly engaged in fulfilling our mission to be the catalyst for massive, measurable, data-informed improvement in healthcare.

This deep team member engagement in our mission leads team members to build world-class data and analytics technology and to provide industry-leading expertise. The care that the leadership team shows to team members becomes the same care that team members show to our customers, and through this care and commitment, our customers experience accelerating and measurable improvement, which leads them to renew, expand, and refer.

By focusing on the team member experience, our customers realize greater improvements, which leads to a high-growth, predictable business model.

Recognized industry leader by multiple third parties. The strength of our Solution has been recognized by multiple third-parties as among the best in the industry. These include KLAS Overall Customer Satisfaction Scores that are frequently among the highest in the peer group, as well as Chilmark Research and Black Book. We recognized early on that healthcare organizations need purpose-built technology products and services to support data-driven insights, and have spent more than a decade building and commercializing our healthcare-specific Solution. We invested meaningful time and resources over the last decade to build a comprehensive and differentiated set of products and services for our customers, which is not easily replicated by other healthcare and/or technology companies. Our customers benefit from our technology innovation and expertise which allows them to avoid the significant time, financial resources, and technical proficiency they would need to invest to build related capabilities in-house. Similarly, the overall complexity and dynamic nature of healthcare require purpose-built products and services to address the challenges our customers face, preventing traditional technology companies from easily leveraging and deploying existing platforms.

Tenured management team with healthcare technology experience. Health Catalyst is led by a team of healthcare and data veterans with many years of combined experience leading digital transformation at health systems, such as Intermountain Healthcare and Northwestern University. Our founders and executives collaborated for nearly a decade to pioneer and develop a new data warehousing architecture that resolves many of the problems encountered using traditional data warehousing methodologies. The unique combination of talent and experience across healthcare and technology, as well as our management team's commitment to the Health Catalyst Way, underpin everything we do.

Our Growth Strategies

Our growth strategies reflect our mission to be the catalyst for massive, measurable, data-informed healthcare improvement. Our focus on multiple channels, as well as our collaborative company culture, results in high levels of sustainable growth. Our strategic levers to drive growth include:

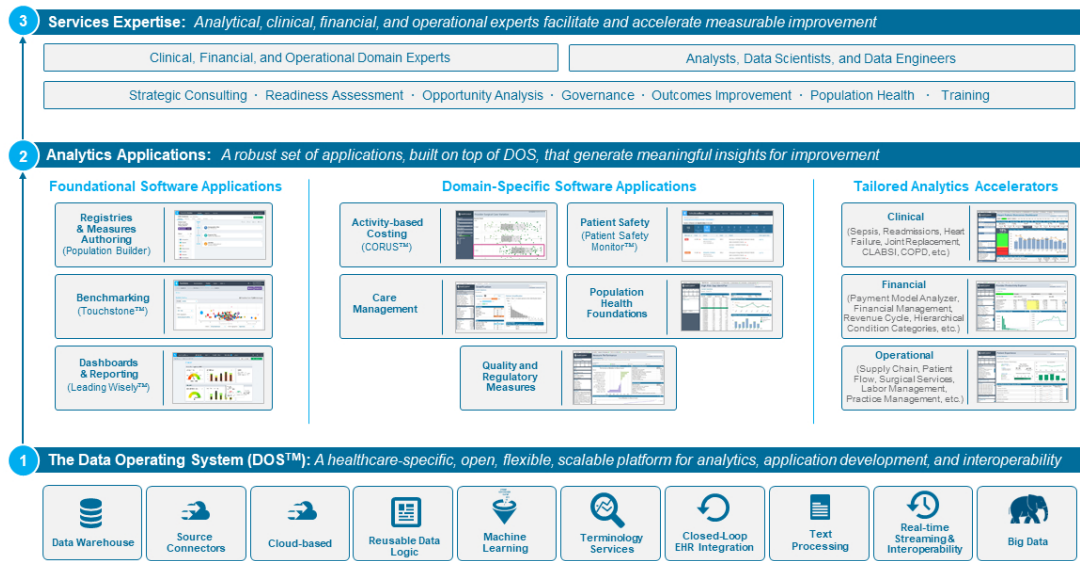
- **Grow our overall customer base.** We have substantial opportunity to continue growing our customer base through our active sales and marketing strategy and significant word-of-mouth references. We currently estimate our total core addressable market to include more than 1,200 healthcare organizations, including

health systems and risk-bearing entities. As of December 31, 2018, we served 126 of these potential customers, and only 50 on a DOS subscription contract, yielding total DOS Subscription Customer market penetration of approximately 4%. We believe there is ample room to win new business and deepen market penetration in our core market. Further, healthcare providers outside of the United States face similar challenges to those in the United States and can implement our Solution to address them. We plan to opportunistically pursue international markets by expanding our business in the United Kingdom, Canada, and Southeast Asia.

- **Expand within our current customer base.** We intend to deepen and expand the relationships we have with our existing customer base. Our relationship with a new customer oftentimes starts through the use of targeted analytics applications and services to pinpoint and achieve a single measurable clinical, financial, or operational improvement. As we deliver measurable improvements, trust builds, and our customers engage with us more broadly and purchase additional applications and services. This is evidenced by a continued increase in documented improvements achieved by our customers over time. Recent customers have already started achieving measurable improvements, while customers who began working with us in 2015 and 2016 on average experienced 6 improvements over the 12 months ended March 31, 2019, and customers who began working with us before 2015 on average experienced more than 15 improvements over the 12 months ended March 31, 2019. We will continue to invest in helping customers identify additional uses for our Solution, ensuring they achieve measurable improvements throughout our relationship with them.
- **Add new analytics applications and services offerings.** The expansion of our Solution and enhancement of our applications library will accelerate as we deepen our customer relationships and add to our dataset. Because our platform is open and we partner with our customers, we are able to identify new opportunities for further improvements and leverage that insight with other customers across our core market to develop new analytics applications and services offerings. We have used this process to build eight new software applications over the past three years, including our benchmarking and patient safety applications suites in 2018, and we will continue to invest in product development, particularly at the analytics applications layer of our technology stack.
- **Grow our addressable market through additional healthcare business segment adjacencies.** We believe there are significant applications for our Solution outside of our core market, as evidenced by our recent expansion into the life sciences market. Other business segment adjacencies include serving the employer space and additional types of providers and risk-bearing entities. While we believe there are significant opportunities in our core market, these business segment agencies have the potential to significantly grow our addressable market and business.
- **Selectively pursue acquisitions and partnerships.** We plan to continue identifying and evaluating opportunities where we can leverage our platform to scale and consolidate both data assets and best-of-breed applications. We believe that competing point solutions vendors will have difficulty in growing their offerings into sustainable businesses, which we believe translates into a robust mergers and acquisitions pipeline for us. We have a track record of identifying and integrating new and complementary capabilities, including our acquisitions of Healthcare Data Works and Medicity. Moreover, we believe the companies we partner with and acquire choose us because of our collaborative, best-in-class culture which we view as a differentiating factor in sourcing acquisitions and partnerships.

Our Solution

Our Solution empowers our customers to run a data-informed business. Our healthcare-specific, open, flexible, and scalable data platform, advanced analytics applications, and services expertise guide our customers to greater levels of digital maturity, enabling clinical, financial, and operational improvements. The diagram below illustrates the three layers of our comprehensive Solution.



Data Platform - the Data Operating System (DOS)

DOS is a healthcare-specific, open, flexible, and scalable data platform that allows customers to integrate and organize their disparate data sources to enable analytics. It serves as a digital backbone, allowing customers to easily extract data from transactional source systems, combine disparate data sets into a unified source of truth and query the dataset directly. DOS is a cloud-based technology that we primarily provide through Microsoft Azure and through our private data center. In order to enable more advanced feature development and functionality, we are in process of migrating our customers hosted in our private data center, and a few remaining on-premise customers, to Microsoft Azure.

DOS was uniquely designed and purpose-built to handle the complex, ever-evolving nature of healthcare-specific data. This includes healthcare-specific terminology, data governance, and meta-data management. By creating healthcare-specific data models to organize industry-specific data, we enable faster and more repeatable analytics and insights. We have developed the capabilities to turn these insights into actions by connecting our analytics into the workflow systems, such as an EHR.

Differentiating attributes of our DOS include:

- **Data warehouse.** We believe our innovative late-binding architecture has a proven track record of agility and adaptability to new rules, vocabularies, and data content. Our open and flexible platform enables database-level querying and custom analytics use-cases.
- **Source connectors.** Our platform is designed to quickly ingest data from the numerous information systems and siloed data sources our customers possess. We have more than 300 prebuilt connectors to the most common

transactional software systems used by healthcare organizations. The DOS data management console enables customers to manage robust ETL processes and scheduling.

- *Cloud-based.* Modern cloud-based architecture is secure and scalable. Being cloud-based enables quicker product iteration and innovation.
- *Reusable data logic.* Registries, value sets, and other data logic sit on top of the raw data and can be accessed, reused, and updated through open APIs, enabling customer and third-party application development. We update hundreds of registries, value sets, and measure logic regularly. This reusable, healthcare data content enables customers to achieve analytic value more quickly than leveraging homegrown or cross-industry products and services.
- *Machine learning.* Embedded within DOS are machine learning algorithms that our customers can easily leverage for predictive analytics. Customers can also build their own machine learning data pipelines within DOS.
- *Terminology services.* By standardizing the complex language used to code entries in various health records and clinical systems, DOS facilitates decision support, consistent reporting, and analytics and interoperability.
- *Closed-loop EHR integration.* Bridges the gap between insight and action by reducing data lag, interjecting knowledge at the point of decision-making, including back into the workflow of source systems, such as an EHR.
- *Text processing.* Enables the extraction of additional data currently trapped in various unstructured text blocks. The ability to gather insight from clinical notes remains an area of untapped healthcare intelligence with tremendous potential.
- *Real-time streaming and interoperability.* Near or real-time data streaming from the source all the way to the expression of that data through DOS, supporting both transaction-level exchange of data and analytic processing.
- *Big data.* Ability to access, organize, and analyze massive and unique, structured and unstructured, data sets allows us to drive differentiated analytic insights for our customers.

Analytics Applications

We have thoughtfully developed several scalable analytics applications that allow us to deliver the right data to the right place at the right time. Combining this pioneering technique with our data asset of more than one hundred million patient records, our customers systematically uncover opportunities for actionable interventions. We have organized our analytics applications into two categories: foundational applications and domain-specific applications. In addition, we have created a suite of analytics accelerators, which provide customers with a starting point to leverage for tailored insights.

Foundational Applications

- *Registry and Measures Authoring (Population Builder).* Enables non-SQL writers like clinicians and administrators to dynamically author, manage, view, and publish pre-built and custom population ruleset definitions using an elegant drag-and-drop interface. Rulesets can be published as a registry, leveraged across the DOS analytics platform and augmented with summary metrics using our tools. These registries can be used for internal quality improvement and research efforts or for reporting to external organizational registries.
- *Benchmarking (Touchstone).* Uses artificial intelligence to proactively identify where a customer is performing relative to benchmark sets composed of proprietary and publicly-available data; subsequently recommends and prioritizes opportunities for improvement.

- *Dashboards and Reporting (Leading Wisely)*. Enables users to quickly and easily add clinical, financial, and operational measures in an executive dashboard format. Measures are trended over time and updated on a near real-time basis from DOS. Users can customize information, share it with others, and set their own alerts and notifications. As a result, executives and their teams are empowered to take control of the data deluge to plan, prioritize improvement projects, create alignment among groups, strategize the best products and services, and communicate decisions more effectively.

Domain-Specific Applications

- *Activity-Based Costing (CORUS)*. Activity-based costing software application that leverages clinical and operational data from DOS to calculate a true cost of clinical processes and patients on the most granular level. Enables CFOs, physicians, service line leaders, and clinical and financial analysts to understand the true cost of providing care and relate those costs to patient outcomes.
- *Patient Safety (Patient Safety Monitor)*. Trigger-based surveillance system enabled by DOS. This application monitors patient-level data and applies machine learning algorithms to predict whether a patient is currently at risk for a safety event so that clinicians can intervene to prevent harm events.
- *Care Management*. Patient-centric population health service that utilizes data integration, patient stratification and intake, care coordination, patient engagement, and performance measurement to optimize care delivery for high-risk patients.
- *Population Health Foundations*. Product suite designed to help health systems manage risk-based contracts and bundled payment models and allow providers to tailor patient care based upon population metrics and benchmarks.
- *Quality and Regulatory Measures*. Foundational product for integrating hundreds of measures across financial, regulatory, and quality departments and reporting those measures to third-party entities like CMS. Enables proactive measures surveillance to enhance outcomes and facilitates monitoring behaviors, interventions, and activities needed to influence, manage, or change outcomes.

Analytics Accelerators

- To further enhance our analytics applications we have also developed a library of analytics accelerators. Analytics accelerators are pre-built data models and customizable visualizations that leverage the broad set of integrated data stored within our DOS platform for a specific analytic use-case. Customers who utilize our analytics accelerators achieve a much faster time-to-value compared to building an analytic model from the ground up. Our customers frequently rely on our analytics expertise to customize our analytics accelerators, as well as our domain expertise in order to successfully leverage our analytics accelerators to drive data-informed improvement. The breadth of our analytics accelerators facilitates analytic insights across clinical, financial, and operational use-cases. Our suite of more than 30 analytics accelerators provides highly-specific clinical, financial, and operational insights. Examples of these accelerators include:
 - *Clinical*: Sepsis, Readmissions, Heart Failure, Joint Replacement, CLABSI, and COPD;
 - *Financial*: Payment Model Analyzer, Financial Management, Revenue Cycle, and Hierarchical Condition Categories; and
 - *Operational*: Supply Chain, Patient Flow, Surgical Services, Labor Management, and Practice Management.

Services Expertise

We provide a range of high-value add professional services to help our customers implement and maximize the value of our Solution. Our professional services experts combine industry-leading talent across multiple domain areas with a deep working knowledge of our technology to help our customers achieve a faster time-to-value and drive more meaningful and sustainable measurable improvements. Our team is comprised of over 200 analytics experts and over 65 domain experts, including several nationally-recognized healthcare and analytics leaders.

Our domain experts provide services across a range of specialties, including:

Data and Analytics services expertise:

- *Data Engineering Services:* Help customers ingest data sources and provide consulting around DOS best practice and strategy around leveraging new DOS features.
- *Analytic Engineer Services:* Partner with clients to generate meaningful insights produced from Health Catalyst technology that lead improvement efforts. Guides best practice and training.
- *Implementation Services:* Implement and configure analytics applications.
- *Data Science Services:* Work with client teams to apply scientific methods, processes, algorithms, and systems to ask and answer questions using data. In addition, build software tools to enable self-service capabilities for customers.
- *Analytics Strategy Services:* Provide agile development workshops, continued data architecture and Extract Transform Load support, documentation and training, measure reporting efficiency, and prioritization and staff augmentation.
- *Data Governance Services:* Offer advisory services related to leveraging customers' unique, strategic data assets, managing data access and security, and establishing cross-functional governance structures.

Clinical, Financial, and Operational services expertise:

- *Quality and Process Improvement Strategy:* Organizational readiness assessments and opportunity analysis. Clinical pathways, best practices, and protocol implementation. Lean methodology and clinical variation reduction recommendations.
- *Patient Safety Services:* Transition from voluntary under-reporting to proactive prevention using data-driven triggers.
- *Cost Accounting Services:* Expert analysis of fine grain activity-based costing methods and cost-saving improvement opportunities.
- *Population Health and Value-Based Care Services:* Organizational transformation services to enhance abilities to take on cost risk for patient populations.
- *Health Catalyst University - Educational Services:* Hands-on courses, programs, and customizable training opportunities to provide our customers with knowledge, practical skills, and take-home tools needed to drive improvement efforts.

Our Customers

Our customers comprise academic medical centers, integrated delivery networks, community hospitals, large physician practices, ACOs, health information exchanges, health insurers, and other risk-bearing entities. Our customers

include more than 50 of the largest healthcare organizations in the United States. Today, we help executives, administrators, clinicians, and technicians in hundreds of hospitals and thousands of clinics.

We work closely in collaboration with many key stakeholders including chief executive officers, chief financial officers, chief information officers, chief technology officers, population health teams, and IT teams among others. From our perspective, data and analytics have transitioned from a discussion with members of the IT department to an enterprise-wide, strategic discussion with the C-suite and other leadership members.

No customer represented more than 10% of our total revenue for the year ended December 31, 2018 and for the three months ended March 31, 2018 and 2019. One customer represented 12% of our total revenue for the year ended December 31, 2017. No other customers represented more than 10% of our total revenue for the year ended December 31, 2017 .

Certain customers have participated as investors in our prior sales of redeemable convertible preferred stock, including Partners Healthcare and UPMC. As of March 31, 2019, our customers, in the aggregate, own 17.5% of our outstanding common stock on an as-converted basis.

The following table provides a representative list of our customers from whom we generated at least \$75,000 of revenue in the year ended December 31, 2018:

Acuitas Health	MedStar Health
Allina Health	Memorial Hospital at Gulfport
AlohaCare	Michigan Medicine
Banner Health	Mission Health
Children’s Hospital of Orange County	Ohio Health Information Partnership
Christiana Care Health System	Partners Healthcare
Crystal Run Healthcare	Texas Children’s Hospital
Community Health Network	Thibodaux Regional Medical Center
Dartmouth-Hitchcock Medical Center	UnityPoint Health
Hospital Sisters Health System	UPMC
John Muir Health	Westchester Medical Center

Team Members and Culture

As of March 31, 2019, we had 728 team members . We believe that we have good relationships with our team members. None of our team members are subject to collective bargaining agreements or are represented by a union.

Our corporate culture is a critical component of our success. We believe that building and maintaining a remarkable culture benefits our customers and team members. Our culture promotes an environment where team members trust each other, strive to continually learn, are motivated to lead hard working yet balanced lives, make decisions with integrity and humility in mind, communicate openly and honestly, embrace teamwork and collaboration, and enjoy their days at work.

Our team members, who uphold our values and live our mission every day, are at the forefront of cultivating and spreading this culture across the healthcare organizations that we serve. This continuous interaction across the entire Health Catalyst community creates a virtuous cycle which further reinforces our culture and fuels our growth.

Our team member satisfaction scores, as measured by Gallup, have consistently ranked in the 95th to 99th percentile and our KLAS Overall Customer Satisfaction Score has regularly outpaced the segment average. Moreover, we have received numerous awards and recognition for our culture and service to our customers. In total, we have been recognized

over 40 times as a “best place to work” by Glassdoor, Gallup, Inc., and Modern Healthcare among others. Additionally, we have received multiple awards for customer satisfaction and excellence from KLAS, Chilmark Research, and Black Book. We believe that these honors demonstrate the loyalty of our team members and our customers and that our culture is driving the behaviors that will help fuel our future growth.

Sales and Marketing

We market and sell our services to healthcare organizations primarily in the United States, but opportunistically in other geographies, including Canada, the United Kingdom, and Southeast Asia. Our dedicated sales team identifies healthcare organizations that would benefit from our Solution. Our sales team works closely with our subject matter experts to foster long-term relationships with our customers’ and sales prospects’ leadership teams. In the third quarter of each year, we hold the Healthcare Analytics Summit (HAS), an event showcasing data-informed improvement in healthcare.

Research and Development

Our ability to compete depends in large part on our continuous commitment to research and development and our ability to rapidly introduce new applications, technologies, features, and functionality. Our research and development organization is responsible for the design, development, and testing of our data platform and analytics applications. Based on customer feedback and needs, we focus our efforts on developing new products, functionality, applications, and core technologies and further enhancing the usability, functionality, reliability, performance, and flexibility of our data platform and existing analytics applications.

Research and development expenses were \$28.5 million, \$38.6 million, \$8.7 million, and \$10.0 million for our years ended December 31, 2017 and 2018, and for the three months ended March 31, 2018 and 2019, respectively.

Intellectual Property

We rely on a combination of patent, trademark, and copyright laws in the United States as well as confidentiality procedures and contractual provisions to protect our trade secrets, including proprietary technology, databases, and our brand.

As of December 31, 2018, we had eight issued U.S. and three issued Canadian patents, which expire between 2026 and 2032, and six patent applications pending in the United States, one patent application pending at the European Patent Office and one patent application pending in Canada. These patents and patent applications seek to protect proprietary inventions relevant to our business. We intend to pursue additional patent protection to the extent we believe it would be beneficial to our business and cost-effective.

We have registered “Health Catalyst” and our flame design logo as trademarks in the United States and certain other jurisdictions. We also have filed other trademark applications that are meaningful to our business in the United States and certain other jurisdictions and will pursue additional trademark registrations to the extent we believe it would be beneficial and cost-effective.

We are the registered holder of a variety of domain names that include “Health Catalyst” and similar variations.

We maintain our intellectual property and confidential business information in a number of ways. For instance, we have a policy of requiring all employees and consultants to execute confidentiality agreements upon the commencement of an employment or consulting relationship with us. Our employee agreements also require relevant employees to assign to us all rights to any inventions made or conceived during their employment with us in accordance with applicable law. In addition, we have a policy of requiring individuals and entities with which we discuss potential business relationships to sign non-disclosure agreements. Lastly, our agreements with customers include confidentiality and non-disclosure provisions.

Competition

We have experienced, and expect to continue to experience, intense competition from a number of companies. Our primary competitors are industry-agnostic analytics companies, EHR companies, point solution vendors, as well as healthcare organizations who perform their own analytics. Industry-agnostic analytics companies include IBM, Tableau, and Qlik. EHR companies include Cerner Systems and Epic Systems. Point solution companies include Optum Analytics, Premier, Strata Decision Technology, and Intersystems.

The principal competitive factors in our industry include:

- level of customer satisfaction;
- ease of deployment and use of solutions and applications;
- breadth and depth of solution and application functionality;
- access to, and ability to glean insights from, large data sets;
- brand awareness and reputation;
- modern and adaptive technology platform;
- capability for customization, configurability, integration, security, scalability, and reliability of applications;
- total cost of ownership;
- ability to innovate and respond to customer needs rapidly;
- size of customer base and level of user adoption;
- regulatory compliance verification and functionality;
- domain expertise with respect to healthcare; and
- ability to integrate with legacy enterprise infrastructures and third-party applications.

We believe that we compete favorably with our competitors on the basis of these factors. However, many of our competitors and potential competitors have significantly greater financial, technological, and other resources and name recognition than we do and more established distribution networks and relationships with healthcare providers. As a result, many of these companies may respond more quickly to new or emerging technologies and standards and changes in customer requirements. These companies may be able to invest more resources in research and development, strategic acquisitions, sales and marketing, patent prosecution, litigation, and financing capital equipment acquisitions for their customers.

Government Regulation

Our business is subject to extensive, complex, and rapidly changing federal and state laws and regulations. Various federal and state agencies have discretion to issue regulations and interpret and enforce healthcare laws. While we believe we comply in all material respects with applicable healthcare laws and regulations, these regulations can vary significantly from jurisdiction to jurisdiction, and interpretation of existing laws and regulations may change periodically. Federal and state legislatures also may enact various legislative proposals that could materially impact certain aspects of our business. The following are summaries of key federal and state laws and regulations that impact our operations:

Government Regulation of Health Information

Privacy and Security Laws and Regulations. HIPAA contains substantial restrictions and requirements with respect to the use and disclosure of individuals' PHI. These are embodied in the implementing regulations' privacy standards (Privacy Rule) and security standards (Security Rule). The Privacy and Security Rules apply directly to covered entities, including certain healthcare providers who engage in HIPAA-defined standard electronic transactions, health plans and healthcare clearinghouses, and business associates who perform certain services involving PHI on their behalf. The HIPAA Privacy Rule prohibits a covered entity or business associate from using or disclosing an individual's PHI unless the use or disclosure is authorized by the individual or is specifically required or permitted under the Privacy Rule. The Privacy Rule imposes a complex set of requirements on covered entities and business associates to comply with these standards. The Security Rule requires covered entities and business associates to establish administrative, physical and technical safeguards to protect the confidentiality, integrity, and availability of electronic PHI maintained or transmitted by them or by others on their behalf. In addition, HIPAA regulations in some cases require covered entities and business associates to provide notice in the event of an unauthorized disclosure of PHI.

Since we provide services that require us to use and disclose protected health information on behalf of our covered entity customers, we are also a business associate. The Privacy Rule requires us to enter into business associate agreements with our customers. Such agreements must, among other things, provide adequate written assurances:

- as to how we will use and disclose PHI;
- that we will enter into similar agreements with our agents and subcontractors that have access to the information;
- that we will report security incidents and other inappropriate uses or disclosures of PHI; and
- that we will assist the covered entity with certain of its duties under the Privacy Rule.

In addition, we are also required to maintain BAAs, which contain similar provisions, with our subcontractors that access or otherwise process PHI on our behalf.

State Laws. In addition to the HIPAA Privacy and Security Rules, most states have enacted patient confidentiality laws that protect against the disclosure of confidential medical information, including privacy safeguards, and security standards. Many states have also adopted data security breach notification requirements. Such state laws, if more stringent than HIPAA requirements, are not preempted by the federal requirements, and we must comply with them.

Consumer Protection Laws. Federal and state consumer protection laws are being applied increasingly by the FTC, Federal Communications Commission and states' attorneys general to regulate the collection, use, storage and disclosure of personal or patient information, through websites or otherwise, and to regulate the presentation of website content and to regulate direct marketing, including telemarketing and telephonic communication. Courts may also adopt the standards for fair information practices promulgated by the FTC, which concern consumer notice, choice, security, and access.

Fraud, Waste, and Abuse

A number of federal and state laws, generally referred to as fraud, waste, and abuse laws, are used to prosecute healthcare providers, physicians and others that make, offer, seek, or receive referrals or payments for products or services that may be paid for through any federal or state healthcare program and in some instances any private program. Given the breadth of these laws and regulations, they are potentially applicable to our business and to the financial arrangements through which we market, sell and provide our services. These laws and regulations include:

Anti-kickback and Anti-Self Referral Laws. There are numerous federal and state laws that govern patient referrals, physician financial relationships, and inducements to healthcare providers and patients. The federal Anti-Kickback Statute makes it illegal for any person, including a prescription drug manufacturer (or a party acting on its behalf) to knowingly and willfully solicit, receive, offer, or pay any remuneration (including any kickback, bribe, or rebate),

directly or indirectly, overtly or covertly, in cash or in kind, in exchange for, or intended to induce or reward, including arranging for or recommending, either the referral of an individual, or the purchase, lease, order, prescription, or recommendation of any good, facility, item or service for which payment may be made, in whole or in part, under a federal healthcare program, such as the Medicare and Medicaid program. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act (see below) or federal civil money penalties statute. There are several limited statutory exceptions and regulatory exclusions (known as safe harbors) that may protect some arrangements from enforcement penalties. These exceptions and safe harbors have very limited application and must be strictly adhered to in order to obtain protection thereunder. Many states have similar anti-kickback laws, some of which are not limited to items or services for which payment is made by government healthcare programs. In addition, the federal anti-referral law (the Stark Law) is very complex in its application, and prohibits physicians (and certain other healthcare professionals) from making a referral for a designated health service to a provider in which the referring healthcare professional (or spouse or any immediate family member) has a financial or ownership interest, unless an enumerated exception applies. The Stark Law also prohibits the billing for services rendered resulting from an impermissible referral. Many states also have similar anti-referral laws that are not necessarily limited to items or services for which payment is made by a federal healthcare program, and may include patient disclosure requirements.

False Claims Laws. There are numerous federal and state laws that prohibit submission of false information or the failure to disclose information in connection with the submission and payment of physician claims for reimbursement.

- The federal civil and criminal false claims laws and civil monetary penalties laws, such as the federal False Claims Act, impose criminal and civil penalties and authorizes civil whistleblower or qui tam actions, against individuals or entities for, among other things: knowingly presenting, or causing to be presented, to a federal government healthcare program, claims for payment that are false or fraudulent; making, using or causing to be made or used, a false statement or record material to payment of a false or fraudulent claim or obligation to pay or transmit money or property to the federal government; or knowingly concealing or knowingly and improperly avoiding or decreasing an obligation to pay money to the federal government. The government may deem entities to have “caused” the submission of false or fraudulent claims by, for example, providing inaccurate billing or coding information to our customers.
- HIPAA also contains a provision that imposes criminal and civil liability for knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program (including private payors) or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items, or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Similarly, the federal false statements statute prohibits knowingly and willfully falsifying, concealing, or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items, or services.

Violations of federal and state fraud and abuse laws may be punishable by criminal and/or civil sanctions, including significant penalties, fines, disgorgement, additional reporting requirements and oversight under a corporate integrity agreement or similar agreement to resolve allegations of noncompliance with these laws, imprisonment and/or exclusion or suspension from federal and state healthcare programs such as Medicare and Medicaid, and debarment from contracting with the U.S. government. In addition, private individuals have the ability to bring actions on behalf of the U.S. government under the federal False Claims Act as well as under the false claims laws of several states.

Corporate Practice of Medicine Laws

In many states, there are laws that prevent corporations from being licensed as practitioners and that prohibit licensed medical practitioners from practicing medicine in partnership with non-physicians, such as business corporations. Overseeing a care coordination or care management team could be alleged in some cases to involve treatment or diagnosis of patients which requires a clinic license or other state license or permission. Any determination that we are acting in the capacity of a healthcare provider and acting improperly as a healthcare provider, exercising undue influence or control over a healthcare provider or impermissibly sharing fees with a healthcare provider, may result in additional compliance requirements, expense, and liability to us, and require us to change or terminate some portions of our contractual arrangements or business.

Patient Safety Organization Certification and Other Certification Requirements

Our patient safety organization (PSO) is certified by the Agency for Healthcare Research and Quality (AHRQ), an agency of HHS. We must meet certain requirements to maintain this certification. In addition, there may be other federal and state certification requirements which we may be required to meet from time to time in connection with our Solution. We cannot be certain that our Solution will continue to meet these standards. The failure to comply with these certification requirements could result in the loss of certification.

Interoperability Standards. ONC is charged under the 21st Century Cures Act with developing a Trusted Exchange Framework that establishes governance requirements for trusted health information exchange in the United States. ONC has developed the U.S. Common Data Set for Interoperability which may lay the groundwork for future data exchange requirements for trusted exchange. ONC continues to modify and refine these standards. We may incur increased software development and administrative expense and delays in delivering technology and services if we need to update our services to conform to these varying and evolving requirements. In addition, delays in interpreting these standards may result in postponement or cancellation of our clients' decisions to purchase our services. If our services are not compliant with these evolving standards, our market position and sales could be impaired, and we may have to invest significantly in changes to our technology and services.

Recently, in February 2019, ONC and CMS proposed complementary new rules to support access, exchange, and use of EHI. The proposed rules are intended to clarify provisions of the 21st Century Cures Act regarding interoperability and "information blocking," and, if adopted, will create significant new requirements for health care industry participants. The proposed ONC rule, if adopted, would require certain electronic health record technology to incorporate standardized application programming interfaces (APIs) to allow individuals to securely and easily access structured EHI using smartphone applications. The ONC rule would also implement provisions of the 21st Century Cures Act requiring that patients be provided with electronic access to all of their EHI (structured and/or unstructured) at no cost. Finally, the proposed ONC rule would also implement the information blocking provisions of the 21st Century Cures Act, and proposes seven "reasonable and necessary activities" that will not be considered information blocking as long as specific conditions are met. The CMS proposed rule focuses on health plans, payors, and health care providers and proposes measures to enable patients to move from health plan to health plan, provider to provider, and have both their clinical and administrative information travel with them.

It is unclear whether or when these proposed rules, and others released simultaneously, will be adopted, in whole or in part. If adopted, the rules may benefit us in that certain EHR vendors will no longer be permitted to interfere with our attempts at integration, but the rules may also make it easier for other similar companies to enter the market, creating increased competition and reducing our market share. It is unclear at this time what the costs of compliance with the proposed rules, if adopted, would be, and what additional risks there may be to our business.

In a regulatory climate that is uncertain, our operations may be subject to direct and indirect adoption, expansion or reinterpretation of various federal and state laws and regulations. Compliance with these amended and/or future laws and regulations may require us to change our practices at an undeterminable and possibly significant initial monetary and annual expense. There could be laws and regulations applicable to our business that we have not identified or that, if changed, may apply to our business operations. Additionally, the introduction of new services may require us to comply with additional, yet undetermined, laws and regulations.

U.S. Food and Drug Administration

The FDA may regulate medical or health-related software, including machine learning functionality and predictive algorithms, if such software falls within the definition of a “medical device” under the FDCA. However, the FDA exercises enforcement discretion for certain low risk software, as described in its guidance documents for Mobile Medical Applications, General Wellness: Policy for Low Risk Devices, and Medical Device Data Systems, Medical Image Storage Devices, and Medical Image Communications Devices. In addition the 21st Century Cures Act includes exemptions for certain medical-related software, including software used for administrative support functions at a healthcare facility, software intended for maintaining or encouraging a healthy lifestyle, EHR software, software for transferring, storing, or displaying medical device data or in vitro diagnostic data, and certain clinical decision support software. The FDA has also issued draft guidance documents to clarify how it intends to interpret and apply the exemptions under the 21st Century Cures Act.

FDA regulations govern, among other things, product development, testing, manufacture, packaging, labeling, storage, clearance or approval, advertising and promotion, sales and distribution, and import and export. FDA requirements with respect to devices that are determined to pose lesser risk to the public include:

- establishment registration and device listing with FDA;
- the Quality System Regulation (QSR), which requires manufacturers, including third-party or contract manufacturers, to follow stringent design, testing, control, documentation, and other quality assurance procedures during all aspects of manufacturing;
- labeling regulations and FDA prohibitions against the advertising and promotion of products for uncleared, unapproved off-label uses and other requirements related to advertising and promotional activities;
- medical device reporting regulations, which require that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur;
- corrections and removal reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health; and
- post-market surveillance regulations, which apply when necessary to protect the public health or to provide additional safety and effectiveness data for the device.

Non-compliance with applicable FDA requirements can result in, among other things, public warning letters, fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, failure of the FDA to grant marketing approvals, withdrawal of marketing approvals, a recommendation by the FDA to disallow us from entering into government contracts and criminal prosecutions. The FDA also has the authority to request repair, replacement, or refund of the cost of any device.

Foreign Regulations

Our subsidiary in the United Kingdom is subject to additional regulations by the Government of the United Kingdom, as well as its subdivisions. These include federal and local corporation requirements, restrictions on exchange of funds, employment-related laws and qualification for tax status.

Foreign Data Collection. The collection and use of personal health data in the EU is governed by various laws concerning privacy, data protection and data security, most notably the GDPR. The GDPR applies to any company established in the EU as well as to those outside the EU if they collect and use personal data in connection with offering goods or services to individuals in the EU or the monitoring of their behavior. The GDPR enhances data protection obligations for processors and controllers of personal data, including, for example, expanded disclosures about how

personal information is to be used, limitations on retention of information, mandatory data breach notification requirements and onerous new obligations on services providers. The GDPR also imposes strict rules on the transfer of personal data out of the EU to other countries, including the United States. Non-compliance with the GDPR may result in monetary penalties of up to €20 million or 4% of worldwide revenue, whichever is higher. The GDPR may impose additional responsibility and liability in relation to personal data that we process and we may be required to put in place additional mechanisms ensuring compliance with data protection rules. We may become subject to similar laws and regulations in other countries outside of the EU in which we do business.

Foreign Corrupt Practices Act (FCPA) and Foreign Anti-Bribery Laws. The FCPA makes it illegal for U.S. persons, including U.S. companies, and their subsidiaries, directors, officers, employees, and agents, to promise, authorize or make any corrupt payment, or otherwise provide any item of value, directly or indirectly, to any foreign official or any foreign political party or party official to obtain or retain business. Violations of the FCPA can also result in violations of other U.S. laws, including anti-money laundering, mail and wire fraud, and conspiracy laws. There are severe penalties for violating the FCPA. In addition, the Company may also be subject to other non-U.S. anti-corruption or anti-bribery laws, such as the U.K. Bribery Act 2010.

Export Controls. Economic and trade sanctions programs that are administered by OFAC prohibit or restrict transactions to or from, and dealings with specified countries, their governments, and in certain circumstances, with individuals and entities that are specially designated nationals of those countries, and other sanctioned persons, including narcotics traffickers and terrorists or terrorist organizations. Further, federal regulations impose authorization, reporting, and/or licensing requirements prior to the export of certain software that incorporates encryption technology. These requirements may apply to our Solution to the extent that our software with encryption functionality is implemented abroad or is hosted on servers in a foreign country to provide services to customers outside the United States. In addition, various countries also regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit our customers' ability to import our technology into those countries.

Facilities

Our principal executive offices are located in Salt Lake City, Utah where we occupy facilities totaling approximately 60,358 square feet under a lease that expires on December 31, 2020. We use this facility for administration, sales and marketing, technology and development and professional services. We also lease offices elsewhere in the United States, including Alpharetta, Georgia, and Minneapolis, Minnesota.

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

Legal Proceedings

We are not currently party to any material legal proceedings. We may be subject to other legal proceedings and claims in the ordinary course of business. We have received, and may from time to time receive, letters from third parties alleging patent infringement, violation of employment practices or trademark infringement, and we may in the future participate in litigation to defend ourselves. We cannot predict the results of any such disputes, and despite the potential outcomes, the existence thereof may have an adverse material impact on us due to diversion of management time and attention as well as the financial costs related to resolving such disputes.

Management

Executive Officers and Directors

The following table sets forth certain information with respect to our executive officers and directors, including their ages as of March 31, 2019:

Name	Age	Position(s)
Executive Officers		
Daniel Burton	44	Chief Executive Officer and Director
J. Patrick Nelli	32	Chief Financial Officer
Paul Horstmeier	58	Chief Operating Officer
Dale Sanders	59	Chief Technology Officer
Linda Llewelyn	52	Chief People Officer
Daniel Orenstein	49	General Counsel
Non-Employee Directors		
Fraser Bullock	63	Director
Todd Cozzens	63	Director
Michael Dixon	35	Director
Timothy G. Ferris	56	Director
Duncan Gallagher	59	Director
Promod Haque	70	Director
John A. Kane	66	Director
Anita V. Pramoda	44	Director

⁽¹⁾ Member of the audit committee.

⁽²⁾ Member of the compensation committee.

⁽³⁾ Member of the nominating and corporate governance committee.

Executive Officers

Daniel Burton. Mr. Burton has served as our Chief Executive Officer since October 2012 and a member of our board of directors since September 2011. Mr. Burton served as our President from September 2011 to October 2012, and as an adviser from January 2011 to September 2011. Prior to that, Mr. Burton co-founded HB Ventures, LLC, a private investment firm. Mr. Burton holds a B.S. from Brigham Young University and an M.B.A. from Harvard Business School.

We believe that Mr. Burton is qualified to serve as a member of our board of directors based on the perspective and experience he brings as our Chief Executive Officer.

J. Patrick Nelli. Mr. Nelli has served as our Chief Financial Officer since September 2017. Since August 2013, Mr. Nelli has held various roles with us, including, Senior Vice President - Touchstone Product Line; Vice President - Corporate Analytics; and Manager - Financial Planning and Analysis. Mr. Nelli holds a B.A. from Wake Forest University.

Paul Horstmeier. Mr. Horstmeier has served as our Chief Operating Officer since October 2018. From April 2017 to October 2018, Mr. Horstmeier served as our Chief Operating Officer, Technology Business, as our Senior Vice President - Marketing from May 2012 to March 2017, and as our Chief Operating Officer from October 2011 to May

2012. Prior to that, Mr. Horstmeier was a co-founder of HB Ventures, LLC, a private investment firm. Mr. Horstmeier holds a B.S. and M.B.A. from Brigham Young University.

Dale Sanders. Mr. Sanders has served as our Chief Technology Officer since February 2019. He served as our President of Technology from September 2017 to February 2019 and as our Executive Vice President - Product Development from September 2015 to September 2017. Prior to that, Mr. Sanders served as our Senior Vice President - Strategy from October 2011 to September 2015. Mr. Sanders holds a B.S. from Ft. Lewis College.

Linda Llewelyn. Ms. Llewelyn has served as our Chief People Officer since February 2018. From August 2015 to February 2018, Ms. Llewelyn served as our Vice President - Human Resources. Prior to that, Ms. Llewelyn served as a Human Resources Director from January 2014 to August 2015 and as a Human Resources Manager from June 2013 to January 2014. Ms. Llewelyn holds a B.S. from the University of Utah.

Daniel Orenstein. Mr. Orenstein has served as our General Counsel since January 2016. From 2008 to September 2015 Mr. Orenstein served as General Counsel at athenahealth, Inc. (ATHN), a public healthcare company. As General Counsel at athenahealth, Inc., Mr. Orenstein managed all legal operations including regulatory matters, intellectual property protection, revenue and vendor contracting, and partnerships and acquisitions. He also served as secretary of the board. Mr. Orenstein holds a B.A. from Columbia University and a J.D. from Georgetown University Law Center.

Non-Employee Directors

Fraser Bullock. Mr. Bullock has served as a member of our board of directors since May 2014. Mr. Bullock is one of the co-founders of Sorenson Capital, a private equity firm, serving as a Senior Advisor since 2015, and previously serving as the Managing Director from 2003 to December 2015. Mr. Bullock joined the Salt Lake Organizing Committee for the Olympic Winter Games of 2002 in 1999 as its Chief Operating Officer and in 2002 was appointed President and Chief Executive Officer. He currently serves on the board of directors of Domo, Inc., a public computer software company. Mr. Bullock holds a B.A. in Economics and an M.B.A. from Brigham Young University.

We believe that Mr. Bullock is qualified to serve as a member of our board of directors because of his leadership experience, his extensive experience as a venture capital investor, and his experience serving on a public company board.

Todd Cozzens. Mr. Cozzens has served as a member of our board of directors since August 2012. Mr. Cozzens is one of the co-founders of Leerink Transformation Partners, a private equity firm, and has served as Managing Partner since September 2015. From 2012 to 2015, Mr. Cozzens was a healthcare information technology investor at Sequoia Capital, a venture capital firm. Mr. Cozzens currently serves on the boards of directors of a number of companies, including Natera, Inc., a public genetic testing company. Mr. Cozzens received a B.A. from Marquette University and completed Harvard Business School's Program for Management Development (PMD).

We believe that Mr. Cozzens is qualified to serve as a director based on his knowledge of the healthcare industry and his experience serving on a public company board.

Michael Dixon. Mr. Dixon has served as a member of our board of directors since September 2011. Mr. Dixon joined Sequoia Capital, a venture capital firm, in May 2008 and served as a Managing Member of Sequoia Capital Operations, LLC from January 2015 to September 2018. Mr. Dixon currently serves as a member of the board of directors for a number of private companies. Mr. Dixon holds a B.S. in Finance and Accounting from Boston College.

We believe that Mr. Dixon is qualified to serve as a member of our board of directors based on his experience as a seasoned investor, a current and former director of many companies, and his knowledge of the healthcare industry.

Timothy G. Ferris. Mr. Ferris has served as a member of our board of directors since January 2018. Since 2017, Mr. Ferris has served as the Chief Executive Officer of the Massachusetts General Physicians Organization, a multi-specialty medical group. Prior to that, Mr. Ferris served as the Senior Vice President for Population Health at Partners Healthcare, Massachusetts General Hospital, from 2011 to 2017. Mr. Ferris holds a B.A. from Middlebury College, an

M.Phil. from Wolfson College, Oxford University, an M.D. from Harvard Medical School, and an M.P.H. from Harvard School of Public Health.

We believe that Mr. Ferris is qualified to serve as a member of our board of directors based on his experience as a chief executive officer and director and his knowledge of the healthcare industry.

Duncan Gallagher. Mr. Gallagher has served as a member of our board of directors since 2017. Since March 2017, Mr. Gallagher has served as President of Donegal Advisory Services, a healthcare consulting company. From August 2009 to January 2017, Mr. Gallagher held various positions at Allina Health, a healthcare services company, including Chief Financial Officer and Chief Administrative Officer. He currently serves on the board of directors of Carium, Inc., a privately-held healthcare technology company. Mr. Gallagher holds a B.S. from the University of South Dakota and an M.B.A. from the University of Minnesota.

We believe that Mr. Gallagher is qualified to serve as a member of our board of directors based on his experience as a chief financial officer and director and his knowledge of the healthcare industry.

Promod Haque. Dr. Haque has served as a member of our board of directors since December 2012. Dr. Haque has been Senior Managing Partner of Norwest Venture Partners, a venture capital firm, since January 2013 and had previously served as Managing Partner since 1990. He currently serves on the boards of directors of several privately held companies, including, Shape Security, Inc., CareCloud Corporation, and Cognitive Scale Inc. Dr. Haque also served on the board of directors of FireEye, Inc. from 2005 until October 2014, Cyan, Inc. from 2007 until August 2015 and Apigee Corp. from 2005 until October 2016. Dr. Haque holds a B.S. in Electrical Engineering from the University of Delhi, India, an M.B.A. from Northwestern's Kellogg Graduate School of Management, and a Ph.D. in Electrical Engineering from Northwestern University.

We believe that Dr. Haque is qualified to serve as a member of our board of directors based on his extensive experience in the venture capital industry analyzing, investing in, and serving on the boards of directors of technology companies.

John A. Kane. Mr. Kane has served as a member of our Board of Directors since 2015. Mr. Kane currently serves as a business consultant for various organizations. Mr. Kane served as the interim Chief Financial Officer of athenahealth, Inc. (ATHN), a public healthcare company, from July 2017 to January 2018. Mr. Kane was formerly Senior Vice President - Finance, Chief Financial Officer, and Treasurer of IDX Systems Corporation (IDXC), a leading provider of software, services, and technologies for healthcare provider organizations, from 1984 until the acquisition of IDX by GE Healthcare in January 2006. Prior to joining IDX, Mr. Kane was employed as an audit manager at Ernst & Young, LLP, in Boston, Massachusetts. Mr. Kane served as a director and chairman of the audit committee of Merchants Bancshares, Inc. (MBVT) from 2005 until 2014 and athenahealth, Inc. from 2007 until February 2019. He currently serves on the board of directors of several privately-held companies. Mr. Kane holds a B.S. and M.Acc. from Brigham Young University.

We believe that Mr. Kane is qualified to serve as a member of our board of directors and chair of our audit committee due to his background as a member of the board and audit committee of other public and private companies and his leadership experience in technology and healthcare businesses.

Anita V. Pramoda. Ms. Pramoda has served as a member of our board of directors since April 2016. Since 2014, Ms. Pramoda has served as the Chief Executive Officer of Owned Outcomes, Inc., a healthcare software company. Ms. Pramoda also has served as an Executive Advisor to Technology Crossover Ventures, a venture capital and private equity firm, since 2012. Previously, Ms. Pramoda served as the Chief Executive Officer of Ediom LLC, a healthcare analytics company, until its sale to Vizient, Inc. in 2018. She currently serves on the board of the Federal Reserve Bank of San Francisco (Los Angeles Branch) and also served on the board of directors and audit committee of Allscripts, Inc., a public healthcare software company, from 2013 to 2016. Ms. Pramoda holds a B.E. from the University of Madras and an M.B.A. from The Wharton School of the University of Pennsylvania.

We believe that Ms. Pramoda is qualified to serve as a member of our board of directors based on her experience as a chief executive officer, experience serving on a public company board, and her knowledge of the healthcare industry.

Family Relationships

There are no family relationships among any of our executive officers or directors, though the brother and brother-in-law of Mr. Burton, our CEO, are employed by us. See “Certain Relationships and Related Party Transactions.”

Board Composition

Our business and affairs are managed under the direction of our board of directors. Our board of directors currently consists of nine members. The number of directors will be fixed from time to time by our board of directors, subject to the terms of our amended and restated certificate of incorporation and amended and restated bylaws that will become effective immediately prior to the completion of this offering.

In accordance with our amended and restated certificate of incorporation and our amended and restated bylaws, immediately after the completion of this offering our board of directors will 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. Our directors will be divided among the three classes as follows:

- the Class I directors will be _____, _____, and _____, and their terms will expire at the annual meeting of stockholders to be held in 2020;
- the Class II directors will be _____, _____, and _____, and their terms will expire at the annual meeting of stockholders to be held in 2021; and
- the Class III directors will be _____, _____, and _____, and their terms will expire at the annual meeting of stockholders to be held in 2022.

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. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

All of our directors currently serve on the board of directors pursuant to the provisions of a stockholders agreement between us and several of our stockholders. We expect this agreement to terminate upon the completion of this offering, after which there will be no further contractual obligations regarding the election of our directors.

Director Independence

Our board of directors has undertaken a review of the independence of the directors and considered whether any 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. Based upon information requested from and provided by each director concerning such director’s background, employment and affiliations, including family relationships, our board of directors determined that each of our directors, other than _____, representing _____ of our nine directors, are “independent directors” as defined under current rules and regulations of the SEC and the listing standards of the _____. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances that our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director and the transactions involving them described in “Certain Relationships and Related Party Transactions.”

Board Committees

Our board of directors has established or will establish an audit committee, a compensation committee, and a nominating and corporate governance committee. Each of the committees has the composition and responsibilities described below. From time to time, our board of directors may establish other committees to facilitate the management of our business.

Audit Committee

Upon the completion of this offering, our audit committee will consist of _____ directors, _____, _____, and _____, each of whom our board of directors has determined satisfies the independence requirements for audit committee members under the listing standards of _____ and Rule 10A-3 of the Exchange Act. Each member of our audit committee meets the financial literacy requirements under the rules and regulations of _____ and the SEC. _____ is the chairman of the audit committee and our board of directors has determined that is an audit committee “financial expert” as defined by Item 407(d) of Regulation S-K under the Securities Act. The principal duties and responsibilities of our audit committee include, among other things:

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

Our audit committee will operate under a written charter, to be effective immediately prior to the completion of this offering, that satisfies the applicable rules of the SEC and the listing standards of the _____.

Compensation Committee

Upon the completion of this offering, our compensation committee will consist of _____ directors, _____, _____, and _____. Our board of directors has determined that each of the compensation committee members is a non-employee member of our board of directors as defined in Rule 16b-3 under the Exchange Act. _____ will be the chairman of the compensation committee. The composition of our compensation committee meets the requirements for independence under the current listing standards of the _____ and current SEC rules and regulations. The principal duties and responsibilities of our compensation committee include, among other things:

- reviewing and approving, or recommending that our board of directors approve, the compensation of our executive officers;

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

Our compensation committee will operate under a written charter, to be effective immediately prior to the completion of this offering, that satisfies the applicable rules of the SEC and the listing standards of the _____.

Nominating and Corporate Governance Committee

Upon the completion of this offering, our nominating and corporate governance committee will consist of _____ directors, _____, _____, and _____. _____ will be the chairman of the nominating and corporate governance committee. The composition of our nominating and governance committee will meet the requirements for independence under the current listing standards of the _____ and current SEC rules and regulations. The nominating and corporate governance committee's responsibilities will include, among other things:

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

Our nominating and governance committee will operate under a written charter, to be effective immediately prior to the completion of this offering, that satisfies the applicable rules of the SEC and the listing standards of the _____.

Role of Board of Directors in Risk Oversight Process

Our board of directors has responsibility for the oversight of our risk management processes and, either as a whole or through its committees, regularly discusses with management our major risk exposures, their potential impact on our business and the steps we take to manage them. The risk oversight process includes receiving regular reports from board committees and members of senior management to enable our board of directors to understand our risk identification, risk management, and risk mitigation strategies with respect to areas of potential material risk, including operations, finance, legal, regulatory, cybersecurity, strategic, and reputational risk.

Code of Conduct

We have adopted a Code of Conduct applicable to each of our employees and non-employee directors. In connection with this offering, we intend to adopt an Amended and Restated Code of Conduct (the Code of Conduct) applicable to all of our employees, executive officers, and directors. Following the completion of this offering, the Code of Conduct will be available on our website at www.healthcatalyst.com. The nominating and corporate governance committee of our board of directors will be responsible for overseeing the Code of Conduct and must approve any waivers of the Code of Conduct for employees, executive officers, and directors. We expect that any amendments to the Code of Conduct, or any waivers of its requirements, will be disclosed on our website (www.healthcatalyst.com) as required by applicable law or the listing standards of the . The inclusion of our website address in this prospectus does not include or incorporate by reference into this prospectus the information on or accessible through our website.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee. None of the members of our compensation committee is an officer or employee of our company, nor have they ever been an officer or employee of our company.

Non-Employee Director Compensation

During the year ended December 31, 2018, we provided compensation to our non-employee directors, other than those associated with Norwest Venture Partners, Sequoia Capital, and Sorenson Capital, in the form of cash retainers and equity awards as set forth below, with cash retainers prorated for partial years of service:

Annual Retainer for service on the board of directors	\$	30,000
Additional Annual Retainer for Committee Membership (other than Chair)		5,000
Additional Annual Retainer for Audit Committee Chair		20,000
Additional Annual Retainer for Compensation Committee Chair		10,000

Upon initial election to our board of directors, each such non-employee director was generally granted an option to purchase 125,000 shares of our common stock, or the Initial Grant. The Initial Grant vests 25% on the first anniversary of the grant date and in equal monthly installments thereafter for the next three years, subject to continued service as a director through such date. The Initial Grants were granted with a per share exercise price equal to the fair value of a share of our common stock on the date of grant and with a term of ten years.

Employee directors received no additional compensation for their service as a director.

We reimbursed all reasonable out-of-pocket expenses incurred by directors for their attendance at meetings of our board of directors or any committee thereof.

We plan to adopt a non-employee director compensation policy which will become effective immediately prior to the completion of this offering, pursuant to which our non-employee directors will be eligible to receive certain cash retainers (which will be prorated for partial years of service) and equity awards.

Non-employee director compensation table

The following table provides information regarding the total compensation that was earned by or paid to each of our non-employee directors during the year ended December 31, 2018. Mr. Burton, who is our Chief Executive Officer, did not receive any additional compensation for his service as a director. The compensation received by Mr. Burton, as a named executive officer of the Company, is presented in “Executive Compensation-2018 Summary Compensation Table” below.

Name	Fees Earned or Paid in Cash	Option Awards ⁽¹⁾	All Other Compensation	Total
Fraser Bullock ⁽²⁾	\$ —	\$ —	\$ —	\$ —
Todd Cozzens ⁽³⁾	40,000	—	—	40,000
Michael Dixon ⁽⁴⁾	—	—	—	—
Timothy G. Ferris ⁽⁵⁾	35,000	354,970	—	389,970
Duncan Gallagher ⁽⁶⁾	35,000	—	85,000 ⁽⁷⁾	120,000
Promod Haque ⁽⁸⁾	—	—	—	—
John A. Kane ⁽⁹⁾	50,000	—	—	50,000
Anita Pramoda ⁽¹⁰⁾	35,000	—	—	35,000

(1) The amounts reported represent the aggregate grant date fair value of the stock options awarded to the non-employee directors in the year ended December 31, 2018, calculated in accordance with FASB ASC Topic 718. Such grant date fair values do not take into account any estimated forfeitures. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in note 16 to our consolidated financial statements included elsewhere in this prospectus. 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 the non-employee directors upon the exercise of the stock options or any sale of the underlying shares of common stock.

(2) As of December 31, 2018, Mr. Bullock did not hold any outstanding equity awards.

(3) As of December 31, 2018, Mr. Cozzens held outstanding options to purchase a total of 225,000 shares of our common stock.

(4) As of December 31, 2018, Mr. Dixon did not hold any outstanding equity awards.

(5) As of December 31, 2018, Dr. Ferris held outstanding options to purchase a total of 125,000 shares of our common stock.

(6) As of December 31, 2018, Mr. Gallagher held outstanding options to purchase a total of 125,000 shares of our common stock.

(7) Amount represents consulting fees paid to Donegal Advisory Services, LLC for Mr. Gallagher’s consulting services.

(8) As of December 31, 2018, Mr. Haque did not hold any outstanding equity awards.

(9) As of December 31, 2018, Mr. Kane held outstanding options to purchase a total of 125,000 shares of our common stock.

(10) As of December 31, 2018, Ms. Pramoda held outstanding options to purchase a total of 165,000 shares of our common stock.

Executive Compensation

Overview

The following discussion contains forward-looking statements that are based on our current plans and expectations regarding our future compensation programs. The actual amount and form of compensation that we pay and the compensation policies and practices that we adopt in the future may differ materially from the currently-planned programs that are summarized in this discussion.

The compensation provided to our named executive officers for the year ended December 31, 2018 is detailed in the 2018 Summary Compensation Table and accompanying footnotes and narrative that follow. Our named executive officers for the year ended December 31, 2018, which consists of our Chief Executive Officer and our two most highly-compensated individuals (other than our Chief Executive Officer) who were serving as executive officers on December 31, 2018 are:

- Daniel Burton, our Chief Executive Officer;
- Dale Sanders, our Chief Technology Officer; and
- J. Patrick Nelli, our Chief Financial Officer.

2018 Summary Compensation Table

The following table provides information regarding the total compensation awarded to, earned by, and paid to our named executive officers for services rendered to us in all capacities for the year ended December 31, 2018.

Name and Principal Position	Year	Salary	Option Awards ⁽¹⁾	Nonequity Incentive Plan Compensation ⁽²⁾	All Other Compensation ⁽³⁾	Total
Daniel Burton <i>Chief Executive Officer</i>	2018	\$ 314,583	\$ 4,068,139	\$ 172,833	\$ 17,185	\$ 4,572,740
Dale Sanders <i>Chief Technology Officer</i>	2018	314,583	2,624,606	210,295	18,444	3,167,928
J. Patrick Nelli <i>Chief Financial Officer</i>	2018	292,917	1,181,073	161,141	68,263	1,703,394

(1) The amounts reported represent the aggregate grant date fair value of the stock options awarded to our named executive officers during the 2018 year, calculated in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC), Topic 718. Such grant date fair values do not take into account any estimated forfeitures. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in note 16 of our consolidated financial statements included elsewhere in this prospectus. 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 upon the exercise of the stock options or any sale of the underlying shares of common stock.

(2) Represents amounts earned by our named executive officers under our short-term incentive plan, based on our achievement of certain corporate performance goals.

(3) For the 2018 year, the amounts reported represent: for Mr. Burton - \$16,500 for matching contributions made by us under our 401(k) plan and \$685 for executive life insurance premiums paid by us; for Mr. Sanders - \$12,574 for matching contributions made by us under our 401(k) plan, \$1,815 for executive life insurance premiums paid by us and \$4,055 for executive long term disability insurance premiums paid by us; and for Mr. Nelli - \$16,500 for matching contributions made by us under our 401(k) plan, \$50,000 for relocation expenses, \$600 for gift cards as part of a company-wide gift card sharing program, \$210 for tax-gross ups paid by us for gift cards, \$496 for executive life insurance premiums paid by us and \$457 for long term executive disability insurance premiums paid by us.

Narrative to Summary Compensation Table

Base salaries

From January 1, 2018 through September 30, 2018, the annual base salaries for Messrs. Burton, Sanders, and Nelli were \$300,000, \$300,000, and \$290,000, respectively. Effective as of October 1, 2018, the annual base salaries for Messrs. Burton, Sanders, and Nelli were increased to \$350,000, \$350,000, and \$300,000, respectively.

Annual bonuses

During the year ended December 31, 2018, our named executive officers were eligible to participate in the our short-term incentive program, pursuant to which each was eligible to earn an annual bonus based on the achievement of certain company performance objectives, including customer satisfaction, team member satisfaction, platform utilization, number of measurable improvements, revenue, Adjusted EBITDA, Adjusted Gross Margin, new client growth, and annual recurring revenue. For the year ended December 31, 2018, the target annual bonuses for Messrs. Burton, Sanders, and Nelli were equal to 60%, 65%, and 60%, respectively, of the applicable named executive officer's annual base salary.

Equity compensation

During the year ended December 31, 2018, we granted stock options to purchase shares of our common stock to each of our named executive officers, as described in more detail in the "Outstanding equity awards at 2018 year-end" table.

401(k) plan

We maintain a tax-qualified retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax-advantaged basis. Plan participants are able to defer eligible compensation subject to applicable annual Internal Revenue Code limits. We provide a matching contribution of 100% of employee contributions up to 6% of compensation, which vests after two years of service. The 401(k) plan is intended to be qualified under Section 401(a) of the Internal Revenue Code with the 401(k) plan's related trust intended to be tax exempt under Section 501(a) of the Internal Revenue Code. As a tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan.

Perquisites

We generally do not provide perquisites to our employees, other than Company-paid executive life insurance and executive long-term disability insurance premiums, reimbursement for relocation expenses, and certain other de minimis perquisites to our executive officers, including our named executive officers.

Executive employment arrangements

We initially entered into an offer letter with each of the named executive officers in connection with his employment with us, which set forth the terms and conditions of his employment. Each named executive officer also entered into our standard employee agreement and invention and confidentiality agreement.

Offer letters in place during the year ended December 31, 2018 for our named executive officers

Daniel Burton

On September 26, 2011, we entered into an offer letter with Daniel Burton, who currently serves as our Chief Executive Officer. The offer letter provides for Mr. Burton's at-will employment and sets forth his initial annual base salary, initial target annual bonus, and his eligibility to participate in our benefit plans generally.

Dale Sanders

On October 24, 2011, we entered into an offer letter with Dale Sanders, who currently serves as our Chief Technology Officer. The offer letter provides for Mr. Sanders' at-will employment and sets forth his initial annual base salary, initial target annual bonus and an initial equity award grant (which is fully-vested), as well as his eligibility to participate in our benefit plans generally.

J. Patrick Nelli

On May 20, 2013, we entered into an offer letter with J. Patrick Nelli, who currently serves as our Chief Financial Officer. The offer letter provides for Mr. Nelli's at-will employment and sets forth his initial annual base salary, initial target annual bonus and an initial equity award grant (which is fully-vested), as well as his eligibility to participate in our benefit plans generally.

Outstanding Equity Awards at 2018 Year-end

The following table sets forth information regarding outstanding equity awards held by our named executive officers as of December 31, 2018:

Name	Grant Date	Vesting Commencement Date	Option Awards ⁽¹⁾			
			Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date
Daniel Burton	7/1/13	7/1/13	215,089 ⁽²⁾	—	\$ 2.21	7/1/23
	6/12/14	5/13/14	152,931 ⁽²⁾	—	\$ 3.12	6/12/24
	12/17/15	12/17/15	450,000 ⁽³⁾	150,000 ⁽³⁾	\$ 5.15	12/17/25
	9/27/18	9/25/18	—	1,550,000 ⁽⁴⁾	\$ 5.40	9/27/28
Dale Sanders	1/4/12	11/1/11	100,000 ⁽²⁾	—	\$ 1.23	1/4/22
	11/9/15	10/28/15	320,625 ⁽³⁾	84,375 ⁽³⁾	\$ 5.15	11/9/25
	9/27/18	9/25/18	—	1,000,000 ⁽⁴⁾	\$ 5.40	9/27/28
J. Patrick Nelli	2/10/15	2/10/15	29,386 ⁽³⁾	1,542 ⁽³⁾	\$ 4.62	2/10/25
	10/14/16	10/14/16	7,042 ⁽³⁾	5,958 ⁽³⁾	\$ 5.30	10/14/26
	4/27/17	4/27/17	7,675 ⁽³⁾	23,333 ⁽³⁾	\$ 5.33	4/27/27
	10/26/17	10/26/17	50,679 ⁽³⁾	132,813 ⁽³⁾	\$ 5.36	10/26/27
	9/27/18	9/25/18	—	450,000 ⁽⁴⁾	\$ 5.40	9/27/28

(1) Each equity award is subject to the terms of our 2011 Stock Incentive Plan, as amended from time to time, or the 2011 Plan.

(2) The stock option is fully vested.

(3) 25% of the shares subject to the stock option vest on the first anniversary of the vesting commencement date and the remaining 75% vest in 36 equal monthly installments thereafter, generally subject to the named executive officer's continuous service relationship with the Company through each applicable vesting date.

- (4) The stock option vests based on the satisfaction of both a time-based vesting condition and a liquidity-based vesting condition. The time-based vesting condition is satisfied as follows: 25% of the shares subject to the stock option will satisfy the time-based vesting condition on the first anniversary of the vesting commencement date and the remaining 75% will satisfy the time-based vesting condition in 36 equal monthly installments thereafter, generally subject to the named executive officer's continuous service relationship with the Company through each applicable vesting date. The liquidity-based vesting condition is satisfied upon the earlier of the Company's initial public offering or a sale of the Company.

Employee Benefits and Equity Compensation Plans

2019 Stock option and incentive plan

In connection with this offering, our board of directors plans to adopt our 2019 Plan. Our 2019 Plan will become effective on the date immediately prior to the date on which the registration statement of which this prospectus is part is declared effective by the SEC. The 2019 Plan will replace our 2011 Plan, as our board of directors will not make additional awards under the 2011 Plan following the completion of this offering. The 2019 Plan will provide flexibility to our compensation committee to use various equity-based incentive awards as compensation tools to motivate our workforce.

2011 Stock incentive plan

The 2011 Plan was approved by our board of directors and our stockholders in October 2011. As of December 31, 2018, we reserved an aggregate of 17,545,757 shares of our common stock for the issuance of options and other equity awards under the 2011 Plan. This number is subject to adjustment in the event of a stock split, stock dividend, or other change in our capitalization. As of December 31, 2018, options to purchase 14,369,284 shares of our common stock at a weighted average exercise price of \$4.82 per share were outstanding under the 2011 Plan and 2,593,587 shares remained available for future issuance under the 2011 Plan. Following this offering, we will not grant any further awards under our 2011 Plan, but all outstanding awards under the 2011 Plan will continue to be governed by their existing terms.

The shares we have issued under the 2011 Plan have been authorized but unissued shares or shares we reacquired. The shares of common stock underlying any awards that are expired, canceled, reacquired by us prior to vesting are currently added back to the shares of common stock available for issuance under the 2011 Plan. Following this offering, such shares will be added to the shares of common stock available for issuance under the 2019 Plan.

The 2011 Plan is currently administered by the board of directors. The board of directors or a committee appointed by the board of directors has the full authority and discretion to take any actions it deems necessary or advisable to administer our 2011 Plan.

The 2011 Plan permits us to make grants of incentive stock options to our employees and any of our subsidiary corporations' or parent's employees, and grants of non-qualified stock options and shares of the company common stock to company directors and the officers, employees, and consultants of the company, parent and our subsidiary corporations.

The 2011 Plan permits the granting of (i) stock options to purchase common stock intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code and (ii) stock options that do not so qualify, or nonstatutory options. The option exercise price per share of our common stock underlying each stock option was determined by our board of directors and must have been at least equal to 100% of the fair value of a share of our common stock on the date of grant, based on the information we knew on the date of grant. In the case of an incentive stock option granted to a participant who, at the time of grant of such stock option, owned stock representing more than 10% of the voting power of all classes of stock of the Company, or a 10% owner, the exercise price per share of our common stock underlying each such stock option must have been at least equal to 110% of the fair market value of a share of our common stock on the date of grant. The term of each stock option may not have exceeded 10 years from the date of grant (or five years for a 10% owner). The exercise price of a stock option may be paid (i) in cash, (ii) at the discretion of the board of directors, with a full-recourse promissory note, (iii) at the discretion of the board of directors, by surrendering, or attesting to the ownership of, shares already owned, (iv) to the extent provided in the stock option

agreement and if the shares of the company are publicly traded, by a broker-assisted sale arrangement, or (v) any other form permitted by the Delaware General Corporation Law, as amended, to the extent provided in the applicable option agreement. After a participant's termination of service (other than a termination for cause), the participant generally may exercise his or her stock options, to the extent vested as of such date of termination, for three months after termination; provided, that if the termination is due to death or disability, the stock option generally will remain exercisable, to the extent vested as of such date of termination, until the six-month and one-year anniversary of such termination, respectively. However, in no event may a stock option be exercised later than the expiration of its term.

The 2011 Plan generally does not allow for the transfer or assignment of options, other than by a will or the laws of descent and distribution or, if set forth in the applicable stock option agreement, nonstatutory options may be transferable by gift or domestic relations order to a family member of the optionee. Shares issued upon the exercise of an option are subject to special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the board of directors may determine and as set forth in each stock option agreement.

The 2011 Plan permits the granting of shares of company common stock that may be subject to special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the board of directors may determine and as reflected in the applicable stock purchase agreement. Any right to acquire shares under the 2011 Plan, other than shares underlying option grants, will automatically expire if not exercised by the recipient within 30 days after the grant of the right to purchase shares is communicated to the recipient. Such rights are not transferable. If exercised, such shares may vest, and the restrictions on such shares may lapse, in accordance with terms and conditions provided in the applicable stock purchase agreement. Shares may also be awarded at the discretion of the board of directors in consideration of prior services rendered to the company, a parent or subsidiary. Any purchase price for the shares may be paid (i) in cash, (ii) at the discretion of the board of directors, with a full-recourse promissory note, or (iii) any other form permitted by the Delaware General Corporation Law, as amended, to the extent provided in the applicable option agreement.

The 2011 Plan provides that upon the occurrence of a "Change in Control" as defined in the 2011 Plan, unexercisable options may be cancelled for no consideration and exercisable options may (i) be continued, assumed or substituted by the surviving company; (ii) have vesting be accelerated in full followed by cancellation of such options; (iii) cancelled in exchange for payment equal to, for each share of our common stock underlying such option, the difference between the fair market value of a share as of the closing date of such Change in Control and the per share exercise price.

Our board of directors may amend, suspend, or terminate the 2011 Plan at any time and for any reason, provided that stockholder approval is obtained where such approval is required by applicable law. We will not make any further grants under the 2011 Plan following this offering.

Certain Relationships and Related Party Transactions

We describe below transactions and series of similar transactions, since January 1, 2016 or currently proposed, to which we were a party or will be a party, in which:

- the amounts involved exceed \$120,000; and
- any of our directors, executive officers or beneficial holders of more than 5% of any class of our capital stock had or will have a direct or indirect material interest.

Other than as described below, there have not been, nor are there any currently proposed, transactions or series of similar transactions meeting these criteria to which we have been or will be a party other than compensation arrangements, which are described where required under “Management” and “Executive Compensation.”

Redeemable Convertible Preferred Stock Financings

Series E Redeemable Convertible Preferred Stock Financing

From February 2016 to June 2018, we sold an aggregate of 12,061,525 shares of our Series E redeemable convertible preferred stock at a purchase price of \$10.599 per share, for an aggregate purchase price of \$127.8 million, pursuant to our Series E redeemable convertible preferred stock financing. The following table summarizes purchases of our Series E redeemable convertible preferred stock by related persons:

Stockholder	Shares of Series E Redeemable Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Sequoia Capital ⁽¹⁾⁽²⁾	161,689	\$ 1,713,741
Entities affiliated with Norwest ⁽³⁾⁽⁴⁾	1,698,274	18,000,006
UPMC ⁽⁵⁾	2,997,916	31,774,911

(1) Affiliates of Sequoia Capital holding our securities, whose shares are aggregated for purposes of reporting the above share ownership information, are Sequoia Capital U.S. Growth Fund IV, L.P. and Sequoia Capital U.S. Growth Fund V, L.P. Affiliates of Sequoia Capital beneficially own more than 5% of our outstanding capital stock as of April 30 2019.

(2) Michael Dixon, a member of our board of directors, is a former partner at Sequoia Capital.

(3) Affiliates of Norwest holding our securities, whose shares are aggregated for purposes of reporting the above share ownership information, are Norwest Venture Partners XI, LP and Norwest Venture Partners XII, LP. Affiliates of Norwest beneficially own more than 5% of our outstanding capital stock as of April 30, 2019.

(4) Promod Haque, a member of our board of directors, is a senior managing partner at Norwest.

(5) UPMC beneficially owns more than 5% of our outstanding capital stock as of April 30, 2019.

Series F Redeemable Convertible Preferred Stock Financing

In February 2019, we sold an aggregate of 875,585 shares of our Series F redeemable convertible preferred stock at a purchase price of \$13.92 per share, for an aggregate purchase price of \$12.2 million, pursuant to our Series F redeemable convertible preferred stock financing. The following table summarizes purchases of our Series F redeemable convertible preferred stock by related persons:

Stockholder	Shares of Series F Redeemable Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Sequoia Capital ⁽¹⁾⁽²⁾	71,839	\$ 999,998
Entities affiliated with Norwest ⁽³⁾⁽⁴⁾	143,678	1,999,997
UPMC ⁽⁵⁾	74,937	1,043,123

(1) Affiliates of Sequoia Capital holding our securities, whose shares are aggregated for purposes of reporting the above share ownership information, are Sequoia Capital U.S. Growth Fund IV, L.P., Sequoia Capital USGF Principals Fund IV, L.P. and Sequoia Capital U.S. Growth Fund V, L.P. Affiliates of Sequoia Capital beneficially own more than 5% of our outstanding capital stock as of April 30, 2019.

(2) Michael Dixon, a member of our board of directors, is a former partner at Sequoia Capital.

(3) Affiliates of Norwest holding our securities, whose shares are aggregated for purposes of reporting the above share ownership information, are Norwest Venture Partners XI, LP and Norwest Venture Partners XII, LP. Affiliates of Norwest beneficially own more than 5% of our outstanding capital stock as of April 30, 2019.

(4) Promod Haque, a member of our board of directors, is a senior managing partner at Norwest.

(5) UPMC beneficially owns more than 5% of our outstanding capital stock as of April 30, 2019.

2018 Tender Offer

In May 2018, we repurchased an aggregate of 1,596,843 shares of our outstanding common stock from holders of our common stock, at a purchase price of \$10.599 per share for an aggregate purchase price of \$16.9 million, which we refer to as the 2018 Tender Offer. The following table summarizes our repurchases of common stock from related persons.

Name	Title	Shares of Common Stock	Aggregate Purchase Price
Daniel Burton	Chief Executive Officer	384,911	\$ 4,079,672
J. Patrick Nelli	Chief Financial Officer	21,072	223,342
Dale Sanders	Chief Technology Officer	75,478	799,991
Linda Llewelyn	Chief People Officer	1,981	20,997
Entity affiliated with Thomas Burton ⁽¹⁾	President of Professional Services	122,653	1,299,999
Steven Barlow	Senior Vice President	179,262	1,899,998

(1) An affiliate of Thomas Burton, Catalyst Investments LLC, sold shares in the 2018 Tender Offer. Thomas Burton is the brother of Daniel Burton, our CEO.

Investor Rights, Registration, and Stockholders Agreements

In connection with our redeemable convertible preferred stock financings, we entered into investor rights and registration agreements containing registration rights and information rights, among other things, with certain holders of our redeemable convertible preferred stock and certain holders of our common stock. Additionally, we entered into a stockholders agreement (Stockholders Agreement) containing voting rights relating to the composition of the board of directors, certain transfer restrictions, certain preemptive rights, and other voting rights, with certain holders of our redeemable convertible preferred stock and certain holders of our common stock. The parties to each of these agreements include the following holders of more than 5% of our capital stock: entities affiliated with Sequoia Capital, entities affiliated with Norwest, UPMC, entities affiliated with Thomas Burton, and Steven Barlow. The parties to each of these

agreements also include the following officers, directors, and/or their affiliated entities: HQC Acquisition, LLC, an entity affiliated with Fraser Bullock, Matoaka, LLC, an entity affiliated with Todd Cozzens, Leerink Transformation Fund I L.P., an entity affiliated with Todd Cozzens, Omkara LLC, an entity affiliated with Anita V. Pramoda, Todd Cozzens, and John A. Kane. The parties to the Stockholders Agreement also include the following officers, directors, and or their affiliated entities as key holders: Dale Sanders. In addition, entities affiliated with Thomas Burton, our President of Professional Services and the brother of Daniel Burton, our CEO, are parties to the stockholders' agreement. We expect these stockholder agreements to terminate upon the completion of this offering, except for the registration rights granted under our registration agreement, as more fully described in "Description of Capital Stock — Registration Rights."

Employment Arrangements

Thomas Burton, one of our co-founders, a holder of over 5% of our outstanding capital stock, and the brother of Daniel Burton, our Chief Executive Officer and one of our directors, is a non-executive employee, currently serves as President of Professional Services, and has served with us since July 2008. Thomas Burton's base salary is currently \$275,000. Jeffrey Selander, the brother-in-law of Daniel Burton, is a non-executive employee, currently serves as Senior Vice President, and has served with us since September 2011. Mr. Selander's base salary is currently \$250,000. Neither Thomas Burton nor Jeffrey Selander lives in the same household as Daniel Burton.

Steven Barlow, one of our co-founders and a holder of over 5% of our outstanding capital stock, is a non-executive employee, currently serves as Senior Vice President, and has served with us since July 2008.

We have entered into employment agreements with certain of our executive officers. For more information regarding these agreements with our named executive officers, see "Executive Compensation—Narrative to Summary Compensation Table—Executive employment arrangements."

Customer Relationships

Penny Wheeler, a member of our board of directors from July 2015 through December 2017, serves as the President and Chief Executive Officer of Allina Health. We maintain several on-going technology and professional service relationships with Allina Health. In the year ended December 31, 2017, we recognized \$8.6 million in revenue under these contracts. We also leased building space from Allina Health and made rental payments to them of \$0.6 million in the year ended December 31, 2017.

Timothy G. Ferris, a member of our board of directors since January 2018, serves as the Senior Vice President for Population Health Management at Partners HealthCare, a non-profit hospital and physicians network. We maintain two on-going technology and professional service relationships with Partners HealthCare, including a technology access and professional services relationship, and a licensing arrangement in which we license certain technology and know-how from Partners HealthCare related to our care management offerings. In the year ended December 31, 2018, we recognized \$3.8 million in revenue under these contracts.

UPMC is a holder of more than 5% of our outstanding capital stock. We maintain two on-going technology and professional service relationships with UPMC, including a technology access and professional services relationship, and a license arrangement related to our activity-based costing offerings. In the years ended December 31, 2017 and 2018, we recognized \$3.0 million and \$4.9 million, respectively, in revenue under these contracts.

Stock Option Grants to Directors and Executive Officers

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

Other Transactions

We had an agreement with Donegal Advisory Services, LLC from January 2017 to January 2019 whereby Duncan Gallagher, a member of our board of directors and President of Donegal Advisory Services, LLC, received \$7,083.33 per month in compensation as a retainer to serve as a strategic advisor.

Other than as described above, since January 1, 2016, we have not entered into any transactions, nor are there any currently proposed transactions, between us and a related party where the amount involved exceeds, or would exceed, \$120,000, and in which any related person had or will have a direct or indirect material interest. We believe the terms of the transactions described above were comparable to terms we could have obtained in arms-length dealings with unrelated third parties.

Limitation of Liability and Indemnification of Directors and Officers

We expect to adopt an amended and restated certificate of incorporation, which will become effective immediately prior to the completion of this offering, and which will contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. 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 the following:

- any breach of their duty of loyalty to our company 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 Delaware General Corporation Law; or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

In addition, we expect to adopt amended and restated bylaws, which will become effective immediately prior to the completion of this offering, and which will provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit, or proceeding by reason of the fact that he or she is or was one of our directors or officers or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust, or other enterprise. Our amended and restated bylaws are expected to provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit, or proceeding by reason of the fact that he or she is or was one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust, or other enterprise. Our amended and restated bylaws will also provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to limited exceptions.

Further, we have entered into or will enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit, or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are expected to be included in our amended and restated certificate of incorporation, amended and restated bylaws, and in indemnification agreements that we have entered into or will enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive 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 executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees or other agents or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

The underwriting agreement will provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, 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.

Related Party Transaction Policy

Prior to this offering, we have not had a formal policy regarding approval of transactions with related parties. Prior to the completion of this offering, we expect to adopt a written related person transaction policy that sets forth our procedures for the identification, review, consideration and approval or ratification of related person transactions. The policy will become effective immediately upon the execution of the underwriting agreement for this offering. For purposes of our policy only, a related person transaction is a transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we and any related person are, were, or will be participants and in which the amount involved exceeds \$120,000. Transactions involving compensation for services provided to us as an employee or director are not covered by this policy. A related person is any executive officer, director, or beneficial owner of more than 5% of any class of our voting securities, including any of their immediate family members and any entity owned or controlled by such persons.

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

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

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

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

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

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

Principal Stockholders

The following table sets forth the beneficial ownership of our common stock as of April 30, 2019 and as adjusted to reflect the sale of common stock offered by us in this offering, for:

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

The percentage ownership information shown in the table prior to this offering is based upon 56,362,798 shares of common stock outstanding as of April 30, 2019, after giving effect to the conversion of all outstanding shares of redeemable convertible preferred stock as of April 30, 2019 into an aggregate of 46,303,026 shares of our common stock. The percentage ownership information shown in the table after this offering is based upon _____ shares of common stock outstanding as of _____, assuming the sale of _____ shares of common stock by us in the offering and no exercise of the underwriters' option to purchase additional shares.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules include shares of common stock issuable pursuant to the exercise of stock options that are either immediately exercisable or exercisable on or before June 29, 2019, which is 60 days after April 30, 2019. These shares are deemed to be outstanding and beneficially owned by the person holding those options or warrants for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. The information contained in the following table is not necessarily indicative of beneficial ownership for any other purpose, and the inclusion of any shares in the table does not constitute an admission of beneficial ownership of those shares. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Except as otherwise noted below, the address for persons listed in the table is c/o Health Catalyst, Inc., 3165 Millrock Drive #400, Salt Lake City, Utah 84121.

	Shares Beneficially Owned Prior to the Offering		Shares Beneficially Owned After the Offering	
	Number	Percentage	Number	Percentage
5% Stockholders:				
Entities affiliated with Norwest ⁽¹⁾	11,808,370	21.0%		
Entities affiliated with Sequoia ⁽²⁾	12,356,769	21.9%		
UPMC ⁽³⁾	3,572,853	6.3%		
Steven Barlow ⁽⁴⁾	2,852,961	5.1%		
Entities affiliated with Thomas Burton ⁽⁵⁾	2,998,720	5.3%		
Directors and Named Executive Officers:				
Fraser Bullock ⁽⁶⁾	2,436,576	4.3%		
Todd Cozzens ⁽⁷⁾	2,176,136	3.9%		
Michael Dixon ⁽⁸⁾	—	—		
Timothy G. Ferris ⁽⁹⁾	44,271	*		
Duncan Gallagher ⁽¹⁰⁾	65,104	*		
Promod Haque ⁽¹¹⁾	11,808,370	21.0%		
John A. Kane ⁽¹²⁾	160,332	*		
Anita V. Pramoda ⁽¹³⁾	309,322	*		
Daniel Burton ⁽¹⁴⁾	893,020	1.6%		
J. Patrick Nelli ⁽¹⁵⁾	139,387	*		
Dale Sanders ⁽¹⁶⁾	591,406	1.0%		
All directors and executive officers as a group (14 persons) ⁽¹⁷⁾	19,189,318	32.7%		

*Represents beneficial ownership of less than 1%.

- (1) Consists of (a) 5,904,186 shares of common stock issuable upon the conversion of the Series B, Series C, Series D, Series E, and Series F redeemable convertible preferred stock held by Norwest Venture Partners XI, LP (NVP XI) and (b) 5,904,184 shares of common stock issuable upon the conversion of the Series B, Series C, Series D, Series E, and Series F redeemable convertible preferred stock held by Norwest Venture Partners XII, LP (NVP XII). Genesis VC Partners XI, LLC, or Genesis XI, is the general partner of NVP XI and may be deemed to have sole voting and dispositive power over the shares held by NVP XI. Genesis VC Partners XII, LLC, or Genesis XII, is the general partner of NVP XII and may be deemed to have sole voting and dispositive power over the shares held by NVP XII. NVP Associates, LLC, the managing member of Genesis XI and Genesis XII, and each of Promod Haque, Jeffrey Crowe, and Jon E. Kossow, as Co-Chief Executive Officers of NVP Associates, LLC and members of the general partners, may be deemed to share voting and dispositive power over the shares held by NVP XI and NVP XII. Such persons and entities disclaim beneficial ownership of the shares held by NVP XI and NVP XII, except to the extent of any proportionate pecuniary interest therein. The address for these entities is 525 University Avenue, #800, Palo Alto, CA 94301.
- (2) Consists of (i) 6,872,215 Series A redeemable convertible preferred stock, 1,463,780 Series B redeemable convertible preferred stock, 352,445 Series D redeemable convertible preferred stock, 120,927 Series E redeemable convertible preferred stock, and 53,663 Series F redeemable convertible preferred stock held by Sequoia Capital U.S. Growth Fund IV, LP (SC USGF IV), (ii) 302,785 Series A redeemable convertible preferred stock and 64,493 Series B redeemable convertible preferred stock held by Sequoia Capital USGF Principals Fund IV, LP (SC USGF IV PF), (iii) 119,387 Series D redeemable convertible preferred stock, 40,762 Series E redeemable convertible preferred stock, and 18,176 Series F redeemable convertible preferred stock held by Sequoia Capital U.S. Growth Fund V, LP (SC USGF V), and (iv) 2,948,136 Series C redeemable convertible preferred stock held by SC US GF V Holdings, Ltd. (SC USGF V Holdco). SC US (TTGP), Ltd. is the general partner of SCGF IV Management, L.P., which is the general partner of SC USGF IV and SC USGF IV PF (collectively, the SC USGF IV Funds). As a result, SC US (TTGP), Ltd. and SCGF IV Management, L.P. may be deemed to share voting and dispositive power with respect to the shares held by the SC USGF IV Funds. SC US (TTGP), Ltd. is the general partner of SCGF V Management, L.P., which is the general partner of SC USGF V and Sequoia Capital USGF Principals Fund V, L.P., or collectively “the SC USGF V Funds”, which together own 100% of the outstanding shares of SC USGF V Holdco. As a result, SC US (TTGP), Ltd. and SCGF V Management, L.P. may be deemed to share voting and dispositive power with respect to the shares held by the SC USGF V Funds and SC USGF V Holdco. The address for each of the Sequoia Capital entities identified in this footnote is 2800 Sand Hill Road, Suite 101, Menlo Park, California 94025.
- (3) Consists of (a) 500,000 shares of common stock and (b) 3,072,853 shares of common stock issuable upon conversion of the Series E and F redeemable convertible preferred stock.
- (4) Consists of 2,852,961 shares of Common Stock.

- (5) Consists of (a) 930,345 shares of common stock held by Catalyst Investments, LLC, (b) 1,102,935 shares of common stock held by the Burton 2013 Descendants Trust, which Patricia Cardon Burton is a trustee, and Ms. Burton and Mr. Burton share voting and dispositive power, and (c) 965,440 shares of common stock held by the Thomas David Burton and Patricia Cardon Burton Multi-Generational Trust-II, which Mr. Burton is a trustee, and Ms. Burton and Mr. Burton shares voting and dispositive power. Mr. Burton holds the voting and dispositive power of Catalyst Investments, LLC.
- (6) Consists of 2,436,576 shares of common stock issuable upon conversion of Series B, Series C, and Series D redeemable convertible preferred stock held by HQC Acquisition, LLC. Mr. Fraser is the President of HQC Acquisition, LLC, which is controlled by Sorenson Capital Partners. Mr. Fraser is a founding member and General Partner of Sorenson Capital Partners. Mr. Fraser and certain other officers of Sorenson Capital together share voting and dispositive power of HQC Acquisition, LLC.
- (7) Consists of (a) 12,689 shares of common stock issuable upon conversion of the Series D redeemable convertible preferred stock held by Matoaka LLC, (b) 1,886,970 shares of common stock issuable upon conversion of the Series E redeemable convertible preferred stock held by Leerink Transformation Fund I, L.P., (c) 87,935 shares of common stock issuable upon conversion of the Series C redeemable convertible preferred stock held by Mr. Cozzens, (d) 180,729 shares of common stock, and (e) 7,813 shares of common stock underlying options exercisable within 60 days of April 30, 2019. Mr. Cozzens holds the voting and dispositive power of Matoaka LLC. Mr. Cozzens is a co-founder and Managing Partner and holds voting and dispositive power of Leerink Transformation Fund I, L.P.
- (8) Does not include shares held by Sequoia Capital.
- (9) Consists of 44,271 shares of common stock underlying options exercisable within 60 days of April 30, 2019.
- (10) Consists of 65,104 shares of common stock underlying options exercisable within 60 days of April 30, 2019.
- (11) Consists of shares held by the Norwest Entities identified in footnote 1. Mr. Haque is a Senior Managing Partner of Norwest and jointly with other partners holds the voting and dispositive power for the Norwest Entities.
- (12) Consists of (a) 48,353 shares of common stock issuable upon conversion of Series E and Series F redeemable convertible preferred stock, (b) 106,771 shares of common stock, and (c) 5,208 shares of common stock underlying options exercisable within 60 days of April 30, 2019.
- (13) Consists of (a) 188,697 shares of Series E redeemable convertible preferred stock held by Omkara, LLC, and (b) 120,625 shares of common stock underlying options exercisable within 60 days of April 30, 2019. Ms. Pramoda wholly-owns and holds the voting and dispositive power of Omkara, LLC.
- (14) Consists of 893,020 shares of common stock underlying options exercisable within 60 days of April 30, 2019.
- (15) Consists of (a) 13,000 shares of common stock, and (b) 126,387 shares of common stock underlying options exercisable within 60 days of April 30, 2019.
- (16) Consists of (a) 120,156 shares of common stock, and (b) 471,250 shares of common stock underlying options exercisable within 60 days of April 30, 2019.
- (17) Consists of (a) 16,890,246 shares of common stock, and common stock issuable upon conversion of the Series B, Series C, Series D, Series E, and Series F redeemable convertible preferred stock, and (b) 2,299,072 shares of common stock underlying options exercisable within 60 days of April 30, 2019.

Description of Capital Stock

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

General

Upon the completion of this offering, our authorized capital stock will consist of _____ shares of common stock, par value of \$0.001 per share, and _____ shares of redeemable convertible preferred stock, par value of \$0.001 per share. All of our authorized redeemable convertible preferred stock upon the completion of this offering will be undesignated.

Common Stock

As of March 31, 2019, after giving effect to the conversion of all outstanding shares of our redeemable convertible preferred stock into shares of common stock in connection with the completion of this offering, there would have been outstanding:

- 56,156,484 shares of common stock held by 127 stockholders; and
- 16,266,375 shares of common stock issuable upon exercise of outstanding options.

Voting Rights

Our common stock is entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders, including the election of directors, and does not have cumulative voting rights. Accordingly, the holders of a majority of the shares of our common stock entitled to vote in any election of directors can elect all of the directors standing for election.

Dividends

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

Liquidation

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

Rights and Preferences

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

Fully Paid and Nonassessable

All of our outstanding shares of common stock are, and the shares of common stock to be issued in this offering will be, fully paid and nonassessable.

Redeemable Convertible Preferred Stock

As of March 31, 2019, we had outstanding an aggregate of 46,303,026 shares of our redeemable convertible preferred stock held by 40 stockholders.

Immediately prior to the completion of this offering, all outstanding shares of our redeemable convertible preferred stock as of March 31, 2019 will convert into 46,303,026 shares of our common stock.

Immediately prior to the completion of this offering, our certificate of incorporation will be amended and restated to delete all references to such shares of redeemable convertible preferred stock. Under the amended and restated certificate of incorporation, our board of directors will have the authority, without further action by the stockholders, to issue up to _____ shares of redeemable convertible preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences, and privileges of the shares of each wholly unissued series and any qualifications, limitations, or restrictions thereon and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

Our board of directors may authorize the issuance of redeemable convertible preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of redeemable convertible preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in our control that may otherwise benefit holders of our common stock and may adversely affect the market price of the common stock and the voting and other rights of the holders of common stock. We have no current plans to issue any shares of redeemable convertible preferred stock.

Options

As of March 31, 2019, options to purchase an aggregate of 16,266,375 shares of our common stock were outstanding under our 2011 Plan at a weighted-average exercise price of \$5.26 per share. For additional information regarding the terms of our 2011 Plan, see “Executive Compensation- Employee Benefits and Equity Compensation Plans — 2011 Stock Incentive Plan .”

Common Stock Warrants

As of March 31, 2019, warrants to purchase an aggregate of up to 510,674 shares of our common stock were outstanding at an exercise price of \$5.33 per share.

Registration Rights

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

The registration agreement provides the holders of registrable securities with demand, piggyback, and S-3 registration rights as described more fully below. As of March 31, 2019, after giving effect to the conversion of all outstanding shares of redeemable convertible preferred stock into shares of our common stock in connection with the completion of the offering, there would have been an aggregate of 48,437,193 shares of common stock that were entitled to demand and S-3 registration rights and 48,437,193 shares of common stock that were entitled to piggyback registration rights.

Demand Registration Rights

At any time beginning 180 days after the effective date of the registration statement of which this prospectus forms a part, the holders of a majority of the registrable securities then outstanding have the right to make up to two demands that we file a registration statement under the Securities Act covering registrable securities then outstanding having an aggregate offering price of at least \$20.0 million, subject to specified exceptions.

Piggyback Registration Rights

If we register any securities for public sale, the holders of our registrable securities then outstanding will each be entitled to notice of the registration and will have the right to include their shares in the registration statement.

These piggyback registration rights are subject to specified conditions and limitations, including the right of the underwriters of any underwritten offering to limit the number of shares with registration rights to be included in the registration statement.

Registration on Form S-3

If we are eligible to file a registration statement on Form S-3, the holders of registrable securities have the right to demand that we file registration statements on Form S-3; provided, that the aggregate price to the public of the securities to be sold under the registration statement is at least \$5.0 million. The right to have such shares registered on Form S-3 is further subject to other specified conditions and limitations.

Expenses of Registration

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

Termination of Registration Rights

The registration rights will terminate with respect to any particular stockholder when such stockholder is able to sell its shares without limitation pursuant to Rule 144 under the Securities Act.

Forum Selection

The Court of Chancery of the State of Delaware will be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on behalf of the company, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer, or other employee of the company to the company or the company's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, or (iv) any action asserting a claim governed by the internal affairs doctrine. This exclusive forum provision will not apply to any causes of action arising under the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the company shall be deemed to have notice of and consented to the foregoing forum selection provisions. The provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act.

Anti-Takeover Provisions

Anti-Takeover Statute

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

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, those shares owned (1) by persons who are directors and also officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 ²/₃% of the outstanding voting stock that is not owned by the interested stockholder.

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

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

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

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

Our amended and restated certificate of incorporation and our amended and restated bylaws will include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our board of directors or management team, including the following:

- *Board of Directors Vacancies.* Our amended and restated certificate of incorporation and amended 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 will be 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 and promotes continuity of management.

- *Classified Board.* Our amended and restated certificate of incorporation and amended and restated bylaws will provide that our board of directors is classified into three classes of directors. A third party may be discouraged 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 “Management—Board Composition.”
- *Stockholder Action; Special Meeting of Stockholders.* Our amended and 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, a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Our amended and restated bylaws will further 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 Chief Executive Officer, or our President, 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 controlling a majority of our capital stock to take any action, including the removal of directors.
- *Advance Notice Requirements for Stockholder Proposals and Director Nominations.* Our amended and restated bylaws will provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our amended and restated bylaws will 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 may 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 Delaware General Corporation Law provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation’s certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation will not provide for cumulative voting.
- *Directors Removed Only for Cause.* Our amended and restated certificate of incorporation will provide that stockholders may remove directors only for cause.
- *Amendment of Charter Provisions.* Any amendment of the above provisions in our amended and restated certificate of incorporation would require approval by holders of at least two-thirds of our then outstanding common stock.
- *Issuance of Undesignated Preferred Stock.* 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 would enable 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.

The combination of these provisions will make it more difficult for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for another party to effect a change in management.

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

Listing

We intend to apply for listing of our common stock on the _____ under the trading symbol “_____.”

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is _____. The transfer agent’s address is _____.

Shares Eligible For Future Sale

Prior to this offering, no public market existed for our capital stock, and although we expect that our common stock will be approved for listing on the _____, we cannot assure investors that there will be an active public market for our common stock following this offering. We cannot predict what effect, if any, sales of our shares in the public market or the availability of shares for sale will have on the market price of our common stock. Future sales of substantial amounts of common stock in the public market, the availability of shares for future sale, or the perception that such sales may occur, however, could adversely affect the market price of our common stock and also could adversely affect our future ability to raise capital through the sale of our common stock or other equity-related securities at times and prices we believe appropriate.

Based on our shares outstanding as of March 31, 2019, upon the completion of this offering, _____ shares of our common stock will be outstanding, or _____ shares of our common stock if the underwriters exercise their option to purchase additional shares in full.

All of the shares of our common stock sold in this offering will be freely tradable without restrictions or further registration under the Securities Act, except for any shares sold to our “affiliates,” as that term is defined under Rule 144 under the Securities Act. The outstanding shares of our common stock held by existing stockholders are “restricted securities,” as that term is defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if the offer and sale is registered under the Securities Act or if the offer and sale of those securities qualifies for exemption from registration, including exemptions provided by Rules 144 or 701 promulgated under the Securities Act.

As a result of lock-up agreements and market standoff provisions described below and the provisions of Rules 144 and 701, shares of our common stock will be available for sale in the public market as follows:

- _____ shares of our common stock will be eligible for immediate sale upon the completion of this offering; and
- approximately _____ shares of our common stock will be eligible for sale upon expiration of lock-up agreements and market standoff provisions described below, beginning 181 days after the date of this prospectus, subject in certain circumstances to the volume, manner of sale, and other limitations under Rule 144 and Rule 701.

We may issue shares of our capital stock from time to time for a variety of corporate purposes, including in capital-raising activities through future public offerings or private placements, in connection with the exercise of stock options and warrants, vesting of restricted stock units, and other issuances relating to our employee benefit plans and as consideration for future acquisitions, investments, or other purposes. The number of shares of our capital stock that we may issue may be significant, depending on the events surrounding such issuances. In some cases, the shares we issue may be freely tradable without restriction or further registration under the Securities Act; in other cases, we may grant registration rights covering the shares issued in connection with these issuances, in which case the holders of the shares will have the right, under certain circumstances, to cause us to register any resale of such shares to the public.

Rule 144

In general, persons who have beneficially owned restricted shares of our common stock for at least six months, and any affiliate of ours who owns either restricted or unrestricted shares of our common stock, are entitled to sell their securities without registration with the SEC under an exemption from registration provided by Rule 144 under the Securities Act.

Non-Affiliates

Any person who is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding, a sale may sell an unlimited number of restricted securities under Rule 144 if:

- the restricted securities have been held for at least six months, including the holding period of any prior owner other than one of our affiliates;
- we have been subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale; and
- we are current in our Exchange Act reporting at the time of sale.

Any person who is not deemed to have been an affiliate of ours at the time of, or at any time during the three months preceding, a sale and has held the restricted securities for at least one year, including the holding period of any prior owner other than one of our affiliates, will be entitled to sell an unlimited number of restricted securities without regard to the length of time we have been subject to Exchange Act periodic reporting or whether we are current in our Exchange Act reporting.

Affiliates

Persons seeking to sell restricted securities who are our affiliates at the time of, or any time during the three months preceding, a sale, would be subject to the restrictions described above. Sales of restricted or unrestricted shares of our common stock by affiliates are also subject to additional restrictions, by which such person would be required to comply with the manner of sale and notice provisions of Rule 144 and would be entitled to sell within any three-month period only that number of securities that does not exceed the greater of either of the following:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately _____ shares immediately after the completion of this offering based on the number of shares outstanding as of March 31, 2019; or
- the average weekly trading volume of our common stock on the _____ during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Rule 701

In general, under Rule 701 a person who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been one of our affiliates during the immediately preceding 90 days may sell these shares in reliance upon Rule 144, but without being required to comply with the notice, manner of sale, public information requirements or volume limitation provisions of Rule 144. Rule 701 also permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling such shares pursuant to Rule 701. As of March 31, 2019, 196,327 shares of our outstanding common stock had been issued in reliance on Rule 701 as a result of exercises of stock options.

Form S-8 Registration Statements

As of March 31, 2019, options to purchase an aggregate 16,266,375 shares of our common stock were outstanding. As soon as practicable after the completion of this offering, we intend to file with the SEC one or more registration statements on Form S-8 under the Securities Act to register the shares of our common stock that are issuable pursuant to our equity incentive plans, including pursuant to outstanding options. See “Executive Compensation — Employee benefits and equity compensation plans ” for a description of our equity incentive plans. These registration statements will become effective immediately upon filing. Shares covered by these registration statements will then be eligible

for sale in the public markets, subject to vesting restrictions, any applicable lock-up agreements described below and Rule 144 limitations applicable to affiliates.

Lock-Up Agreements

In connection with this offering, we, our directors and officers, and the holders of substantially all of our common stock and substantially all of our option holders outstanding immediately prior to this offering have agreed, subject to certain exceptions, not to offer, sell, transfer, or hedge any of our common stock or securities convertible into or exchangeable for our common stock for 180 days after the date of this prospectus without the prior written consent of Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC on behalf of the underwriters.

The agreements do not contain any pre-established conditions to the waiver by Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC on behalf of the underwriters of any terms of the lock-up agreements. Any determination to release shares subject to the lock-up agreements would be based on a number of factors at the time of determination, including but not necessarily limited to the market price of our common stock, the liquidity of the trading market for our common stock, general market conditions, the number of shares proposed to be sold and the timing, purpose, and terms of the proposed sale.

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with certain of our security holders, including our investors' rights agreement and agreements governing our equity awards, that contain market stand-off provisions imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities for a period of 180 days following the date of this prospectus.

Registration Rights

Upon the completion of this offering, the holders of 48,437,193 shares of our common stock will be entitled to certain rights with respect to the registration of the offer and sale of their shares under the Securities Act. Registration of the offer and sale of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. See "Description of Capital Stock — Registration Rights" for additional information.

Material U.S. Federal Income Tax Consequences for Non-U.S. Holders of Our Common Stock

The following is a general discussion of the material U.S. federal income tax consequences of the acquisition, ownership, and disposition of our common stock by “Non-U.S. Holders” (as defined below). This discussion is for general information purposes only and does not consider all aspects of U.S. federal income taxation that may be relevant to particular Non-U.S. Holders in light of their individual circumstances or to certain types of Non-U.S. Holders subject to special tax rules, including banks, financial institutions or other financial services entities, broker-dealers, insurance companies, tax-exempt organizations, pension plans, real estate investment trusts, regulated investment companies, controlled foreign corporations, passive foreign investment companies, corporations that accumulate earnings to avoid U.S. federal income tax, persons who use or are required to use mark-to-market accounting, persons that have a functional currency other than the U.S. dollar, persons that hold our shares as part of a “straddle,” a “hedge”, a “conversion transaction,” “synthetic security”, integrated investment or other risk reduction strategy, certain former citizens or permanent residents of the United States, persons who hold or receive shares of our common stock pursuant to the exercise of an employee stock option or otherwise as compensation, persons that own, or are deemed to own, more than 5% of our common stock (except to the extent specifically set forth below), or investors in partnerships or other pass-through entities (or entities that are treated as partnerships or disregarded entities for U.S. federal income tax purposes). In addition, this discussion does not address the effects of any applicable gift or estate tax, the potential application of the alternative minimum tax, the rules regarding qualified small business stock within the meaning of Section 1202 of the Code, any election to apply Section 1400Z-2 of the Code to gains recognized with respect to shares of our common stock, the Medicare contribution tax on net investment income, or any tax considerations that may apply to Non-U.S. Holders of our common stock under state, local or non-U.S. tax laws and any other U.S. federal tax laws.

This discussion is based on the Code and applicable Treasury Regulations promulgated thereunder and rulings, administrative pronouncements and judicial decisions that are issued and available as of the date of this registration statement, all of which are subject to change or differing interpretations at any time with possible retroactive effect. We have not sought, and will not seek, any ruling from the Internal Revenue Service, or the IRS, with respect to the tax consequences discussed herein, and there can be no assurance that the IRS will not take a position contrary to the tax consequences discussed below or that any position taken by the IRS would not be sustained. This discussion is limited to a Non-U.S. Holder who will hold our common stock as a capital asset within the meaning of the Code (generally, property held for investment). For purposes of this discussion, the term “Non-U.S. Holder” means a beneficial owner of our shares that is not a partnership (or entity or arrangement treated as a partnership for U.S. federal income tax purposes) and is not, for U.S. federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation) created or organized in the United States or under the laws of the United States or of any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (1) a court within the United States can exercise primary supervision over the trust’s administration and one or more U.S. persons have the authority to control all of the trust’s substantial decisions or (2) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

If a partnership (or entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our common stock, the tax treatment of such partnership and a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our shares, you should consult your tax advisor regarding the tax consequences of the purchase, ownership, and disposition of our common stock.

THIS SUMMARY IS NOT INTENDED TO BE TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF OUR COMMON STOCK,

AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL, OR FOREIGN TAX LAWS AND ANY OTHER U.S. FEDERAL TAX LAWS.

Distributions on Our Common Stock

In general, subject to the discussion below under the headings “Information Reporting and Backup Withholding” and “Foreign Accounts,” distributions, if any, paid on our common stock to a Non-U.S. Holder (to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles) will constitute dividends and be subject to U.S. withholding tax at a rate equal to 30% of the gross amount of the dividend, or a lower rate prescribed by an applicable income tax treaty, unless the dividends are effectively connected with a trade or business carried on by the Non-U.S. Holder within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment or fixed base in the United States to which such dividends are attributable). Any distribution not constituting a dividend (because such distribution exceeds our current and accumulated earnings and profits) will be treated first as reducing the Non-U.S. Holder’s basis in its shares of common stock, but not below zero, and to the extent it exceeds the Non-U.S. Holder’s basis, as capital gain from the sale or exchange of such shares of common stock (see “Gain on Sale, Exchange or Other Disposition of Our Common Stock” below).

A Non-U.S. Holder who claims the benefit of an applicable income tax treaty generally will be required to satisfy certain certification and other requirements prior to the distribution date. Such Non-U.S. Holders must generally provide us and/or our paying agent, as applicable, with a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E (or other appropriate form) claiming an exemption from or reduction in withholding under an applicable income tax treaty. Such certificate must be provided before the payment of dividends and must be updated periodically. If a Non-U.S. Holder holds common stock through a financial institution or other agent acting on the Non-U.S. Holder’s behalf, the Non-U.S. Holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our paying agent, either directly or through intermediaries. If tax is withheld in an amount in excess of the amount applicable under an income tax treaty, a refund of the excess amount may generally be obtained by a Non-U.S. Holder by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under an applicable income tax treaty.

Dividends that are effectively connected with a Non-U.S. Holder’s conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment or fixed base of the Non-U.S. Holder) generally will not be subject to U.S. federal withholding tax if the Non-U.S. Holder satisfies applicable certification and disclosure requirements, including on IRS Form W-8ECI, with us and/or our paying agent, as applicable, but instead generally will be subject to U.S. federal income tax on a net income basis at regular graduated rates in the same manner as if the Non-U.S. Holder were a resident of the United States. A corporate Non-U.S. Holder that receives effectively connected dividends may be subject to an additional branch profits tax at a rate of 30%, or a lower rate prescribed by an applicable income tax treaty.

Gain on Sale, Exchange, or Other Disposition of Our Common Stock

In general, subject to the discussion below under the headings “Information Reporting and Backup Withholding” and “Foreign Accounts,” a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on any gain realized upon such holder’s sale, exchange, or other disposition of shares of our common stock unless:

- (1) the gain is effectively connected with a trade or business carried on by the Non-U.S. Holder within the United States (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment or fixed base of the Non-U.S. Holder);
- (2) the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met; or
- (3) we are or have been a “United States real property holding corporation” for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition or the period that the

Non-U.S. Holder held the common stock, and, in the case where shares of our common stock are regularly traded on an established securities market, the Non-U.S. Holder owns, or is treated as owning, more than 5% of our common stock at any time during the foregoing period.

Net gain realized by a Non-U.S. Holder described in clause (1) above generally will be subject to U.S. federal income tax in the same manner as if the Non-U.S. Holder were a resident of the United States. Any gains of a corporate Non-U.S. Holder described in clause (1) above may also be subject to an additional “branch profits tax” at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty.

Gain realized by an individual Non-U.S. Holder described in clause (2) above will be subject to a flat 30% tax, or such lower rate specified in an applicable income tax treaty, which gain may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States.

For purposes of clause (3) above, a corporation is a United States real property holding corporation, or USRPHC, if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. We believe that we are not, and we do not anticipate that we will become, a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our worldwide real property interests and other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we became a USRPHC, a Non-U.S. Holder would not be subject to U.S. federal income tax on a sale, exchange or other taxable disposition of our common stock by reason of our status as a USRPHC so long as our common stock is regularly traded on an established securities market (within the meaning of the applicable regulations) and such Non-U.S. Holder does not own and is not deemed to own (directly, indirectly or constructively) more than 5% of our outstanding common stock at any time during the shorter of the five-year period ending on the date of disposition and such holder’s holding period. However, no assurance can be provided that our common stock will be regularly traded on an established securities market for purposes of the rules described above. If we are a USRPHC and either our common stock is not regularly traded on an established securities market or a Non-U.S. Holder holds or is deemed to hold (directly, indirectly or constructively) more than 5% of our outstanding common stock during the applicable testing period, a Non-U.S. Holder will generally be taxed on its net gain derived from the disposition of our common stock at the graduated U.S. federal income tax rates applicable to U.S. persons (as defined in the Code). Prospective investors are encouraged to consult their own tax advisors regarding the possible consequences to them if we are, or were to become, a USRPHC.

Information Reporting and Backup Withholding

Generally, we must report annually to the IRS and to each Non-U.S. Holder the amount of dividends paid, the name and address of the recipient, and the amount, if any, of tax withheld. These information reporting requirements apply even if withholding was not required because the dividends were effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States or withholding was reduced by an applicable income tax treaty. Under applicable income tax treaties or other agreements, the IRS may make its reports available to the tax authorities in the Non-U.S. Holder’s country of residence or the country in which the Non-U.S. Holder was established.

Dividends paid to a Non-U.S. Holder that is not an exempt recipient generally will be subject to backup withholding, currently at a rate of 24%, unless the Non-U.S. Holder certifies to the payor as to its foreign status, which certification may generally be made on an applicable IRS Form W-8.

Proceeds from the sale or other disposition of common stock by a Non-U.S. Holder effected by or through a U.S. office of a broker will generally be subject to information reporting and backup withholding, currently at a rate of 24%, unless the Non-U.S. Holder certifies to the withholding agent under penalties of perjury as to, among other things, its name, address and status as a Non-U.S. Holder or otherwise establishes an exemption. Payment of disposition proceeds effected outside the United States by or through a non-U.S. office of a non-U.S. broker generally will not be subject to information reporting or backup withholding if the payment is not received in the United States. Information reporting, but generally not backup withholding, will apply to such a payment if the broker has certain connections with the United

States unless the broker has documentary evidence in its records that the beneficial owner thereof is a Non-U.S. Holder and specified conditions are met or an exemption is otherwise established.

Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules from a payment to a Non-U.S. Holder that results in an overpayment of taxes generally will be refunded or credited against the holder's U.S. federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

Foreign Accounts

The Foreign Account Tax Compliance Act (FATCA) generally imposes a 30% withholding tax on dividends on, and, subject to the discussion below regarding proposed regulations recently issued by the U.S. Treasury Department, gross proceeds from the sale or disposition of, our common stock if paid to a foreign entity unless (1) if the foreign entity is a "foreign financial institution," the foreign entity undertakes certain due diligence, reporting, withholding, and certification obligations, (2) if the foreign entity is a "non-financial foreign entity," the foreign entity identifies certain direct and indirect U.S. holders of debt or equity interests in such foreign entity or certifies that there are none or (3) the foreign entity is otherwise exempt from FATCA.

Withholding under FATCA generally (1) applies to payments of dividends on our common stock and (2) will, subject to the discussion below regarding proposed regulations recently issued by the U.S. Treasury Department, apply to payments of gross proceeds from a sale or other disposition of our common stock made after December 31, 2018. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this section. Under certain circumstances, a Non-U.S. Holder may be eligible for refunds or credits of the tax.

The U.S. Treasury recently released proposed regulations which, if finalized in their present form, would eliminate the federal withholding tax of 30% applicable to the gross proceeds of a sale or other disposition of our common stock. In its preamble to such proposed regulations, the U.S. Treasury stated that taxpayers may generally rely on the proposed regulations until final regulations are issued. Prospective investors should consult their own tax advisors regarding the possible impact of these FATCA rules on their investment in our common stock, and the possible impact of FATCA and the proposed regulations on the entities through which they hold our common stock, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of this 30% withholding tax.

Underwriting

We and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed 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	
William Blair & Co., L.L.C.	
Piper Jaffray & Co.	
Evercore Group L.L.C.	
SVB Leerink LLC	
SunTrust Robinson Humphrey, Inc.	
Total	

The underwriters are committed 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 _____ shares from us 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.

The following table shows the per share and total underwriting discounts and commissions 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 up to _____ additional shares from us.

	No Exercise	Full Exercise
Per Share	\$	\$
Total	\$	\$

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. 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 all of our common stock and securities convertible into or exchangeable for our common stock have agreed or will substantially 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. This agreement does not apply to any existing employee benefit plans. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

In connection with the offering, the underwriters may purchase and sell shares of our 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 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 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 the common stock. As a result, the price of the 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 _____, in the over-the-counter market or otherwise.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$ _____ million. We have agreed to reimburse the underwriters for certain of their expenses in an amount up to \$ _____.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

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 the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses. In addition, affiliates of SVB Leerink LLC are lenders under the SVB Debt Agreements.

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 and/or short positions in such assets, securities, and instruments.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) an offer to the public 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 our common stock may be made at any time under the following exemptions under the Prospectus Directive:

- To any legal entity which is a qualified investor as defined in the Prospectus Directive;
- To fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Representatives for any such offer; or
- In any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer or shares of our common stock shall require us or any underwriter to publish 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 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 our common stock to be offered so as to enable an investor to decide to purchase our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and 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 European Economic Area 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 at qualified investors who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); or (ii) 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 in 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 securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities 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 for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The securities may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (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) (Securities and Futures Ordinance), or (ii) to professional investors as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) 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 securities 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 of common stock 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 has not circulated or distributed, nor will it circulate or distribute, this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares of common stock, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the SFA)) pursuant to Section 274 of the SFA, (ii) 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 (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares of common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares of common stock pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA.

In connection with Section 309B of the SFA and the Capital Markets Products (the CMP) Regulations 2018, the shares of common stock are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in Monetary Authority of Singapore Notice SFA 04-N12: Notice on the Sale of Investment Products and Monetary Authority of Singapore Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The securities 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 securities 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.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (ASIC), in relation to the offering. This offering document does not constitute a prospectus, product disclosure statement, or other disclosure document under the Corporations Act 2001 (the Corporations Act), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the Exempt Investors) who are sophisticated investors (within the meaning of section 708(8) of the Corporations Act), professional investors (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This offering document contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this offering document is appropriate to their needs, objectives, and circumstances, and, if necessary, seek expert advice on those matters.

Dubai International Financial Centre

This offering document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (DFSA). This offering document is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth in this prospectus and has no responsibility for the offering document. The securities to which this offering document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this offering document you should consult an authorized financial advisor.

Switzerland

We have not and will not register with the Swiss Financial Market Supervisory Authority (FINMA) as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended (CISA), and accordingly the securities being offered pursuant to this prospectus have not and will not be approved, and may not be licensable, with FINMA. Therefore, the securities have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the securities offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The securities may solely be offered to qualified investors, as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended (CISO), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the securities are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described in this prospectus and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the securities on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

Legal Matters

The validity of the shares of common stock being offered by this prospectus will be passed upon for us by Goodwin Procter LLP, Redwood City, California. Cooley LLP, San Francisco, California, is representing the underwriters in connection with this offering.

Experts

The consolidated financial statements of Health Catalyst, Inc. at December 31, 2017 and 2018, and for each of the two years in the period ended December 31, 2018, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Medicity LLC at June 29, 2018 and for the period from January 1, 2018 through June 29, 2018, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm 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 common stock being offered by this prospectus, which constitutes a part of the registration statement. This prospectus does not contain all of the information in the registration statement and its exhibits. For further information with respect to us and the common stock offered by this prospectus, we refer you to the registration statement and its exhibits. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

You can read our SEC filings, including the registration statement, over the Internet at the SEC's website at www.sec.gov. Upon completion of this offering, we will be subject to the information reporting requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements, and other information will be available via the SEC's website at www.sec.gov. We also maintain a website at www.healthcatalyst.com, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. **However, the information contained in or accessible through our website is not part of this prospectus or the registration statement of which this prospectus forms a part, and investors should not rely on such information in making a decision to purchase our common stock in this offering.**

HEALTH CATALYST, INC.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Health Catalyst, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Health Catalyst, Inc. (the Company) as of December 31, 2017 and 2018, the related consolidated statements of operations, comprehensive loss, redeemable convertible preferred stock and stockholders' deficit and cash flows for the years then ended, 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 December 31, 2017 and 2018, and the results of its operations and its cash flows for the years then ended 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 and in accordance with auditing standards generally accepted in the United States of America. 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 2012.

Salt Lake City, Utah
April 9, 2019

HEALTH CATALYST, INC.

Consolidated Balance Sheets

(in thousands, except share and per share data)

	As of December 31,		As of March 31,	Pro Forma
	2017	2018	2019	Stockholders' Equity as of March 31, 2019
Assets				(unaudited)
Current assets:				(Note 1)
Cash and cash equivalents	\$ 22,978	\$ 28,431	\$ 32,208	
Short-term investments	28,484	4,761	32,426	
Accounts receivable, net	17,053	27,696	28,253	
Deferred costs	762	649	758	
Prepaid expenses and other assets	2,108	5,321	5,665	
Total current assets	71,385	66,858	99,310	
Property and equipment, net	2,979	4,676	4,486	
Intangible assets, net	29,565	28,304	28,320	
Operating lease right-of-use assets	2,402	6,344	6,214	
Other assets	243	1,099	2,188	
Goodwill	3,694	3,694	3,694	
Total assets	\$ 110,268	\$ 110,975	\$ 144,212	
Liabilities, redeemable convertible preferred stock, and stockholders' (deficit) equity				
Current liabilities:				
Accounts payable	\$ 833	\$ 1,812	\$ 2,519	
Accrued liabilities	2,342	9,203	9,837	
Acquisition-related consideration payable to related party	—	2,172	2,655	
Acquisition-related consideration payable	14,739	—	—	
Deferred revenue	10,718	24,755	29,058	
Operating lease liabilities	2,134	2,577	2,725	
Current portion of long-term debt	—	1,287	—	
Total current liabilities	30,766	41,806	46,794	
Long-term debt, net of current portion	9,618	18,814	47,263	
Acquisition-related consideration payable to related party, net of current portion	—	1,110	—	
Acquisition-related consideration payable, net of current portion	6,459	2,660	2,891	
Deferred revenue, net of current portion	—	7,280	6,989	
Operating lease liabilities, net of current portion	872	4,228	3,979	
Other liabilities	459	—	399	
Total liabilities	48,174	75,898	108,315	

Commitments and contingencies (notes 9 and 18)

Redeemable convertible preferred stock, \$0.001 par value; 42,611,852, 45,427,441, and 46,505,028 shares authorized as of December 31, 2017 and 2018 and March 31, 2019 (unaudited), respectively; 42,219,593, 45,427,441, and 46,303,026 shares issued and outstanding as of December 31, 2017 and 2018 and March 31, 2019 (unaudited), respectively; aggregated liquidation preference of \$272,192, \$306,192, and \$318,381 as of December 31, 2017 and 2018 and March 31, 2019 (unaudited), respectively; no shares issued and outstanding pro forma as of March 31, 2019 (unaudited)	321,569	409,845	485,933	
Stockholders' (deficit) equity:				
Common stock, \$0.001 par value; 63,184,193, 72,565,312, and 73,642,899 shares authorized as of December 31, 2017 and 2018 and March 31, 2019 (unaudited), respectively; 9,707,718, 9,558,769, and 9,747,901 shares issued and outstanding as of December 31, 2017 and 2018 and March 31, 2019 (unaudited), respectively; and 56,050,927 shares issued and outstanding, pro forma as of March 31, 2019 (unaudited)	10	10	10	56
Additional paid-in capital	—	—	—	489,685
Accumulated deficit	(259,473)	(374,777)	(450,048)	(453,846)
Accumulated other comprehensive (loss) income	(12)	(1)	2	2
Total stockholders' (deficit) equity	(259,475)	(374,768)	(450,036)	\$ 35,897
Total liabilities, redeemable convertible preferred stock, and stockholders' deficit	\$ 110,268	\$ 110,975	\$ 144,212	

(1) Includes amounts attributable to related party transactions. See note 20 for further details.

The accompanying notes are an integral part of these consolidated financial statements

HEALTH CATALYST, INC.

Consolidated Statements of Operations

(in thousands, except per share data)

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
	(unaudited)			
Revenue ⁽¹⁾ :				
Technology	\$ 31,693	\$ 57,224	\$ 9,451	\$ 20,148
Professional services	41,388	55,350	11,181	15,065
Total revenue	73,081	112,574	20,632	35,213
Cost of revenue, excluding depreciation and amortization ⁽¹⁾ :				
Technology	11,610	19,429	3,359	6,752
Professional services	32,032	40,423	8,251	10,574
Total cost of revenue, excluding depreciation and amortization	43,642	59,852	11,610	17,326
Operating expenses ⁽¹⁾ :				
Sales and marketing	25,920	44,123	6,721	10,473
Research and development	28,470	38,592	8,705	10,022
General and administrative	14,697	22,690	3,902	6,174
Depreciation and amortization	5,892	7,412	1,550	2,312
Total operating expenses	74,979	112,817	20,878	28,981
Loss from operations	(45,540)	(60,095)	(11,856)	(11,094)
Loss on extinguishment of debt	—	—	—	(1,670)
Interest and other expense, net	(1,469)	(2,024)	(509)	(945)
Loss before income taxes	(47,009)	(62,119)	(12,365)	(13,709)
Income tax provision (benefit)	26	(135)	(156)	11
Net loss	\$ (47,035)	\$ (61,984)	\$ (12,209)	\$ (13,720)
Less: accretion (reversal of accretion) of redeemable convertible preferred stock	11,745	52,037	(10,481)	64,015
Net loss attributable to common stockholders	\$ (58,780)	\$ (114,021)	\$ (1,728)	\$ (77,735)
Net loss per share attributable to common stockholders, basic and diluted	\$ (6.06)	\$ (11.88)	\$ (0.18)	\$ (8.11)
Weighted-average shares outstanding used in calculating net loss per share attributable to common stockholders, basic and diluted	9,693	9,597	9,734	9,590
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		\$ (1.15)		\$ (0.25)
Pro forma weighted-average number of shares outstanding used in calculating pro forma net loss per share, basic and diluted (unaudited)		53,705		55,533

(1) Includes amounts attributable to related party transactions. See note 20 for further details.

The accompanying notes are an integral part of these consolidated financial statements

HEALTH CATALYST, INC.

Consolidated Statements of Comprehensive Loss

(in thousands)

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
	(unaudited)			
Net Loss	\$ (47,035)	\$ (61,984)	\$ (12,209)	\$ (13,720)
Other comprehensive loss				
Unrealized gain (loss) on investments	17	11	(15)	3
Comprehensive loss	<u>\$ (47,018)</u>	<u>\$ (61,973)</u>	<u>\$ (12,224)</u>	<u>\$ (13,717)</u>

The accompanying notes are an integral part of these consolidated financial statements

HEALTH CATALYST, INC.

Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit

(in thousands, except share data)

	Redeemable Convertible Preferred Stock		Common Stock			Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Additional Paid-In Capital			
Balance as of December 31, 2016	39,970,315	\$ 286,037	9,681,641	\$ 10	\$ —	\$ (206,388)	\$ (29)	\$ (206,407)
Issuance of Series E redeemable convertible preferred stock, net of issuance costs of \$53	2,249,278	23,787	—	—	—	—	—	—
Exercise of stock options	—	—	26,077	—	76	—	—	76
Stock-based compensation	—	—	—	—	4,223	—	—	4,223
Common stock warrants	—	—	—	—	1,396	—	—	1,396
Net loss	—	—	—	—	—	(47,035)	—	(47,035)
Other comprehensive gain	—	—	—	—	—	—	17	17
Accretion of redeemable convertible preferred stock	—	11,745	—	—	(5,695)	(6,050)	—	(11,745)
Balance as of December 31, 2017	42,219,593	\$ 321,569	9,707,718	\$ 10	\$ —	\$ (259,473)	\$ (12)	\$ (259,475)
Issuance of Series E redeemable convertible preferred stock, net of issuance costs of \$13	3,207,848	36,239	—	—	—	—	—	—
Repurchase of common stock	—	—	(1,596,843)	(1)	(8,711)	—	—	(8,712)
Exercise of stock option	—	—	1,447,894	1	3,044	—	—	3,045
Stock-based compensation	—	—	—	—	4,198	—	—	4,198
Common stock warrants	—	—	—	—	186	—	—	186
Net loss	—	—	—	—	—	(61,984)	—	(61,984)
Other comprehensive gain	—	—	—	—	—	—	11	11
Accretion of redeemable convertible preferred stock	—	52,037	—	—	1,283	(53,320)	—	(52,037)
Balance as of December 31, 2018	45,427,441	\$ 409,845	9,558,769	\$ 10	\$ —	\$ (374,777)	\$ (1)	\$ (374,768)

The accompanying notes are an integral part of these consolidated financial statements

HEALTH CATALYST, INC.

Interim Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit

(in thousands, except share data)(unaudited)

	Redeemable Convertible Preferred Stock		Common Stock			Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Additional Paid-In Capital			
Balance as of December 31, 2017	42,219,593	\$ 321,569	9,707,718	\$ 10	\$ —	\$ (259,473)	\$ (12)	\$ (259,475)
Issuance of Series E redeemable convertible preferred stock, net of issuance costs of \$3	377,394	3,997	—	—	—	—	—	—
Exercise of stock options	—	—	38,510	—	90	—	—	90
Stock-based compensation	—	—	—	—	1,038	—	—	1,038
Net loss	—	—	—	—	—	(12,209)	—	(12,209)
Other comprehensive loss	—	—	—	—	—	—	(15)	(15)
Reversal of accretion of redeemable convertible preferred stock	—	(10,481)	—	—	10,481	—	—	10,481
Balance as of March 31, 2018	42,596,987	\$ 315,085	9,746,228	\$ 10	\$ 11,609	\$ (271,682)	\$ (27)	\$ (260,090)
	Redeemable Convertible Preferred Stock		Common Stock			Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Additional Paid-In Capital			
Balance as of December 31, 2018	45,427,441	\$ 409,845	9,558,769	\$ 10	\$ —	\$ (374,777)	\$ (1)	\$ (374,768)
Issuance of Series F redeemable convertible preferred stock, net of issuance costs of \$115	875,585	12,073	—	—	—	—	—	—
Exercise of stock options	—	—	189,132	—	808	—	—	808
Stock-based compensation	—	—	—	—	1,656	—	—	1,656
Net loss	—	—	—	—	—	(13,720)	—	(13,720)
Other comprehensive gain	—	—	—	—	—	—	3	3
Accretion of redeemable convertible preferred stock	—	64,015	—	—	(2,464)	(61,551)	—	(64,015)
Balance as of March 31, 2019	46,303,026	\$ 485,933	9,747,901	\$ 10	\$ —	\$ (450,048)	\$ 2	\$ (450,036)

See the accompanying notes to the consolidated financial statements

HEALTH CATALYST, INC.

Consolidated Statements of Cash Flows

(in thousands)

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
			(unaudited)	
Cash flows from operating activities				
Net loss	\$ (47,035)	\$ (61,984)	\$ (12,209)	\$ (13,720)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	5,892	7,412	1,550	2,312
Loss on extinguishment of debt	—	—	—	1,670
Amortization of debt discount and issuance costs	153	533	134	144
Investment discount and premium amortization	72	(143)	(32)	(83)
Change in fair value of warrant liability	47	(34)	(27)	—
Gain on sale of property and equipment	(47)	(29)	(11)	(11)
Stock-based compensation expense	4,241	4,198	1,040	1,656
Change in operating assets and liabilities:				
Accounts receivable	4,442	(3,627)	(3,760)	(557)
Deferred costs	461	113	243	(109)
Prepaid expenses and other assets	(815)	(1,334)	(125)	(185)
Operating lease right-of-us assets	1,650	(3,942)	426	130
Accounts payable, accrued liabilities, and other liabilities	(6,275)	4,425	2,514	(382)
Deferred revenue	2,126	10,317	3,425	4,012
Operating lease liabilities	(1,741)	3,799	(555)	(101)
Net cash used in operating activities	(36,829)	(40,296)	(7,387)	(5,224)
Cash flows from investing activities				
Purchases of property and equipment	(2,466)	(2,275)	(352)	(689)
Proceeds from the sale of property and equipment	47	29	11	14
Purchase of short-term investments	(46,422)	(13,993)	—	(30,726)
Proceeds from the sale and maturity of short-term investments	72,127	37,870	9,150	3,147
Purchase of intangible assets	(878)	(228)	—	(402)
Net cash provided by (used in) investing activities	22,408	21,403	8,809	(28,656)
Cash flows from financing activities				
Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs	23,787	33,987	4,000	12,073
Proceeds from exercise of stock options	76	3,045	88	808
Repurchase of common stock	—	(8,712)	—	—
Payment of SVB line of credit and mezzanine loan	—	—	—	(21,821)
Proceeds from credit facilities, net of debt issuance costs	9,787	9,950	—	47,169

Payments of acquisition-related consideration to related party	—	(3,268)	(837)	(390)
Payments of acquisition-related consideration	(8,779)	(10,656)	(9,477)	—
Payments of deferred offering costs	—	—	—	(182)
Net cash provided by (used in) financing activities	24,871	24,346	(6,226)	37,657
Net increase (decrease) in cash and cash equivalents	10,450	5,453	(4,804)	3,777
Cash and cash equivalents at beginning of period	12,528	22,978	22,978	28,431
Cash and cash equivalents at end of period	\$ 22,978	\$ 28,431	\$ 18,174	\$ 32,208

Supplemental disclosures of cash flow information

Cash paid for income taxes	\$ 66	\$ 31	\$ —	\$ —
Cash paid for interest	1,032	3,937	1,972	1,276

Supplemental disclosures of non-cash investing and financing information

Redeemable convertible preferred stock accretion (reversal of accretion)	\$ 11,745	\$ 52,037	\$ (10,481)	\$ 64,015
Deferred offering costs included in accounts payable and accrued liabilities	—	100	—	1,066
Series E redeemable convertible preferred stock allocated to business combination	—	2,252	—	—
Purchase of intangible assets included in accounts payable and accrued liabilities	675	—	—	1,114
Purchase of property and equipment included in accounts payable and accrued liabilities	3	84	—	20

Supplemental disclosures of cash flow information related to leases

Cash paid for operating lease liabilities in operating cash flows	\$ 1,891	\$ 3,146	\$ 585	\$ 778
Operating lease right-of-use assets obtained in exchange for operating lease obligations	—	6,641	—	581

The accompanying notes are an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

1. Description of Business and Summary of Significant Accounting Policies

Nature of operations

Health Catalyst, Inc. (Health Catalyst) was incorporated under the laws of Delaware in September 2011. We were formerly known as HQC Holdings, Inc. In March 2017, we changed our name to Health Catalyst, Inc.

We are a leading provider of data and analytics technology and services to healthcare organizations. Our Solution comprises a cloud-based data platform, analytics software, and professional services expertise. Our customers, which are primarily healthcare providers, leverage our Solution to make data-informed decisions and realize measurable clinical, financial, and operational improvements.

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP).

Principles of consolidation

The consolidated financial statements include the accounts of Health Catalyst and its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, we evaluate our estimates, including those related to revenue recognition, provisions for doubtful accounts, useful lives of property and equipment, capitalization and estimated useful life of internal-use software and other intangible assets, fair value of financial instruments, deferred tax assets, common stock warrants, redeemable convertible preferred stock accretion, stock-based compensation, and tax uncertainties. Actual results could differ from those estimates.

Segment reporting

Operating segments are identified as components of an enterprise about which separate discrete financial information is evaluated by the chief operating decision maker (the CODM) in assessing performance and making decisions regarding resource allocation. We operate our business in two operating segments that also represent our reportable segments. Our segments are (1) technology and (2) professional services.

The CODM, the Chief Executive Officer, uses Adjusted Gross Profit (defined as revenue less cost of revenue that excludes depreciation, amortization, stock-based compensation expense, and certain other operating expenses) as the measure of our profit.

Net loss per share

We compute basic and diluted net loss per share in conformity with the two-class method required for participating securities. Redeemable convertible preferred stock and common stock are considered participating securities for purposes of this calculation. The two-class method is an earnings allocation formula that treats a participating security as having rights to earnings that otherwise would have been available to holders of common stock. However, the two-class method does not impact the net loss per share, as we are in a loss position for each of the periods presented and shares of redeemable convertible preferred stock do not participate in losses.

Notes to the Consolidated Financial Statements

Basic net loss per share is calculated by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding. Net loss attributable to common stockholders is computed as net loss less accretion (reversal of accretion) of redeemable convertible preferred stock. Diluted net loss per share attributable to common stockholders is calculated by giving effect to all potentially dilutive common stock equivalents outstanding for the period. For purposes of this calculation, stock options and warrants to purchase common stock are considered to be common stock equivalents but have been excluded from the calculation of diluted net loss per share attributable to common stockholders as the effect is antidilutive.

Unaudited pro forma stockholders' equity and pro forma net loss per share

Upon the completion of the contemplated initial public offering (IPO), we anticipate that all of the 46,303,026 shares of redeemable convertible preferred stock will convert into an equivalent number of shares of common stock. The accompanying pro forma stockholders' equity information as of March 31, 2019 (unaudited) has been prepared assuming the automatic conversion of all outstanding shares of redeemable convertible preferred stock into 46,303,026 shares of common stock, based on the number of shares of redeemable convertible preferred stock outstanding as of March 31, 2019. Unaudited pro forma stockholders' equity as of March 31, 2019 (unaudited) has been computed to give effect to the conversion of the redeemable convertible preferred stock into common stock as though the conversion had occurred as of March 31, 2019.

The pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited) has been computed to give effect to the conversion of the shares of redeemable convertible preferred stock into common stock as if such conversion had occurred at the later of the beginning of the period or the date the shares of redeemable convertible preferred stock were issued. The pro forma net loss per share also excludes accretion of redeemable convertible preferred stock as no accretion would have been recorded upon conversion. The shares of common stock issuable and the proceeds expected to be received in an IPO are excluded from such pro forma information.

As described in detail in note 16, we have granted two-tier employee stock options that vest upon the satisfaction of both a service-based vesting condition and a liquidity event-related performance vesting condition. The service-based condition for these awards is satisfied over four years with a cliff vesting period of one year and monthly vesting thereafter. The liquidity event-related performance vesting condition is defined as the earlier of (i) an acquisition or change in control of the company or (ii) upon the occurrence of an initial public offering by the company. A change in control event and effective registration event are not deemed probable until consummated. At the time the performance vesting condition becomes probable, we will recognize the cumulative stock-based compensation expense for the two-tier employee stock options that have met their service-based vesting condition using the accelerated attribution method. Accordingly, the unaudited pro forma stockholder's equity information as of March 31, 2019, gives effect to stock-based compensation expense of approximately \$3.8 million associated with these awards using the accelerated attribution method. This pro forma adjustment related to stock-based compensation expense of approximately \$3.8 million has been reflected as an increase to additional paid-in capital and accumulated deficit. The net loss used in computing pro forma net loss per share does not give effect to the stock-based compensation expense associated with these two-tier employee stock options.

Revenue recognition

We recognize revenue in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers (Topic 606)*, which we adopted with an initial application date of January 1, 2016. Accordingly, the consolidated financial statements for the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and March 31, 2019 are presented under Topic 606.

We derive our revenues primarily from technology subscriptions and professional services. We determine revenue recognition by applying the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;

Notes to the Consolidated Financial Statements

- 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 the performance obligation.

We recognize revenue net of any taxes collected from customers and subsequently remitted to governmental authorities.

Technology revenue

Technology revenue primarily consists of subscription fees charged to customers for access to use our technology. We provide customers access to our technology through either an all-access or limited-access, modular subscription. The majority of our subscription arrangements are cloud-based and do not provide customers the right to take possession of the technology or contain a significant penalty if the customer were to take possession of the technology. Revenue from cloud-based subscriptions is recognized ratably over the contract term beginning on the date that the service is made available to the customer. Most of our subscription contracts have up to a three-year term, of which the vast majority are terminable after one year upon 90 days notice.

Subscriptions that allow the customer to take software on-premise without significant penalty are treated as time-based licenses. These arrangements generally include access to technology, access to unspecified future products and maintenance and support. Revenue for upfront access to our technology library is recognized at a point in time when the technology is made available to the customer. Revenue for access to unspecified future products included in time-based license subscriptions is recognized ratably over the contract term beginning on the date that the access is made available to the customer.

We also have certain perpetual license arrangements. Revenue from these arrangements is recognized at a point in time upon delivery of the software.

Technology revenue also includes maintenance and support revenue which generally includes bug fixes, updates, and support services. Revenue related to maintenance and support is recognized over the contract term beginning on the date that the service is made available to the customer.

Professional services revenue

Professional services revenue primarily includes analytics services, implementation services, strategic advisory services, and improvement services. Professional services arrangements typically include a fee for making full-time equivalent (FTE) services available to our customers on a monthly basis. FTE services generally consist of a blend of analytic engineers, analysts, and data scientists based on the domain expertise needed to best serve our customer. Professional services are typically considered distinct from the technology offerings and revenue is generally recognized as the service is provided using the “right to invoice” practical expedient.

Contracts with multiple performance obligations

Many of our contracts include multiple performance obligations. We account for performance obligations separately if they are capable of being distinct within the context of the contract. The transaction price is allocated to separate performance obligations on a relative standalone selling price basis.

We determine standalone selling prices based on the observable price a good or service is sold for separately when available. In cases where standalone selling prices are not directly observable, based on information available, we utilize the expected cost plus a margin, adjusted market assessment, or residual estimation method. We consider all information available including our overall pricing objectives, market conditions, and other factors, which may include customer demographics and the types of users. We use the residual estimation method for technology licenses and subscriptions due to a limited number of standalone transactions and/or prices that are highly variable.

Notes to the Consolidated Financial Statements**Variable consideration**

We have also entered into at-risk and shared savings arrangements with certain customers whereby we receive variable consideration based on the achievement of measurable improvements which may include cost savings or performance against metrics. For these arrangements, we estimate revenue using the most likely amount that we will receive. Estimates are based on our historical experience and best judgment at the time to the extent it is probable that a significant reversal of revenue recognized will not occur. Due to the nature of our arrangements, certain estimates may be constrained until the uncertainty is further resolved.

Contract balances

Contract assets resulting from services performed prior to invoicing customers are recorded as unbilled accounts receivable and are presented on the consolidated balance sheets in aggregate with accounts receivable. Unbilled accounts receivable generally become billable at contractually specified dates or upon the attainment of contractually defined milestones. As of December 31, 2016, 2017 and 2018, the unbilled accounts receivable included in accounts receivable on our consolidated balance sheets was \$1.8 million, \$2.8 million and \$3.4 million, respectively. As of March 31, 2018 and 2019 (unaudited), the unbilled accounts receivable included in accounts receivable on our consolidated balance sheets was \$0.5 million and \$3.5 million, respectively.

We record contract liabilities as deferred revenue when cash payments are received or due in advance of performance. Deferred revenue primarily relates to the advance consideration received from the customer. As of December 31, 2016, 2017, and 2018, the total of current and non-current deferred revenue on our consolidated balance sheets was \$8.6 million, \$10.7 million, and \$32.0 million, respectively. As of March 31, 2018 and 2019 (unaudited), the total of current and non-current deferred revenue on our consolidated balance sheets was \$14.1 million and \$36.0 million, respectively.

Cost of revenue, excluding depreciation and amortization

Cost of technology revenue primarily consists of costs associated with hosting and supporting our technology, including third-party cloud computing and hosting costs, contractor costs, and salary and related personnel costs for our cloud services and support teams. Cost of professional services revenue primarily consists of salary and related personnel costs, travel-related costs, and independent contractor costs. Cost of revenue excludes costs related to depreciation and amortization.

We defer certain costs to fulfill a contract when the costs are expected to be recovered, are directly related to in-process contracts and enhance resources that will be used in satisfying performance obligations in the future. These deferred fulfillment costs primarily consist of employee compensation incurred as part of the implementation of new contracts. As of December 31, 2017 and 2018, and March 31, 2019 (unaudited), we had deferred contract fulfillment costs of \$0.8 million, \$0.6 million, and \$0.8 million, respectively.

Cash and cash equivalents

We consider all highly liquid investments purchased with a remaining maturity of three months or less at the time of acquisition to be cash equivalents.

Short-term investments

Our investment policy limits investments to highly-rated instruments that mature in less than 12 months. We classify our short-term investments as available for sale.

Accounts receivable

Accounts receivable are non-interest bearing and are recorded at the original invoiced amount less an allowance for doubtful accounts based on the probability of future collections. When we become aware of circumstances that may

Notes to the Consolidated Financial Statements

decrease the likelihood of collections, we record a specific allowance against amounts due, which reduces the receivable amount to the amount reasonably believed to be collected. For all other customers, we determine and periodically adjust the allowance based on historical loss patterns and current receivables aging. As of December 31, 2017 and 2018, and March 31, 2019 (unaudited), we had an allowance for doubtful accounts of \$0.1 million, \$0.5 million, and \$0.5 million, respectively.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Repairs and maintenance costs that do not extend the useful life or improve the related assets are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful life of each asset category is as follows:

Computer equipment	2-3 years
Furniture and fixtures	3 years
Leasehold improvements	Lesser of lease term or estimated useful life
Computer software	2-3 years
Capitalized internal-use software costs	3 years

When there are indicators of potential impairment, we evaluate the recoverability of the carrying values by comparing the carrying amount of the applicable asset group to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset group exceeds its estimated undiscounted future net cash flows, an impairment charge is recognized based on the amount by which the carrying value of the long-lived assets exceeds the fair value of the assets. We did not incur any long-lived impairment charges for the years ended December 31, 2017 and 2018 and for the three months ended March 31, 2019 (unaudited).

Intangible assets

Intangible assets include developed technologies, customer relationships, customer contracts, and trademarks that were acquired in business combinations and asset acquisitions. Intangible assets also include the purchase of third-party computer software. The intangible assets are amortized using the straight-line method over the assets' estimated useful lives. The estimated useful life of each asset category is as follows:

Developed technologies	2-10 years
Customer relationships and contracts	6 years
Computer software licenses	2-5 years
Trademarks	2 years

Goodwill

We record goodwill as the difference between the aggregate consideration paid for a business combination and the fair value of the identifiable net tangible and intangible assets acquired. Goodwill is assessed for impairment annually or more frequently if indicators of impairment are present or circumstances suggest that impairment may exist. The first step of the goodwill impairment test compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, the goodwill of the reporting unit is not considered impaired. If the carrying amount of the reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill. There was no impairment of goodwill for the years ended December 31, 2017 and 2018 and for the three months ended March 31, 2018 and 2019 (unaudited).

Notes to the Consolidated Financial Statements

Deferred offering costs

Deferred offering costs, which consist of legal, consulting, banking, and accounting fees directly attributable to the IPO, are capitalized and will be offset against proceeds upon the consummation of the IPO. In the event the IPO is terminated, deferred offering costs will be expensed in the period terminated. As of December 31, 2018 and March 31, 2019 (unaudited), our capitalized deferred offering costs of \$0.1 million and \$1.2 million, respectively, were included in other assets within the consolidated balance sheets. No amounts were capitalized as of December 31, 2017.

Common stock warrants

We account for freestanding warrants to purchase shares of our common stock that are not considered indexed to our own stock as warrant liabilities on our consolidated balance sheets until the point in time that they qualify for equity classification. We record liability-classified common stock warrants at their estimated fair value because they are free standing and the number of shares exercisable increases as we make advances on our credit facility.

At the end of each reporting period, we record the change in the estimated fair value of the warrants to purchase common stock as a change in fair value of warrant liability within interest and other expense, net in our consolidated statements of operations. We reclassify the warrants from liability-classified to equity-classified as exercise contingencies related to the warrants become resolved.

Business combinations

We account for an acquisition as a business combination if we obtain control of a business. Assets and liabilities acquired in a business combination generally are recorded at fair value and any associated acquisition costs are expensed as incurred in general and administrative expenses.

Advertising costs

All advertising costs are expensed as incurred. For the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and 2019 (unaudited), we incurred \$5.9 million, \$5.0 million, \$0.5 million, and \$0.6 million in advertising costs, respectively.

Development costs and internal-use software

Our technology products are generally developed to be sold externally. We determined that technological feasibility for our technology products to be sold externally is reached shortly before the products are ready for general release. Any costs associated with software development between the time technological feasibility is reached and general release are inconsequential.

We capitalize certain development costs incurred in connection with our internal-use software. These capitalized costs are primarily related to the software platforms that are hosted by us and accessed by our customers on a subscription basis. Costs incurred in the preliminary stages of development are expensed as incurred as research and development costs. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. We also capitalize costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Capitalized costs are recorded as part of property and equipment. Maintenance and training costs are expensed as incurred. Internal-use software is amortized on a straight-line basis over its estimated useful life of three years.

Stock-based compensation

Stock-based awards are measured and recognized in the consolidated financial statements based on the fair value of the award on the grant date. For awards subject to performance conditions, we will record expense when the performance condition becomes probable. We record forfeitures of stock-based awards as the actual forfeitures occur.

Notes to the Consolidated Financial Statements

We estimate the fair value of stock option awards on the grant date using the Black-Scholes option pricing model. We have issued two types of employee stock options, standard and two-tier. Our standard stock options vest solely on a service-based condition. For these awards, we recognize stock-based compensation expense on a straight-line basis over the vesting period. Two-tier employee stock options contain both a service-based condition and performance condition, defined as the earlier of (i) an acquisition or change in control of the company or (ii) upon the occurrence of an initial public offering by the Company. A change in control event and effective registration event are not deemed probable until consummated; accordingly, no expense is recorded related to two-tier stock options until the performance condition becomes probable of occurring. Awards which contain both service-based and performance conditions are recognized using the accelerated attribution method once the performance condition is probable of occurring. The service-based condition is generally a service period of four years.

Prior to the adoption of ASU No. 2018-07, *Compensation — Stock Compensation* (ASU 2018-17), which simplifies the accounting for non-employee share-based payment transactions and is discussed below under "Accounting pronouncements adopted," the fair value measurement date for non-employee awards was the date the performance of services was completed. Upon adoption of ASU 2018-07 on January 1, 2019, the measurement date for non-employee awards is the date of grant. The compensation expense for non-employees is recognized, without changes in the fair value of the award, in the same period and in the same manner as though we had paid cash for the services, which is typically the vesting period of the respective award. The impact on our consolidated financial statements was immaterial.

Concentrations of credit risk

Financial instruments that potentially subject us to a concentration of credit risk consist principally of cash and cash equivalents, short-term investments, and accounts receivable. We deposit cash with high credit quality financial institutions which at times may exceed federally insured amounts. We have not experienced any losses on our deposits.

We perform ongoing credit evaluations of our customers' financial condition and require no collateral from customers. We review the expected collectability of accounts receivable and record an allowance for doubtful accounts for amounts that we determine are not collectible.

The following table depicts the largest customers' outstanding net accounts receivable balance as a percentage of the total outstanding net accounts receivable balance:

	As of December 31,		As of March 31,
	2017	2018	2019
			(unaudited)
Customer A	12%	13%	less than 10%
Customer B	11%	less than 10%	less than 10%

There were no other customers with outstanding net accounts receivable balances as a percentage of total outstanding net accounts receivable balance greater than 10% as of December 31, 2017 and 2018 and March 31, 2018 and 2019 (unaudited).

The following table depicts customers with revenue as a percentage of total revenue exceeding 10%:

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
				(unaudited)
Customer A	12%	less than 10%	less than 10%	less than 10%

There were no other customers with revenue as a percentage of total revenue greater than 10% for the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and 2019 (unaudited).

Notes to the Consolidated Financial Statements**Income taxes**

Deferred income tax balances are accounted for using the liability method and reflect the effects of temporary differences between the financial reporting and tax bases of our assets and liabilities using enacted tax rates expected to apply when taxes are actually paid or recovered. In addition, deferred tax assets and liabilities are recorded for net operating loss (NOL) and credit carryforwards.

On December 22, 2017, the 2017 Tax Cuts and Jobs Act (Tax Act) was enacted into law and the new legislation contains several key tax provisions that affect us, including the reduction of the corporate income tax rate to 21%, effective January 1, 2018. We were required to recognize the effect of the tax law changes in the period of enactment. As such, we remeasured our consolidated deferred tax assets and liabilities as of December 31, 2017 to reflect the lower rate and also reassessed the net realizability of those deferred tax assets and liabilities.

A valuation allowance is provided against deferred tax assets unless it is more likely than not that they will be realized based on all available positive and negative evidence. Such evidence includes, but is not limited to, recent cumulative earnings or losses, expectations of future taxable income by taxing jurisdiction, and the carry-forward periods available for the utilization of deferred tax assets.

We use a two-step approach to recognize and measure uncertain income tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained upon audit. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement. We do not accrue interest and penalties related to unrecognized tax benefits within the provision for income taxes because we have net operating loss carryforwards. Significant judgment is required to evaluate uncertain tax positions.

Although we believe that we have adequately reserved for our uncertain tax positions, we can provide no assurance that the final tax outcome of these matters will not be materially different. We evaluate our uncertain tax positions on a regular basis and evaluations are based on a number of factors, including changes in facts and circumstances, changes in tax law, such as the Tax Act, correspondence with tax authorities during the course of an audit, and effective settlement of audit issues.

To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and results of operations.

Fair value of financial instruments

The carrying amounts reported in the consolidated balance sheets for cash, receivables, accounts payable, and current accrued expenses approximate fair values because of the immediate or short-term maturity of these financial instruments. The carrying value of acquisition-related consideration payable, operating lease liabilities, and long-term debt approximate fair value based on interest rates available for debt with similar terms at December 31, 2017 and 2018 and March 31, 2019 (unaudited). Money market funds and short-term investments are measured at fair value on a recurring basis.

Fair value is estimated by applying the following 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- Quoted prices in active markets for identical assets or liabilities.
- Level 2- Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Notes to the Consolidated Financial Statements

- Level 3- Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

Leases

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, operating lease liabilities, and operating lease liabilities, net of current portion in our consolidated balance sheets. We have adopted the short-term lease recognition exemption policy. All of our leasing commitments are classified either as operating leases or otherwise qualify as short-term leases with lease terms of 12 months or less.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As our lease contracts do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date to determine the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease executory costs. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the applicable option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

We do not have lease agreements that contain non-lease components, which generally would be accounted for separately.

Accounting pronouncements adopted

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 establishes a principle for recognizing revenue upon the transfer of promised goods or services to customers in an amount that reflects the considerations to which the entity expects to be entitled to in exchange for those goods or services. We elected to early adopt the requirements of Topic 606 as of January 1, 2017 with an initial application date of January 1, 2016, utilizing the full retrospective method of transition.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 requires entities to measure equity investments at fair value and recognize any changes in fair value within the consolidated statement of operations. We elected to early adopt Subtopic 825-10 as of January 1, 2018. Adoption of Subtopic 825-10 had no material impact on the amounts presented in our consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the balance sheet. Topic 842 requires recognition of ROU assets and lease liabilities by lessees, including those leases classified as operating leases. The new standard also requires disclosures to assist users of financial statements to understand the amount, timing, and uncertainty of cash flows resulting from leases.

We elected to early adopt Topic 842, including certain of its practical expedients, as of January 1, 2018, with an initial application date of January 1, 2017, utilizing the modified retrospective method of transition. In transition to the new standard, we elected to recognize and measure leases existing at, or entered into after, January 1, 2017, which is the beginning of the earliest comparative period presented with certain practical expedients available. Topic 842 had a material impact on our consolidated balance sheets, had a de minimis impact on our consolidated statements of operations, and no net impact on our consolidated statements of cash flows. The major impact was the recognition of ROU assets and lease liabilities for operating leases.

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*, that clarifies how companies should classify certain cash receipts and cash payments in the statement of cash flows. We adopted the amended Topic 230 as of January 1, 2018. Adoption of Topic 230 had no material impact on the amounts presented in our consolidated financial statements.

Notes to the Consolidated Financial Statements

In June 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting (ASU 2018-07)*. ASU 2018-07 simplifies the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. The new standard is effective for fiscal years beginning after December 15, 2018, and interim periods within those annual periods. We adopted ASU 2018-07 as of January 1, 2019 and applied the standard prospectively. The adoption of this standard did not have a material impact on the consolidated financial statements.

Recent accounting pronouncements

In June 2016, FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, that changes how companies will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. For available-for-sale debt securities, we will be required to record allowances rather than reduce the carrying amount. Public business entities are required to adopt ASU 2016-13 for annual and interim reporting periods beginning after December 15, 2019. We are currently evaluating the impact the ASU will have on our consolidated financial statements.

In January 2017, FASB issued ASU 2017-04, *Intangibles-Goodwill and Other - Simplifying the Test for Goodwill Impairment (Topic 350)*, that simplifies how an entity is required to test goodwill for impairment by modifying the second step of the impairment test. The second step measures a goodwill impairment loss by comparing the fair value of a reporting unit. If the carrying amount of the reporting unit exceeds its fair value, the carrying amount of goodwill is reduced by the excess reporting unit carrying amount up to the carrying amount of the goodwill. Public business entities must adopt ASU 2017-04 for annual or interim goodwill impairment tests in reporting periods beginning after December 15, 2019. We are currently evaluating the impact the ASU will have on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which eliminates certain disclosure requirements for fair value measurements for all entities, requires public entities to disclose certain new information and modifies some disclosure requirements. The new guidance is effective for all entities for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years. An entity is permitted to early adopt either the entire standard or only the provisions that eliminate or modify requirements. Entities can elect to early adopt in interim periods, including periods for which they have not yet issued financial statements or made their financial statements available for issuance. We are currently evaluating the impact the ASU will have on our consolidated financial statements.

2. Business Combinations

On June 29, 2018, we completed the purchase of Medicity LLC (Medicity) for consideration in the form of shares of Series E redeemable convertible preferred stock with an estimated fair value of \$2.3 million from Aetna, Inc. The purchase of Medicity was consummated as part of an integrated transaction that included two components: (1) a \$15 million Series E redeemable convertible preferred stock capital raise and (2) a business combination where we acquired 100% of the membership interests in Medicity. The acquisition was accounted for as a business combination as specified under ASC 805, *Business Combinations*. In the integrated transaction, the consideration transferred was allocated between the business combination and the capital raise based on relative values as of June 29, 2018 of the \$15 million cash received in the capital raise and the fair value of net identifiable assets received in the business combination.

The fair values of Medicity's assets and liabilities were determined based on estimates and assumptions that are judgmental in nature, including the timing and amount of projected future cash flows and market-participant discount rates reflecting risks inherent in the future cash flows.

Notes to the Consolidated Financial Statements

The following table summarizes the acquisition-date fair value of consideration transferred and the assets received and liabilities assumed as part of our acquisition of Medicity (in thousands):

Assets acquired:	
Accounts receivable	\$ 7,016
Prepaid expenses	2,735
Property and equipment	1,613
Computer software licenses	2,358
Developed technologies	800
Customer relationships and contracts	600
Trademarks	100
Total assets acquired	15,222
Less liabilities assumed:	
Accounts payable and other current liabilities	1,970
Deferred revenue	11,000
Total liabilities assumed	12,970
Total assets acquired, net	\$ 2,252

The intangibles assets acquired were valued utilizing the income approach and include customer relationships, developed technology, and trademarks with estimated useful lives of six years, five years, and two years, respectively. The estimated useful life remaining on software licenses and property and equipment acquired is one to five years.

The following unaudited pro forma information presents our consolidated information as if the acquisition of Medicity had occurred on January 1, 2017 (in thousands):

	Year Ended December 31,	
	2017	2018
Total pro forma revenues	\$ 109,739	\$ 128,992
Pro forma net loss	(63,986)	(72,931)
Pro forma net loss per share attributable to common stockholders, basic and diluted	(6.60)	(7.59)

The unaudited pro forma information is not intended to present actual results that would have been attained had the acquisition been completed as of January 1, 2017 or to project potential results as of any future date or for any future periods. The nature and amount of material, nonrecurring pro forma adjustments directly attributable to our acquisition of Medicity which are included in the pro forma revenues or net loss, as applicable, are attributable to fair value adjustments to deferred revenues, amortization of acquired intangible assets and acquisition-related income tax considerations totaling \$11.0 million and \$0.5 million in 2017 and 2018, respectively.

The amount of revenue attributable to the acquired business of Medicity that has been included in the consolidated statement of operations subsequent to the June 29, 2018 acquisition date through December 31, 2018 is \$12.5 million. Loss information for Medicity after the acquisition date through December 31, 2018 is not presented as the Medicity business was integrated into our operations subsequent to the acquisition and is impracticable to quantify. The acquisition provides us with the opportunity to cross-sell to several top health systems and the ability to leverage the Medicity acquired technology to drive change via analytics at the point of care.

Notes to the Consolidated Financial Statements

3. Revenue

Disaggregation of revenue

The following table represents Health Catalyst's revenue disaggregated by type of arrangement (in thousands):

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
			(unaudited)	
Recurring technology	\$ 28,003	\$ 55,266	9,113	20,148
One-time technology (i.e., perpetual license)	3,690	1,958	338	—
Professional services	41,388	55,350	11,181	15,065
Total revenue	\$ 73,081	\$ 112,574	20,632	35,213

For the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and 2019 (unaudited), 99.5%, 99.4%, 97.5%, and 100% of revenue was related to contracts with customers located in the United States.

4. Goodwill and Intangible Assets

We operate our business in two operating segments that also represent our reporting units. Our reporting units are organized based on our technology and professional services. We have not incurred any goodwill impairment charges.

Goodwill by reporting unit is as follows (in thousands):

	As of December 31,		As of March 31,
	2017	2018	2019
			(unaudited)
Technology	\$ 2,912	\$ 2,912	\$ 2,912
Professional services	782	782	782
Total goodwill	\$ 3,694	\$ 3,694	\$ 3,694

As of December 31, 2017, intangible assets consisted of the following (in thousands):

	Gross	Accumulated Amortization	Net
Developed technologies	\$ 35,647	\$ (9,290)	\$ 26,357
Customer relationships and contracts	3,565	(1,436)	2,129
Computer software licenses	1,178	(99)	1,079
Total intangible assets	\$ 40,390	\$ (10,825)	\$ 29,565

HEALTH CATALYST, INC.

Notes to the Consolidated Financial Statements

As of December 31, 2018, intangible assets consisted of the following (in thousands):

	Gross	Accumulated Amortization	Net
Developed technologies	\$ 36,129	\$ (12,720)	\$ 23,409
Customer relationships and contracts	4,164	(2,080)	2,084
Computer software licenses	3,554	(818)	2,736
Trademarks	100	(25)	75
Total intangible assets	<u>\$ 43,947</u>	<u>\$ (15,643)</u>	<u>\$ 28,304</u>

As of March 31, 2019 (unaudited), intangible assets consisted of the following (in thousands):

	Gross	Accumulated Amortization	Net
Developed technologies	\$ 36,129	\$ (13,677)	\$ 22,452
Customer relationships and contracts	4,164	(2,253)	1,911
Computer software licenses	5,071	(1,176)	3,895
Trademarks	100	(38)	62
Total intangible assets	<u>\$ 45,464</u>	<u>\$ (17,144)</u>	<u>\$ 28,320</u>

Amortization expense for intangible assets for the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and 2019 (unaudited) was \$4.5 million, \$5.1 million, \$1.1 million, and \$1.5 million, respectively. Amortization expense for intangible assets is included in depreciation and amortization in the consolidated statements of operations.

The weighted-average remaining amortization period by type of intangible assets as of December 31, 2018 is as follows:

	Weighted-Average Remaining Amortization Period (years)
Developed technologies	6.3
Customer relationships and contracts	3.4
Computer software licenses	3.1
Trademarks	1.5

Notes to the Consolidated Financial Statements

As of December 31, 2018, future amortization expense for finite-lived intangible assets is estimated to be as follows (in thousands):

Year Ending December 31,	
2019	\$ 5,595
2020	5,432
2021	4,758
2022	4,273
2023	3,171
Thereafter	5,075
Total future amortization expense	<u>\$ 28,304</u>

5. Property and Equipment

Property and equipment consisted of the following (in thousands):

	As of December 31,		As of March 31,
	2017	2018	2019
			(unaudited)
Computer equipment	\$ 4,003	\$ 6,769	\$ 6,920
Leasehold improvements	1,118	1,704	1,945
Furniture and fixtures	1,097	1,406	1,553
Capitalized internal-use software costs	1,285	1,482	1,520
Computer software	972	972	972
Capital lease equipment	37	37	37
Total property and equipment	8,512	12,370	12,947
Less: accumulated depreciation	(5,533)	(7,694)	(8,461)
Property and equipment, net	<u>\$ 2,979</u>	<u>\$ 4,676</u>	<u>\$ 4,486</u>

Our long-lived assets are located in the United States. Depreciation expense for the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and 2019 (unaudited) was \$1.4 million, \$2.3 million, \$0.4 million, and \$0.8 million, respectively. Depreciation expense includes amortization of assets recorded under a capital lease and the amortization of capitalized internal-use software costs.

We capitalized \$1.3 million, \$0.2 million, \$0.2 million, and \$0.1 million of internal-use software costs for the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and 2019 (unaudited), respectively. We incurred \$0.1 million, \$0.4 million, \$0.1 million, and \$0.1 million of capitalized internal-use software cost amortization expense for the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and 2019 (unaudited), respectively.

6. Short-term Investments

Our investment policy limits investments to highly-rated instruments that mature in less than 12 months. We classify our short-term investments as available for sale. Available-for-sale securities are recorded on our consolidated balance sheets at fair market value and any unrealized gains or losses are reported as part of other comprehensive loss on the consolidated statements of comprehensive loss. We determine realized gains or losses on the sales of investments through the specific identification method and record such gains or losses as part of interest and other expense, net on the consolidated statements of operations. We did not have realized gains or losses on investments during the years

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Notes to the Consolidated Financial Statements

ended December 31, 2017 and 2018 and the three months ended March 31, 2019. We measure the fair value of investments on a recurring basis.

The following table summarizes, by major security type, our cash, cash equivalents, and short-term investments (in thousands) as of December 31, 2017:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and cash equivalents	Short-term Investments
Cash	\$ 1,263	\$ —	\$ —	\$ 1,263	\$ 1,263	\$ —
Money market funds	20,518	—	—	20,518	20,518	—
Commercial paper	14,749	—	—	14,749	1,197	13,552
Corporate bonds	11,478	—	(10)	11,468	—	11,468
Asset-backed securities	3,466	—	(2)	3,464	—	3,464
Total	\$ 51,474	\$ —	\$ (12)	\$ 51,462	\$ 22,978	\$ 28,484

The following table summarizes, by major security type, our cash, cash equivalents, and short-term investments (in thousands) as of December 31, 2018:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and cash equivalents	Short-term Investments
Cash	\$ 959	\$ —	\$ —	\$ 959	\$ 959	\$ —
Money market funds	23,085	—	—	23,085	23,085	—
US treasury notes	4,175	—	(1)	4,174	1,396	2,778
Commercial paper	3,976	—	—	3,976	1,993	1,983
Corporate bonds	998	—	—	998	998	—
Total	\$ 33,193	\$ —	\$ (1)	\$ 33,192	\$ 28,431	\$ 4,761

As we do not intend to sell investments that are in an unrealized loss position and it is not likely that we will be required to sell any investments before recovery of their amortized cost basis, we do not consider the investments with an unrealized loss to be other-than-temporarily impaired as of December 31, 2018.

The following table summarizes, by major security type, our cash, cash equivalents, and short-term investments (in thousands) as of March 31, 2019 (unaudited):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and cash equivalents	Short-term Investments
Cash	\$ 91	\$ —	\$ —	\$ 91	\$ 91	\$ —
Money market funds	29,128	—	—	29,128	29,128	—
US treasury notes	4,168	1	—	4,169	—	4,169
Commercial paper	18,609	—	—	18,609	2,988	15,620
Corporate bonds	5,986	1	—	5,987	—	5,987
Asset-backed securities	6,650	—	—	6,650	—	6,650
Total	\$ 64,632	\$ 2	\$ —	\$ 64,634	\$ 32,207	\$ 32,426

Notes to the Consolidated Financial Statements

7. Fair Value of Financial Instruments

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 were as follows (in thousands):

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	\$ 20,518	\$ —	\$ —	\$ 20,518
Commercial paper	—	14,749	—	14,749
Corporate bonds	—	11,468	—	11,468
Asset-backed securities	—	3,464	—	3,464
Total assets measured at fair value on a recurring basis	\$ 20,518	\$ 29,681	\$ —	\$ 50,199
Liabilities:				
Common stock warrant liability	\$ —	\$ —	\$ 220	\$ 220
Total liabilities measured at fair value on a recurring basis	\$ —	\$ —	\$ 220	\$ 220

In October 2017, we issued common stock warrants which required fair value measurements. The fair value of the warrants was measured using an option pricing model. Inputs used to determine the estimated fair value of the warrants include the estimated value of the underlying common stock at the valuation measurement date, the term of the warrants, risk-free interest rates, and estimated volatility. Estimated volatility is based on the volatility of a peer group. In addition to the above, significant inputs include the likelihood of the exercise contingencies being met. In October 2018 all remaining contingencies were resolved and the remaining common stock warrant liability balance was marked to market and recorded in stockholders' deficit. See note 12. Stockholders' Deficit for further information regarding the fair value of the warrants.

The following table sets forth a summary of the changes in the estimated fair value of the warrant liabilities, which are measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in thousands):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Balance at January 1, 2017	\$ —
Common stock warrant issuance	1,569
Loss related to change in fair value of warrant liability	47
Reclassification of warrant liability to equity	(1,396)
Balance at December 31, 2017	\$ 220
Gain related to change in fair value of warrant liability	(34)
Reclassification of warrant liability to equity	(186)
Balance at December 31, 2018	\$ —

HEALTH CATALYST, INC.

Notes to the Consolidated Financial Statements

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2018 were as follows (in thousands):

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	\$ 23,085	\$ —	\$ —	\$ 23,085
U.S. Treasury notes	4,174	—	—	4,174
Commercial paper	—	3,976	—	3,976
Corporate bonds	—	998	—	998
Total assets measured at fair value on a recurring basis	\$ 27,259	\$ 4,974	\$ —	\$ 32,233

There were no transfers between Level 1 and Level 2 of the fair value measurement hierarchy during the years ended December 31, 2017 and 2018.

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2019 (unaudited) were as follows (in thousands):

	March 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	\$ 29,128	\$ —	\$ —	\$ 29,128
U.S. Treasury notes	4,169	—	—	4,169
Commercial paper	—	18,609	—	18,609
Corporate bonds	—	5,987	—	5,987
Asset-backed securities	—	6,650	—	6,650
Total assets measured at fair value on a recurring basis	\$ 33,297	\$ 31,246	\$ —	\$ 64,543

8. Accrued liabilities

As of December 31, 2017 and 2018 and March 31, 2019 (unaudited), accrued liabilities consisted of the following (in thousands):

	As of December 31,		As of March 31,
	2017	2018	2019
			(unaudited)
Accrued compensation and benefit expenses	\$ 811	\$ 5,888	\$ 5,634
Other accrued expenses	1,531	3,315	4,203
Total accrued liabilities	\$ 2,342	\$ 9,203	\$ 9,837

Notes to the Consolidated Financial Statements

9. Leases

Operating leases

We lease office space and certain equipment under operating leases that expire between 2019 and 2024. The terms of the leases provide for rental payments on a graduated scale, options to renew the leases (one to five years), landlord incentives or allowances, and periods of free rent.

Our operating lease expense for the years ended December 31, 2017 and 2018, and the three months ended March 31, 2018 and 2019 (unaudited), was \$1.8 million, \$2.2 million, \$0.5 million, and \$0.8 million, respectively. In addition to those amounts, lease expense attributable to short-term leases with terms of 12 months or less for the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and 2019 (unaudited) was \$0.6 million, \$0.5 million, \$0.1 million, and \$0.1 million, respectively.

Maturities of lease liabilities under operating leases at December 31, 2018 are as follows (in thousands):

Year ending December 31:

2019	\$	2,882
2020		3,147
2021		690
2022		262
2023		269
Thereafter		92
Total lease payments		<u>7,342</u>
Less: Imputed interest		(537)
Total lease liability	\$	<u>6,805</u>

As of December 31, 2018, we had additional commitments of \$0.7 million under an operating lease for office space, that has not commenced. This operating lease commenced in the first quarter of 2019 and has a lease term of five years.

Supplemental balance sheet information related to leases as of December 31, 2017 and 2018 and March 31, 2019 (unaudited) is as follows (in thousands other than weighted average amounts):

	As of December 31,		As of March 31,
	2017	2018	2019
			(unaudited)
Operating lease right-of-use assets	\$ 2,402	\$ 6,344	\$ 6,214
Operating lease liabilities, current	2,134	2,577	2,725
Operating lease liabilities, noncurrent	872	4,228	3,979
Total operating lease liabilities	<u>\$ 3,006</u>	<u>\$ 6,805</u>	<u>\$ 6,704</u>
Weighted-average remaining operating lease term (years)	1.6	2.6	2.7
Weighted-average operating lease discount rate	4.3%	5.5%	5.6%

Notes to the Consolidated Financial Statements

10. Acquisition-related consideration payable

Future minimum cash commitments as part of prior year asset acquisitions and business combinations as of December 31, 2018 are as follows (in thousands):

Year ending December 31:

2019	\$	2,250
2020		2,250
2021		2,000
Total cash commitments as part of acquisitions		6,500
Less: Imputed interest		(558)
Total acquisition-related consideration payable	\$	5,942

The remaining obligations from the acquisition-related consideration payable, net of imputed interest, are recorded as liabilities on our consolidated balance sheets.

11. Credit Facilities

As of December 31, 2017, our term credit facilities consisted of the following, excluding debt discount and issue costs of \$1.7 million (in thousands):

	<u>Balance</u>	<u>Remaining Capacity</u>	<u>Interest Rate</u>	<u>Basis Rate</u>
Term loan	\$ 10,000	\$ 10,000	10.75%	Prime plus 6.25%
Revolving line of credit	1,321	13,085	5.00%	Prime plus 0.50%
Total credit facilities	11,321	\$ 23,085		
Less: Current portion of credit facilities	—			
Credit facilities, less current portion	\$ 11,321			

As of December 31, 2018, our term credit facilities consisted of the following, excluding debt discount and issue costs of \$1.2 million (in thousands):

	<u>Balance</u>	<u>Remaining Capacity</u>	<u>Interest Rate</u>	<u>Basis Rate</u>
Term loan	\$ 20,000	\$ —	11.75%	Prime plus 6.25%
Revolving line of credit	1,321	18,679	6.00%	Prime plus 0.50%
Total credit facilities	21,321	\$ 18,679		
Less: Current portion of credit facilities	(1,321)			
Credit facilities, less current portion	\$ 20,000			

Notes to the Consolidated Financial Statements

As of March 31, 2019 (unaudited), our term credit facilities consisted of the following, excluding debt discount and issue costs of \$2.7 million (in thousands):

	Balance	Remaining Capacity	Interest Rate	Basis Rate
Term loan	\$ 50,000	\$ 10,000	10.00%	Higher of LIBOR plus 7.5% and 10.0%
Revolving line of credit	—	5,000	6.00%	Prime plus 0.50%
Total credit facilities	50,000	\$ 15,000		
Less: Current portion of credit facilities	—			
Credit facilities, less current portion	\$ 50,000			

In June 2016, we signed a Loan and Security Agreement with Silicon Valley Bank (SVB) which established a revolving line of credit based on a formula amount. The formula amount is calculated as 85% of eligible account balances, which includes certain accounts receivable amounts. The revolving line of credit's capacity is up to \$20.0 million, subject to the limitation set by the formula amount. The line may be increased by \$5.0 million upon request and approval by the bank. In October 2017, we entered into the Amended and Restated Loan and Security Agreement, which amends the Loan and Security Agreement. As of December 31, 2018, the amended revolving line of credit was scheduled to mature in December 2019. We paid \$0.1 million in fees related to the establishment of the revolving line of credit and secured \$1.3 million in advances from the revolving line of credit.

Amounts borrowed under the SVB Loan and Security Agreement are secured by a first priority security interest in substantially all of our assets other than intellectual property. In the event of default, SVB may accelerate amounts outstanding, terminate the credit facility, and foreclose on the collateral. The agreement also includes a financial covenant requiring the achievement of minimum annual recurring revenue amounts. Failure to meet this financial covenant may constitute an event of default. We were in compliance with this covenant under the terms of the credit facility as of December 31, 2018.

In October 2017, we signed a Mezzanine Loan and Security Agreement with SVB which allows access to borrowings of up to \$20.0 million and drew \$10.0 million at closing. As of December 31, 2018, the maturity date of any borrowings under the agreement was April 2021. We paid \$0.2 million in fees related to the establishment of the term loan and are required to pay an additional commitment fee each time we draw funds based on a formula and the amount of funds borrowed. In October 2018, we drew an additional \$10.0 million under the Mezzanine Loan and Security Agreement.

Amounts borrowed under the SVB Mezzanine Loan and Security Agreement are secured by a first priority security interest in substantially all of our assets other than intellectual property. In the event of default, SVB may accelerate amounts outstanding, terminate the credit facility, and foreclose on the collateral. The agreement also includes a financial covenant requiring the achievement of minimum annual recurring revenue amounts in order to draw upon the remaining available credit. We were in compliance with this covenant under the terms of the credit facility as of December 31, 2018.

OrbiMed debt financing transaction

On February 6, 2019, we entered into a debt financing agreement with OrbiMed Royalty Opportunities II, LP (OrbiMed) where we obtained an \$80.0 million senior term loan commitment, with \$50.0 million available and up to an additional \$30.0 million contingently available on or prior to March 31, 2020 (the Delayed Draw Commitment). We paid \$2.4 million in fees related to the establishment of the OrbiMed term loan and incurred \$0.3 million in debt issuance costs. The Delayed Draw Commitment is contingent upon our achievement of minimum levels of technology revenues ranging from technology revenues for the latest 12 months of at least \$60.0 million to borrow up to \$10.0 million, to a minimum of \$80.0 million in technology revenues to borrow between \$25.0 million and \$30.0 million.

Notes to the Consolidated Financial Statements

The contractual interest rate of the OrbiMed term loan is the higher of LIBOR plus 7.5% and 10.0%. Interest payments are required at the end of each month and monthly installment payments on principal begin in February 2023 and will be based on the then outstanding principal balance divided by 12. The maturity date of the OrbiMed term loan is February 6, 2024. Upon the payment of all or any portion of the principal amount on the OrbiMed term loan, we are required to pay an exit fee of 5% of the principal amount paid. This exit fee is being accreted as interest expense over the contractual term of the loan. If we elect to prepay portions of the principal balance prior to the 48-month anniversary of the closing date we would be required to pay a repayment premium ranging from 1% to 12% of the principal balance prepaid depending on the period in which the prepayment is made.

Amounts borrowed under the OrbiMed term loan are secured by a first priority security interest in substantially all of our assets other than intellectual property. In the event of default, OrbiMed may accelerate amounts outstanding, terminate the credit facility, and foreclose on the collateral. The agreement also includes a financial covenant requiring the achievement of minimum trailing twelve-month revenue amounts as well as certain other financial and non-financial covenants. We were in compliance with these covenants under the terms of the OrbiMed term loan as of March 31, 2019 (unaudited).

The use of proceeds from the senior term loan included an immediate repayment of our \$20.0 million term loan from SVB that required a prepayment premium of \$0.5 million and the write-off of deferred debt issuance costs of \$1.2 million, resulting in a \$1.7 million loss on extinguishment of debt. In addition, we repaid in full the outstanding balance of \$1.3 million under the SVB revolving line of credit.

On February 6, 2019, we amended the Loan and Security Agreement with SVB which reduced the revolving line of credit to a current maximum of \$5.0 million with an obligation to maintain a minimum of \$5.0 million cash or cash equivalents on deposit with SVB to maintain the assurance of future credit availability. The line may be increased to \$10.0 million upon request and approval by SVB. The maturity date of the revolving line of credit was amended to be February 6, 2021.

12. Stockholders' Deficit

Common stock

We had 72,565,312 and 73,642,899 shares of \$0.001 par value common stock authorized, of which 9,664,326 and 9,853,458 shares were legally issued and outstanding as of December 31, 2018 and March 31, 2019 (unaudited), respectively. The shares legally issued and outstanding include 105,557 shares issued to former employees with notes determined to be substantively nonrecourse and, as such, for accounting purposes are not considered to be outstanding common stock shares. Each share of common stock has the right to one vote on all matters submitted to a vote of stockholders. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to prior rights of holders of all classes of stock outstanding having priority rights as to dividends. No dividends have been declared or paid on our common stock through March 31, 2019.

Shares of common stock reserved for future issuance were as follows:

	As of December 31, 2018	As of March 31, 2019 (unaudited)
Shares of redeemable convertible preferred stock	45,427,441	46,303,026
Stock options outstanding	14,474,841	16,371,932
Warrants to purchase shares of common stock	510,674	510,674
Shares reserved for future awards under Health Catalyst Stock Plan	2,593,587	507,364
Total	<u>63,006,543</u>	<u>63,692,996</u>

Notes to the Consolidated Financial Statements

During 2018, as part of a tender offer we repurchased 1,596,843 shares of common stock from team members, which shares were received by the exercise of stock options or contractual arrangements, for cash consideration of \$16.9 million. The estimated fair value of the repurchased common stock of \$8.6 million and offering costs of \$0.1 million were recorded as a reduction to common stock and additional paid-in capital. The excess of the repurchase price over the estimated fair value of the common stock redeemed from team members of \$8.3 million was accounted for as compensation expense on the consolidated statement of operations.

The effects of the excess of the tender offer repurchase price over the estimated fair value of the common stock redeemed from team members on the statement of operations for the year ended December 31, 2018 are summarized in the following table (in thousands):

	2018
Cost of revenue	\$ 312
Sales and marketing	3,967
Research and development	906
General and administrative	3,133
Total compensation expense from repurchase	<u>\$ 8,318</u>

Common stock warrants

In October 2017, we issued warrants in connection with the Mezzanine Loan and Security Agreement for up to 510,674 shares of common stock with a ten-year term at an exercise price of \$5.33 per share. The fair value of the warrants on the date of grant was \$1.6 million and recorded as deferred financing costs. The deferred financing costs are reclassified to a discount on debt in proportion to the advances made on the credit facility. The deferred financing costs and the debt discount are recognized as interest expense over the term of the credit facility.

The common stock warrants that are exercisable without contingency are classified as part of stockholders' deficit on the consolidated balance sheets. The common stock warrants subject to contingency were classified as a liability on the balance sheet with changes in fair value being recorded each reporting period through the changes in fair value of warrant liability account within interest and other expense, net on the consolidated statements of operations. Once a contingency is resolved, the respective liability-classified warrants are marked to market and recorded in stockholders' deficit on the consolidated balance sheets. The contingent common stock warrants had an estimated common stock warrant liability balance of \$0.2 million as of December 31, 2017. In October 2018 all remaining contingencies were resolved and the remaining common stock warrant liability balance was marked to market and recorded in stockholders' deficit.

13. Redeemable Convertible Preferred Stock

We had 45,427,441 and 46,505,028 shares of \$0.001 par value redeemable convertible preferred stock authorized, of which 45,427,441 and 46,303,026 shares were issued and outstanding, as of December 31, 2018 and March 31, 2019 (unaudited), respectively. The issued and outstanding redeemable convertible preferred shares as of March 31, 2019 (unaudited) consisted of 7,175,000 designated Series A redeemable convertible preferred stock, 9,973,658 designated Series B redeemable convertible preferred stock, 9,588,022 designated Series C redeemable convertible preferred stock, 6,629,236 designated Series D redeemable convertible preferred stock, 12,061,525 designated Series E redeemable convertible preferred stock, and 875,585 designated Series F redeemable convertible preferred stock.

During the year ended December 31, 2017, we authorized an additional 2,641,537 shares of Series E redeemable convertible preferred stock and issued 2,249,278 shares of Series E redeemable convertible preferred stock for total cash consideration of \$23.8 million, net of offering costs of \$0.1 million.

During the year ended December 31, 2018, we authorized an additional 2,815,589 shares of Series E redeemable convertible preferred stock and issued 3,207,848 shares of Series E redeemable convertible preferred stock for total

Notes to the Consolidated Financial Statements

cash consideration of \$34.0 million, net of offering costs of less than \$0.1 million. Included in the total shares issued in 2018 were 1,415,227 shares of Series E redeemable convertible preferred stock issued in June 2018 as part of an integrated business combination transaction where we acquired 100% of the LLC interests in Medicity and received \$15.0 million in cash consideration.

During the three months ended March 31, 2019, we authorized 1,077,587 shares of Series F redeemable convertible preferred stock and issued 875,585 shares of Series F redeemable convertible preferred stock for total cash consideration of \$12.1 million, net of offering costs of \$0.1 million.

The significant rights, privileges, and preferences of all classes of redeemable convertible preferred stock are as follows:

Dividends - The holders of redeemable convertible preferred stock are entitled, when and if declared by the Board of Directors, to dividends declared to holders of common stock. The redeemable convertible preferred stockholders will receive the amount of dividends that would be paid with respect to each share of common stock assuming conversion of all of the outstanding shares of redeemable convertible preferred stock immediately prior to the record date for such dividend.

Liquidation preferences - In the event of a liquidation, dissolution, or winding up of Health Catalyst, holders of redeemable convertible preferred stock shall be entitled to be paid, before any distribution or payment is made upon any capital stock or other equity securities of Health Catalyst, except for redeemable convertible preferred stock, an amount in cash equal to the greater of (i) the aggregate liquidation value of all shares of redeemable convertible preferred stock (which value is initially \$2.00 per share for Series A redeemable convertible preferred stock, \$3.93 for Series B redeemable convertible preferred stock, \$5.69 for Series C redeemable convertible preferred stock, \$10.60 for Series D and E redeemable convertible preferred stock, and \$13.92 for Series F redeemable convertible preferred stock) held by such holder and (ii) the amount which such holder would be entitled to receive upon such liquidation, dissolution or winding up if all such holder's outstanding shares of preferred stock were converted into common stock immediately prior to such event.

Liquidation preference is granted on a pari passu basis to Series A redeemable convertible preferred stock, Series B redeemable convertible preferred stock, Series C redeemable convertible preferred stock, Series D redeemable convertible preferred stock, Series E redeemable convertible preferred stock, and Series F redeemable convertible preferred stock; and then remaining proceeds are distributed to the common stock.

A change in control or a sale, transfer, or lease of all or substantially all of our assets is considered to be a liquidation event.

Voting rights - Holders of redeemable convertible preferred stock are entitled to the number of votes they would have upon conversion of their shares into common stock on the applicable record date. The holders of redeemable convertible preferred stock are entitled to elect three members to our Board of Directors and the holders of common stock (voting as a separate class) are entitled to elect the balance of our directors.

Conversion - Each share of redeemable convertible preferred stock is convertible, at any time at the option of the holder, into one share of common stock. The conversion rate is subject to adjustment in certain circumstances. Conversion is automatic upon the closing of a qualifying initial public offering of our common stock.

Redemption - At any time on or after February 5, 2024, holders of redeemable convertible preferred stock may, under certain circumstances, require that we redeem shares of the redeemable convertible preferred stock at a price per share equal to the greater of the liquidation value or the market price (determined on an as-converted basis) determined on the date on which we received the redemption notice. Accordingly, these shares are considered contingently redeemable and are classified as temporary equity on our consolidated balance sheets. We recognize changes in the redemption value as they occur and adjust the carrying amount of the applicable class of redeemable convertible preferred stock as a deemed dividend (or a reversal of accretion to reflect a reduction in fair value of the redemption value) from additional paid-in-capital or an adjustment of the accumulated deficit to equal the redemption value at the

Notes to the Consolidated Financial Statements

end of each reporting period. This method views the end of the reporting period as if it were also the redemption date for the applicable class of redeemable convertible preferred stock. The shares of redeemable convertible preferred stock have been accreted to the estimated fair value of \$321.6 million, \$409.9 million, and \$485.9 million as of December 31, 2017, December 31, 2018, and March 31, 2019 (unaudited), respectively.

Protective provisions - The holders of redeemable convertible preferred stock have protective provisions that require written consent of a supermajority (75% of the outstanding shares) of the redeemable convertible preferred stockholders in order for us to take certain actions including the following: (i) liquidate, dissolve, or wind up the Company; (ii) issue equity securities with rights or preferences senior to the rights or preferences of the redeemable convertible preferred stock; (iii) engage in a fundamental change in the Company's ownership; (iv) consummate an initial public offering; or (v) materially change the business activities of the Company. In addition, a majority of Series A redeemable convertible preferred stockholders must provide written consent in order for us to take certain actions including the following: (i) amend our Certificate of Incorporation; (ii) redeem equity securities; (iii) declare or pay dividends or distributions; (iv) incur indebtedness in any individual circumstance greater than \$1.0 million or in an aggregate amount outstanding at any given time greater than \$5.0 million; (v) engage in a fundamental change in the Company's ownership; (vi) sell, lease, license, or otherwise dispose of any material assets outside of the ordinary course of business; (vii) acquire any interest in a company or business, except to the extent such acquisitions or investments do not exceed \$2.0 million per year, in the aggregate; (viii) enter into a related party transaction, except for customary employment arrangements; (ix) except as expressly contemplated by the Company's stock purchase agreement, adopt, amend, or modify any equity incentive plan, employee equity ownership plan, or similar plans.

14. Net Loss Per Share

The following table presents the calculation of basic and diluted net loss per share attributable to common stockholders (in thousands, except share and per share amounts):

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
Numerator:				(unaudited)
Net loss attributable to common stockholders	\$ (58,780)	\$ (114,021)	\$ (1,728)	\$ (77,735)
Denominator:				
Weighted-average number of shares used in calculating net loss per share attributable to common stockholders, basic and diluted	9,693,050	9,596,773	9,733,637	9,590,318
Net loss per share attributable to common stockholders, basic and diluted	\$ (6.06)	\$ (11.88)	\$ (0.18)	\$ (8.11)

During the years ended December 31, 2017 and 2018, and the three months ended March 31, 2018 and 2019 (unaudited), we incurred net losses and, therefore, the effect of our common stock options, common stock warrants, and redeemable convertible preferred stock (as converted) were not included in the calculation of diluted net loss per share attributable to common stockholders as the effect would be anti-dilutive. The following table contains share totals with a potentially dilutive impact:

	As of December 31,		As of March 31,	
	2017	2018	2018	2019
				(unaudited)
Redeemable convertible preferred stock	42,219,593	45,427,441	42,596,987	46,303,026
Common stock options	9,410,391	14,474,841	9,546,780	16,371,932
Common stock warrants	510,674	510,674	510,674	510,674
Total potentially dilutive securities	52,140,658	60,412,956	52,654,441	63,185,632

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15. Unaudited Pro Forma Net Loss Per Share

The following calculation gives effect to the automatic conversion of all outstanding shares of our redeemable convertible preferred stock (using the if-converted method) into common stock as though the conversion had occurred as of the beginning of the period or the original date of issuance, if later. In addition, the pro forma net loss per share also excludes accretion of redeemable convertible preferred stock as no accretion would have been recorded upon conversion.

The following table presents the computation of the unaudited pro forma basic and diluted net loss per share for the year ended December 31, 2018 and the three months ended March 31, 2019 (in thousands, except share and per share data):

	Year Ended December 31, 2018	Three Months Ended March 31, 2019
	(unaudited)	
Numerator:		
Net loss attributable to common stockholders	\$ (114,021)	\$ (77,735)
Pro forma adjustment related to accretion of redeemable convertible preferred stock	52,037	64,015
Pro forma net loss attributable to common stockholders	<u>\$ (61,984)</u>	<u>\$ (13,720)</u>
Denominator:		
Weighted-average number of shares used in calculating net loss per share attributable to common stockholders, basic and diluted	9,596,773	9,590,318
Weighted-average pro forma adjustment to reflect assumed conversion of redeemable convertible preferred stock to common stock	44,107,855	45,943,063
Weighted-average number of shares used in calculating pro forma net loss per share attributable to common stockholders, basic and diluted	<u>53,704,628</u>	<u>55,533,381</u>
Pro forma net loss per share attributable to common stockholders, basic and diluted	<u>\$ (1.15)</u>	<u>\$ (0.25)</u>

16. Stock-Based Compensation

In 2011, our Board of Directors adopted the Health Catalyst, Inc. 2011 Stock Incentive Plan (Health Catalyst Stock Plan), which provided for the direct award, sale of shares and granting of options for our common stock to our directors, team members, or consultants. At December 31, 2018, there were 17,545,757 shares authorized for grant and 2,593,587 shares available for grant under the Health Catalyst Stock Plan. At March 31, 2019 (unaudited), there were 17,545,757 shares authorized for grant and 507,364 shares available for grant under the Health Catalyst Stock Plan.

All options were granted with an exercise price determined by the board of directors that was equal to the estimated fair value of our common stock at the date of grant, based on the information known on the date of grant. Subject to certain exceptions defined in the Health Catalyst Stock Plan related to an employee's termination, options generally expire on the tenth anniversary of the applicable grant date.

We have issued two types of employee stock options, standard and two-tier. Our standard stock options vest solely on a service-based condition. For these awards, we recognize stock-based compensation based on the grant date fair value of the awards and recognize that cost using the straight-line method over the requisite service period of the award. Two-tier employee stock options contain both a service-based condition and performance condition, defined as the earlier of (i) an acquisition or change in control of the company or (ii) upon the occurrence of our initial public offering. A change in control event and effective registration event are not deemed probable until consummated; accordingly,

Notes to the Consolidated Financial Statements

no expense is recorded related to two-tier stock options until the performance condition becomes probable of occurring. Awards which contain both service-based and performance conditions are recognized using the accelerated attribution method once the performance condition is probable of occurring. The service-based condition is generally a service period of four years.

The fair value of options, which vest in accordance with service schedules, is estimated on the date of grant using the Black-Scholes option pricing model. The absence of an active market for our common stock requires us to estimate the fair value of our common stock for purposes of granting stock options and for determining stock-based compensation expense for the periods presented. We obtained contemporaneous third-party valuations to assist in determining the estimated fair value of our common stock. These contemporaneous third-party valuations used the methodologies, approaches, and assumptions consistent with the American Institute of Certified Public Accountants Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*. Expected volatilities are based on historical volatilities of comparable companies. The expected term of the options is based on the simplified method outlined in the SEC Staff accounting guidance, under which we estimate the term as the average of the option's contractual term and the option's weighted average vesting period. The risk-free rate represents the yield on U.S. Treasury bonds with maturity equal to the expected term of the granted option. We account for forfeitures as they occur. All standard stock options outstanding at December 31, 2018 and March 31, 2019 (unaudited) are expected to vest according to their specific schedules.

Prior to the adoption of ASU 2018-17, the fair value measurement date for non-employee awards was the date the performance of services was completed. Upon adoption of ASU 2018-07 on January 1, 2019, the measurement date for non-employee awards is the date of grant. The compensation expense for non-employees is recognized, without changes in the fair value of the award, in the same period and in the same manner as though we had paid cash for the services, which is typically the vesting period of the respective award.

Total stock-based compensation expense recognized for the service-based options granted under the Health Catalyst Stock Plan was \$3.5 million, \$4.0 million, \$0.9 million, and \$1.3 million, for the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and 2019 (unaudited), respectively.

As of December 31, 2018, all compensation expense related to two-tier employee stock options remained unrecognized because the performance condition was not satisfied. At the time the performance condition becomes probable, we will recognize the cumulative stock-based compensation expense for the two-tier employee stock options to the extent that they would have been expensed based on the service vesting condition using the accelerated attribution method. Under the Health Catalyst, Inc. Stock Incentive Plan as of December 31, 2018 and March 31, 2019 (unaudited), 3.3 million and 4.6 million, respectively, two-tier employee stock options were outstanding, of which no two-tier employee stock options would have been vested based on the service condition alone.

If the performance condition had occurred on December 31, 2018, we would have recorded \$1.4 million of stock-based compensation expense on that date. If the performance condition had been satisfied on these two-tier employee stock options as of December 31, 2018, we would recognize future stock-based compensation expense of \$7.3 million over a weighted-average period of approximately 2.0 years, if the requisite service is provided.

If the performance condition had occurred on March 31, 2019 (unaudited), we would have recorded \$3.8 million of stock-based compensation expense on that date. If the performance condition had been satisfied on these two-tier employee stock options as of March 31, 2019 (unaudited), we would recognize future stock-based compensation expense of \$10.7 million over a weighted-average period of approximately 1.9 years, if the requisite service is provided.

Notes to the Consolidated Financial Statements

The following table summarizes the consolidated statements of operations effect of stock-based compensation expense (in thousands):

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
			(unaudited)	
Cost of revenue	\$ 579	\$ 558	\$ 114	\$ 181
Sales and marketing	1,192	1,514	430	783
Research and development	707	787	177	222
General and administrative	1,763	1,339	319	470
Total stock-based compensation	\$ 4,241	\$ 4,198	\$ 1,040	\$ 1,656

We did not capitalize any stock-based compensation expense to deferred costs for the years ended December 31, 2017 and 2018 and the three months ended March 31, 2019 (unaudited). For the years ended December 31, 2017 and 2018, we recognized less than \$0.1 million of stock-based compensation expense that was capitalized to deferred costs in prior years.

The fair value of our option grants is estimated at the grant date using the Black-Scholes option-pricing model based on the following weighted average assumptions:

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
			(unaudited)	
Expected volatility	46.5%-48.4%	43.6%-47.6%	46.4%	44.5%
Expected term (in years)	6.3	6.3	6.3	6.3
Risk-free interest rate	2.0%-2.2%	2.5%-3.0%	2.5%	2.5%
Expected dividends	—	—	—	—

HEALTH CATALYST, INC.

Notes to the Consolidated Financial Statements

A summary of the share option activity under the Health Catalyst Stock Plan for the year ended December 31, 2018 and the three months ended March 31, 2019 (unaudited), is as follows:

	Time-Based Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at January 1, 2018	9,410,391	\$ 3.94		
Options granted	6,705,329	5.42		
Options exercised	(1,447,894)	2.10		
Options cancelled/forfeited	(192,985)	4.66		
Outstanding at December 31, 2018	14,474,841	\$ 4.80	7.9	\$ 45,159,058
Options granted	2,314,000	7.92		
Options exercised	(189,132)	4.27		
Options cancelled/forfeited	(227,777)	5.19		
Outstanding at March 31, 2019	16,371,932	\$ 5.24	8.0	\$ 82,976,260
Vested and expected to vest as of December 31, 2018	14,474,841	\$ 4.80	7.9	\$ 45,159,058
Vested and exercisable as of December 31, 2018	6,172,542	\$ 4.02	6.1	\$ 24,080,949
Vested and expected to vest as of March 31, 2019 (unaudited)	16,371,932	\$ 5.24	8.0	\$ 82,976,260
Vested and exercisable as of March 31, 2019 (unaudited)	6,311,949	\$ 4.08	5.9	\$ 39,325,216

The weighted-average grant-date fair value for stock options granted during the years ended December 31, 2017 and 2018 and the three months ended March 31, 2019 (unaudited) was \$2.57, \$2.65, and \$4.65, respectively. The aggregate intrinsic value of stock options exercised was \$0.1 million, \$10.9 million, and \$0.6 million for the years ended December 31, 2017 and 2018 and the three months ended March 31, 2019 (unaudited), respectively. The total grant-date fair value of stock options vested during the years ended December 31, 2017 and 2018 and the three months ended March 31, 2019 (unaudited) was \$3.6 million, \$3.3 million, and \$0.8 million, respectively. As of December 31, 2018, approximately \$11.8 million of unrecognized compensation expense related to our stock options is expected to be recognized over a weighted average period of 2.9 years. As of March 31, 2019 (unaudited), approximately \$14.9 million of unrecognized compensation expense related to our stock options is expected to be recognized over a weighted average period of 3.1 years.

The options outstanding include 105,557 of shares issued to former employees with notes determined to be substantively nonrecourse and, as such, for accounting purposes are not considered to be exercised stock options.

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17. Income Taxes

For the years ended December 31, 2017 and 2018, the income tax provision (benefit) consisted of the following (in thousands):

	Year Ended December 31,	
	2017	2018
Current taxes:		
Federal	\$ —	\$ —
State	12	28
Total current tax provision	12	28
Deferred taxes:		
Federal	—	(135)
State	14	(28)
Total deferred provision (benefit)	14	(163)
Total income tax provision (benefit)	\$ 26	\$ (135)

A reconciliation of the statutory U.S. federal income tax rate to our effective income tax rate is as follows:

	Year Ended December 31,	
	2017	2018
Tax at U.S. statutory rates	34.0 %	21.0%
State income tax, net of federal tax effect	—	—
Federal research and development credits	1.0	0.7
Stock-based compensation	(2.0)	(0.4)
Change in valuation allowance	23.8	(20.9)
U.S. tax reform	(56.7)	—
Other, net	(0.2)	(0.2)
Effective income tax rate	(0.1)%	0.2%

The tax provision for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that arise during the period. Each quarter, we update our estimate of the annual effective tax rate, and if the estimated annual effective tax rate changes, we make a cumulative adjustment in such period. The quarterly tax provision and the estimate of our annual effective tax rate are subject to variation due to several factors, including variability in our loss before income taxes, the mix of jurisdictions to which such income or loss relates, changes in how we conduct business, and tax law developments.

For the three months ended March 31, 2018 and 2019 (unaudited) our estimated annual effective tax rate was 1.3% and (0.1)%, respectively. The variations between our estimated annual effective tax rate and the U.S. statutory rate are primarily due to the impact of the Tax Act and the valuation allowance against our net deferred tax assets.

Notes to the Consolidated Financial Statements

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities were as follows as of December 31, 2017 and 2018 (in thousands):

	As of December 31,	
	2017	2018
Deferred income tax assets:		
Allowance for bad debt	\$ 30	\$ 122
Accrued expenses	481	512
Deferred revenue	142	1,500
Property and equipment	294	120
Intangible assets	6,087	5,393
Net operating loss carryforwards	44,885	59,645
Stock-based compensation	1,107	1,398
Research and development credits	1,939	2,372
Interest limitation carryforward	—	554
Operating lease liabilities	—	1,808
Other	20	63
Total deferred income tax assets	54,985	73,487
Valuation allowance	(54,313)	(70,258)
Net deferred income tax assets	672	3,229
Deferred income tax liabilities:		
Prepaid expenses	(490)	(1,229)
Deferred contract costs	(182)	(155)
Indefinite-lived intangible assets	(164)	(227)
Operating lease right-of-use assets	—	(1,618)
Total deferred income tax liabilities	(836)	(3,229)
Net deferred income tax liabilities	\$ (164)	\$ —

We consider all available evidence to evaluate the recovery of deferred tax assets, including historical levels of income, legislative developments, and risks associated with estimates of future taxable income. We have provided a full valuation allowance for our deferred tax assets at December 31, 2017 and 2018, due to the uncertainty surrounding the future realization of such assets and the cumulative losses we have generated. Therefore, no benefit has been recognized in the financial statements for the net operating loss carryforwards and other deferred tax assets.

On December 22, 2017, the Tax Act was enacted into law and the new legislation contains several key tax provisions that affect our consolidated financial statements, including the reduction of the corporate income tax rate to 21%, effective January 1, 2018. We are required to recognize the effect of the tax law changes in the period of enactment. As such, we have remeasured our consolidated deferred tax assets and liabilities to reflect the lower rate and has also reassessed the realizability of those deferred tax assets and liabilities.

In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act (SAB 118), which allows us to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. As of December 31, 2018, we consider the accounting of the deferred tax remeasurements and state tax conformity to be complete.

As of December 31, 2018, we had approximately \$232.9 million of consolidated federal net operating loss carryforwards and \$186.2 million of state net operating loss carryforwards available to offset future taxable income,

Notes to the Consolidated Financial Statements

respectively. If unused, the federal and state net operating loss carryforwards will begin to expire in 2032 and 2022, respectively.

We have federal research and development credit carryforwards of \$3.7 million and state research and development credit carryforwards of \$1.4 million, which if not utilized will begin to expire in 2031 and 2024, respectively.

Based on an analysis under Code Sections 382 and 383, which subject the amount of pre-change NOLs and certain other pre-change tax attributes that can be utilized to annual limitations, we experienced an ownership change in January 2014. As of December 31, 2018, the annual limitation which resulted from this ownership change allows for full use of our pre-change NOLs and certain other pre-change tax attributes. To the extent we do not utilize our carryforwards within the applicable statutory carryforward periods, either because of future Section 382 limitations or the lack of sufficient taxable income, the carryforwards will expire unused.

We file federal and state income tax returns in jurisdictions with varying statutes of limitations. With few exceptions, we are no longer subject to federal or state income tax examinations by tax authorities for tax years prior to 2015.

We recognize tax benefits from uncertain tax positions when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The following table summarizes the activity related to unrecognized tax benefits for the years ended December 31, 2017 and 2018 (in thousands):

	Year Ended December 31,	
	2017	2018
Beginning balance	\$ 1,305	\$ 1,939
Additions for tax positions related to the current year	634	433
Ending balance	\$ 1,939	\$ 2,372

We do not anticipate material changes in the total amount of our unrecognized tax benefits within 12 months of the reporting date. Our policy is to accrue interest and penalties related to unrecognized tax benefits within the provision for income taxes. However, as of December 31, 2017 and 2018, we have not accrued interest and penalties because we have net operating loss carryforwards.

18. Contingencies

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

We are involved in legal proceedings from time to time that arise in the normal course of business. As of December 31, 2018 and March 31, 2019 (unaudited), there were no significant outstanding claims against us.

19. Deferred Revenue and Performance Obligations

Deferred revenue includes advance customer payments and billings in excess of revenue recognized. For the year ended December 31, 2018, approximately 9% of the revenue recognized was included in deferred revenue at the beginning of the period. For the three months ended March 31, 2019 (unaudited), approximately 36% of the revenue recognized was included in deferred revenue at the beginning of the period.

Notes to the Consolidated Financial Statements**Transaction price allocated to the remaining performance obligations**

Most of our technology and professional services contracts have up to a three-year term, of which the vast majority are terminable after one year upon 90 days notice. For arrangements that do not allow the customer to cancel within one year or less, we expect to recognize \$76.8 million and \$72.7 million of revenue on unsatisfied performance obligations as of December 31, 2018 and March 31, 2019 (unaudited), respectively. We expect to recognize approximately 80% of the remaining performance obligations over the next 24 months, with the balance recognized thereafter.

20. Related Parties

We have entered into arrangements with customers where the customer's management is currently or was previously a member of our board of directors. An executive officer at Allina Health served on our board of directors until December 2017. The board seat vacated by the Allina Health executive officer was replaced in January 2018 by an executive of a Partners Healthcare affiliate.

For the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and 2019 (unaudited), we recognized \$8.6 million, \$3.8 million, \$1.0 million, and \$0.7 million in revenue from related parties, respectively. We also leased building space from a related party and recognized \$0.6 million in rent expense related to this lease arrangement during the year ended December 31, 2017.

As of December 31, 2017 and 2018 and March 31, 2019 (unaudited), we had receivables from related parties of \$3.3 million, \$0.1 million, and \$0.5 million, respectively. As of December 31, 2018 and March 31, 2019, we also had acquisition-related consideration payable to a related party for a prior year asset acquisition. This asset acquisition occurred prior to this entity becoming a related party. The acquisition-related consideration payable to this related party was \$3.3 million and \$2.8 million as of December 31, 2018 and March 31, 2019 (unaudited), respectively.

We have also entered into revenue arrangements with customers that are also our investors. None of these customers hold a significant amount of ownership in our equity interests.

21. Employee Benefit Plans

We have a 401(k) defined contribution plan covering eligible employees. Our contributions were \$3.5 million, \$4.6 million, \$1.0 million, and \$0.7 million for the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and 2019 (unaudited), respectively. We match 100% of the first 6% of an employees' salary deferral.

22. Segments

We operate our business in two operating segments that also represent our reportable segments. Our business is organized based on our technology offerings and professional services. Accordingly, our segments are:

- Technology - Our technology segment (Technology) includes our data platform, analytics applications and support services. Technology generates revenues primarily from contracts that are cloud-based subscription arrangements, time-based license arrangements, and maintenance and support fees; and
- Professional Services - Our professional services segment (Professional Services) is generally the combination of analytics, implementation, strategic advisory, and improvement services to deliver expertise to our customers to more fully configure and utilize the benefits of our Technology offerings.

Revenues and cost of revenues generally are directly attributed to our segments. All segment revenues are from our external customers. Asset and other balance sheet information at the segment level is not reported to our Chief Operating Decision Maker.

HEALTH CATALYST, INC.

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Segment revenue and Adjusted Gross Profit for the years ended December 31, 2017 and 2018 and the three months ended March 31, 2018 and 2019 (unaudited) were as follows (in thousands):

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
	(unaudited)			
Revenue				
Technology	\$ 31,693	\$ 57,224	\$ 9,451	\$ 20,148
Professional Services	41,388	55,350	11,181	15,065
Total	\$ 73,081	\$ 112,574	\$ 20,632	\$ 35,213

	Year Ended December 31,		Three Months Ended March 31,	
	2017	2018	2018	2019
	(unaudited)			
Adjusted Gross Profit				
Technology	\$ 20,148	\$ 37,901	\$ 6,106	\$ 13,429
Professional Services	9,870	16,028	3,030	4,747
Total reportable segments Adjusted Gross Profit	30,018	53,929	9,136	18,176
Less Adjusted Gross Profit reconciling items:				
Stock-based compensation	(579)	(558)	(114)	(181)
Tender offer payments deemed compensation ⁽¹⁾	—	(312)	—	—
Post-acquisition restructuring costs ⁽²⁾	—	(337)	—	(108)
Less other reconciling items:				
Sales and marketing	(25,920)	(44,123)	(6,721)	(10,473)
Research and development	(28,470)	(38,592)	(8,705)	(10,022)
General and administrative	(14,697)	(22,690)	(3,902)	(6,174)
Depreciation and amortization	(5,892)	(7,412)	(1,550)	(2,312)
Debt extinguishment costs	—	—	—	(1,670)
Interest and other expense, net	(1,469)	(2,024)	(509)	(945)
Net loss before income taxes	\$ (47,009)	\$ (62,119)	\$ (12,365)	\$ (13,709)

(1) Tender offer payments deemed compensation included in the Adjusted Gross Profit reconciliation above relate to employee compensation from repurchases of common stock at a price in excess of its estimated fair value. For additional details refer to note 12 in the consolidated financial statements.

(2) Post-acquisition restructuring costs included in the Adjusted Gross Profit reconciliation above relate to severance charges following the acquisition of Medicity. For additional details refer to note 2 in the consolidated financial statements.

23. Subsequent Events

In preparing the consolidated financial statements as of and for the years ended December 31, 2017 and 2018, we evaluated the effects of subsequent events through April 9, 2019, the date the independent auditor's report was originally issued and the consolidated financial statements were available for issuance.

23. Subsequent Events (unaudited)

We have evaluated subsequent events through May 20, 2019, which is the date the unaudited interim consolidated financial statements as of March 31, 2019 and for the three months then ended were available for issuance.

Report of Independent Auditors

To the Board of Directors and Member of Medicity LLC

We have audited the accompanying consolidated financial statements of Medicity LLC, which comprise the consolidated balance sheet as of June 29, 2018 and the related consolidated statements of operations, member's equity (deficit) and cash flows for the period from January 1, 2018, through June 29, 2018 and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Medicity LLC at June 29, 2018, and the consolidated results of its operations and its cash flows for the period January 1, 2018 through June 29, 2018 in conformity with accounting principles generally accepted in the United States of America.

/s/ Ernst & Young LLP

Salt Lake City, Utah
April 9, 2019

MEDICITY LLC
Consolidated Balance Sheet
(in thousands)

June 29, 2018

Assets	
Current assets:	
Cash and cash equivalents	\$ 19
Accounts receivable, net	6,998
Deferred costs	2,420
Prepaid expenses and other assets	1,889
Total current assets	11,326
Property and equipment, net	4,550
Intangible assets, net	2,331
Deferred costs, noncurrent	2,220
Other assets	1,017
Total assets	\$ 21,444
 Liabilities and member's deficit	
Current liabilities:	
Accounts payable	\$ 43
Accrued liabilities	1,574
Related party payable	5,162
Deferred revenue	9,267
Other current liabilities	10
Total current liabilities	16,056
Deferred revenue, net of current portion	5,719
Other liabilities	44
Total liabilities	21,819
Member's deficit:	
Net member's deficit	(375)
Total member's deficit	(375)
Total liabilities and member's deficit	\$ 21,444

See accompanying notes to the consolidated financial statements

MEDICITY LLC

Consolidated Statement of Operations

(in thousands)

	Period from January 1, 2018 through June 29, 2018
Revenue	\$ 15,743
Operating expenses:	
Cost of revenue, excluding depreciation and amortization	9,834
Research and development	6,270
Sales and marketing	5,795
General and administrative	3,385
Depreciation and amortization	1,799
Total operating expenses	27,083
Loss from operations	(11,340)
Other income	8
Loss before income taxes	(11,332)
Income tax provision	61
Net loss	\$ (11,393)

See accompanying notes to the consolidated financial statements

MEDICITY LLC

Consolidated Statement of Member's Equity (Deficit)

(in thousands)

	<u>Total Member's Equity (Deficit)</u>
Balance as of January 1, 2018	\$ 6,000
Net loss	(11,393)
Capital contributions made by Parent	9,338
Distributions paid to Parent	(4,320)
Balance as of June 29, 2018	<u>\$ (375)</u>

See accompanying notes to the consolidated financial statements

MEDICITY LLC

Consolidated Statement of Cash Flows

(in thousands)

	Period from January 1, 2018 through June 29, 2018
Operating activities	
Net loss	\$ (11,393)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	1,799
Stock-based compensation expense	338
Changes in operating assets and liabilities:	
Accounts receivable	1,042
Deferred costs	(595)
Prepaid expenses and other assets	(320)
Accounts payable, accrued and other liabilities	(22)
Related party payable	3,347
Deferred revenue	2,301
Net cash used in operating activities	(3,503)
Investing activities	
Purchases of property and equipment	(1,236)
Proceeds from the sale and maturity of short-term investments	872
Purchase of intangible assets	(1,954)
Net cash used in investing activities	(2,318)
Financing activities	
Contributions made from Parent	9,000
Distributions paid to Parent	(4,320)
Net cash provided by financing activities	4,680
Net decrease in cash and cash equivalents	(1,141)
Cash and cash equivalents at beginning of period	1,160
Cash and cash equivalents at end of period	\$ 19
Supplemental disclosure of non-cash financing information	
Non-cash contribution from Parent	\$ 338

See accompanying notes to the consolidated financial statements

Notes to the Consolidated Financial Statements**1. Description of Business and Summary of Significant Accounting Policies*****Nature of operations***

Medicity LLC (Medicity or the Company) provides cloud-based software solutions for health information exchange, business intelligence, provider, and patient engagement. The Company sells a range of software products, applications, and professional services that help healthcare organizations transform data into a strategic asset to empower population health. The Company's service offerings include implementation, integration, post-contract support, analytic services, and strategic advisory services.

Medicity LLC was formed on December 20, 2017 pursuant to the Delaware Limited Liability Company Act. The Company was formerly known as Medicity, Inc., which was incorporated under the laws of Delaware in 1999. In December 2017, Medicity, Inc. merged with and into Medicity LLC. These consolidated financial statements include Medicity LLC's wholly-owned subsidiaries, Novo Innovations, LLC, a Delaware limited liability company, and Allviant Corporation, a Delaware corporation (the Subsidiaries).

Medicity was acquired by Aetna, Inc. (Aetna or the Parent) in January 2011 and operated within the Aetna, Inc. consolidated group until it was acquired by Health Catalyst, Inc. on June 29, 2018.

Basis of presentation

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP).

The Company has historically operated as part of Aetna and not as a standalone company. Consolidated financial statements representing the historical operations of the Company and its Subsidiaries have been derived from Aetna's historical accounting records and are presented on a carve-out basis. Revenues and costs, as well as assets and liabilities directly associated with the business activity of the Company and Subsidiaries, are included in the consolidated financial statements.

The consolidated financial statements also include allocations of certain expenses from Aetna. As such, amounts recognized by the Company are not necessarily representative of the amounts that would have been reflected in the consolidated financial statements had the Company operated independently of Aetna. Related-party allocations are discussed further in note 11.

As the Company operated as part of Aetna during the period of these consolidated financial statements, the Company was dependent upon Aetna for its working capital and financing requirements. Financial transactions relating to the Company are accounted for through the member's equity (deficit) account. Member's equity (deficit) represents Aetna's interest in the recorded net assets of the Company. Significant transactions between the Company and Aetna have been included in the accompanying consolidated financial statements. Transactions with Aetna are reflected in the accompanying consolidated statement of member's equity (deficit) as "capital contributions made by Parent" and "distributions paid to Parent" and in the accompanying consolidated balance sheet within "net member's deficit."

All significant intercompany accounts and transactions between the businesses comprising the Company and its subsidiaries have been eliminated in the accompanying consolidated financial statements.

Revenue recognition

The Company recognizes revenue in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers (Topic 606)*, which we adopted with an initial application date of January 1, 2018. Accordingly, the consolidated financial statements for the period from January 1, 2018 through June 29, 2018 are presented under Topic 606.

Notes to the Consolidated Financial Statements

The Company derives revenues primarily from technology subscriptions and professional services. The Company determines revenue recognition by applying 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, we satisfy the performance obligation

The Company recognizes revenue net of any taxes collected from customers and subsequently remitted to governmental authorities.

Subscription and support revenue

Subscription and support revenue primarily consists of Software-as-a-Service (SaaS) with the related cloud, maintenance, and support services. The Company recognizes revenue when services are provided.

SaaS revenue is derived from subscription fees to access Medicity technologies. The Company's SaaS arrangements do not provide customers the right to take possession of the technology or contain a significant penalty if the customer were to take possession of the technology. Generally, the Company's SaaS contracts require significant integration, configuration, and implementation services that are only performed by the Company to create a combined, fully integrated solution. As such these configuration and implementation services are generally treated as a combined performance obligation and classified as SaaS revenue.

SaaS revenue is recognized ratably over the contract term beginning on the date that formal acceptance is provided by the customer and the service is made available to the customer. The Company's SaaS arrangements typically include a term of three to five years.

Maintenance and support revenue generally includes bug fixes, updates, and support services. Revenue is recognized over the contract term beginning on the date that the service is made available to the customer.

Professional services revenue

Professional services revenue includes consulting, interface connectivity, education, and training services. These services are considered distinct from the technology offerings. Revenue from standalone interface connectivity contracts is recognized at a point-in-time upon the formal customer acceptance of the delivered service. Consulting and education service revenue is typically recognized over time as the service is provided other than certain training arrangements that are recognized upon delivery.

Contracts with multiple performance obligations

Many of the Company's contracts include multiple performance obligations. The Company accounts for performance obligations separately if they are capable of being distinct and are distinct within the context of the contract. The transaction price is allocated to separate performance obligations on a relative standalone selling price basis.

The Company determines standalone selling prices based on the observable price a good or service is sold for separately when available. In cases where standalone selling prices are not directly observable, based on information available, the Company utilizes the expected cost plus a margin, adjusted market assessment, or residual estimation method. The Company considers all information available including the Company's overall pricing objectives, market conditions and other factors, including the value of contracts, customer demographics, and the types of users.

Notes to the Consolidated Financial Statements

Cost of revenue

Cost of subscription and support revenue primarily consists of salary and related personnel costs, hosting maintenance costs, product costs, and independent contractor costs. The Company defers certain costs to fulfill a contract when the costs are expected to be recovered, the costs are directly related to in-process contracts, and the costs enhance resources of the Company that will be used in satisfying performance obligations in the future. These deferred fulfillment costs primarily consist of employee compensation incurred as part of the implementation and set-up of new contracts prior to the commencement of revenue recognition. As of June 29, 2018, the Company had deferred contract costs of \$2.8 million.

Cost of professional services revenue primarily consists of salary and related personnel costs, travel, materials, subscriptions, and independent contractor costs.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with a remaining maturity of three months or less at the time of acquisition to be cash equivalents.

Accounts receivable

Accounts receivable are non-interest bearing and are recorded at the original invoiced amount less an allowance for doubtful accounts based on the probability of future collections. When the Company becomes aware of circumstances that may decrease the likelihood of collections, it records a specific allowance against amounts due, which reduces the receivable amount to the amount reasonably believed to be collected. For all other customers, the Company determines and periodically adjusts the allowance based on historical loss patterns and current receivables aging. The Company had an allowance for doubtful accounts of \$0.3 million as of June 29, 2018.

Services performed prior to invoicing customers are recorded as unbilled accounts receivable and are presented on the Company’s consolidated balance sheet in aggregate with accounts receivable. Unbilled accounts receivable generally become billable at contractually specified dates or upon the attainment of contractually defined milestones. As of June 29, 2018, the unbilled accounts receivable included in accounts receivable on the Company’s consolidated balance sheet was \$0.5 million.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Repairs and maintenance costs that do not extend the useful life or improve the related assets are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful life of each asset category is as follows:

Computer equipment	3 years
Furniture and fixtures	5-10 years
Leasehold improvements	Lesser of lease term or estimated useful life
Capitalized software development	3 years

When there are indicators of potential impairment, the Company evaluates the recoverability of the carrying values by comparing the carrying amount of the applicable asset group to the estimated undiscounted future cash flows expected to be generated by that asset group. If the carrying amount of the asset group exceeds its estimated undiscounted future net cash flows, an impairment charge is recognized based on the amount by which the carrying value of the long-lived assets exceeds the fair value of the assets. The Company did not incur any impairment charges for the period from January 1, 2018 through June 29, 2018.

Notes to the Consolidated Financial Statements***Intangible assets***

Intangible assets include software licenses that were acquired from third parties. The intangible assets are amortized using the straight-line method over the assets estimated useful lives. The estimated useful life of the Company's software licenses ranges from two to five years.

Advertising

All advertising costs are expensed as incurred. For the period from January 1, 2018 through June 29, 2018, the Company incurred \$0.3 million in advertising costs.

Deferred contract acquisition costs

Deferred contract acquisition costs for sales commissions and related payroll expenses are capitalized as part of deferred costs on the consolidated balance sheet. As of June 29, 2018, the balance of deferred contract acquisition costs was \$1.9 million.

Deferred contract acquisition costs are generally amortized over an estimated period of benefit of five years unless the commissions are considered commensurate with the commissions paid for the initial contract acquisition. Deferred contract acquisition costs for commissions considered commensurate with the commissions paid for the initial contract acquisition are recognized over the contract term.

Research and development and internal-use software

Research and development costs are expensed as incurred and primarily include salary and related personnel costs, materials, subscriptions, and contractor costs associated with product development.

The Company capitalizes certain development costs incurred in connection with its internal-use software. These capitalized costs are primarily related to the software platforms that are hosted by the Company and accessed by customers on a subscription basis. Costs incurred in the preliminary stages of development are expensed as incurred as research and development costs. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Capitalized costs are recorded as part of property and equipment. Maintenance and training costs are expensed as incurred. Internal-use software is amortized on a straight-line basis over its estimated useful life of three years on the depreciation and amortization line in the consolidated statement of operations.

Cost allocations

The historical costs and expenses reflected in the financial statements include an allocation for certain corporate and shared service functions historically provided by Aetna, including, but not limited to, executive oversight, accounting, treasury, tax, legal, human resources, occupancy, procurement, information technology, and other shared services. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on a pro-rata basis of consolidated sales, headcount, tangible assets, or other measures considered to be a reasonable reflection of the historical utilization levels of these services.

Management believes the assumptions underlying the consolidated financial statements, including the assumptions regarding the allocation of general corporate expenses from Aetna, are reasonable. Nevertheless, the Company's consolidated financial statements may not include all of the actual expenses that would have been incurred had the Company operated as a standalone company during the periods presented and may not reflect the consolidated results of operations, financial position, and cash flows had the Company operated as a standalone company during the periods presented. Actual costs that would have been incurred if the Company had operated as a standalone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Notes to the Consolidated Financial Statements

Stock-based compensation

Certain employees of Medicity participate in Aetna’s share-based compensation plans (the Plans), which include restricted stock units (RSUs), performance stock units (PSUs), and stock appreciation rights (SARs). Medicity accounts for compensation expense incurred by Aetna for stock-based awards over their vesting periods primarily based on the estimated fair value at the grant date. For SARs, the fair value is estimated using the Black-Scholes option-pricing model. For RSUs and PSUs, the fair value is equal to the market price of the Aetna’s common stock on the date of grant. Equity-based compensation expense is recognized net of an estimated forfeiture rate on a straight-line basis over the requisite service period of the award.

Concentrations of credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company deposits cash with high credit quality financial institutions which at times may exceed federally insured amounts. The Company has not experienced any losses on its deposits. The Company performs ongoing credit evaluations of its customers’ financial condition and generally requires no collateral from its customers. The Company reviews the expected collectability of accounts receivable and records an allowance for doubtful accounts for amounts that it determines are not collectible.

The following table depicts the largest customers’ outstanding net accounts receivable balance as a percentage of the total outstanding net accounts receivable balance as of June 29, 2018:

Customer A	13.3%
Customer B	10.6%

There were no other customers with outstanding net accounts receivable balances as a percentage of total outstanding net accounts receivable balance greater than 10% as of June 29, 2018.

There was one customer with revenue as a percentage of total revenue of 10.1% for the period from January 1, 2018 through June 29, 2018. There were no other customers with revenue as a percentage of total revenue greater than 10% for the period from January 1, 2018 through June 29, 2018.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, the Company evaluates its estimates, including those related to revenue recognition, provisions for doubtful accounts, deferred contract acquisition costs, the period of benefit generated from deferred contract acquisition costs, useful lives of property and equipment, useful lives of intangible assets, stock-based compensation and indirect cost allocations, among others. Actual results could differ from those estimates.

Risks and uncertainties

The Company is subject to all of the risks inherent in an early stage business operating in the healthcare IT industry. These risks include, but are not limited to, a limited operating history, new and rapidly evolving markets, dependence on the development of new products and services, unfavorable economic and market conditions, changes in the level of demand for the Company’s products and services, and the timing of new product introductions. Failure by the Company to anticipate or to respond adequately to technological developments in its industry, changes in customer or supplier requirements, or changes in regulatory requirements or industry standards, or any significant delays in the

Notes to the Consolidated Financial Statements

development or introduction of products and services, could have a material adverse effect on the Company's business and operating results.

Income taxes

The Company's operating results are included in the income tax returns of Aetna. The Company accounts for income taxes under the separate return method. Under this approach, the Company determines its deferred tax assets and liabilities and related tax expense as if it were filing a separate return.

In accordance with GAAP, deferred tax assets and liabilities are accounted for using the liability method and represent the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates that are expected to be in effect when these temporary differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets will not be realized.

Fair value of financial instruments

The carrying amounts reported in the consolidated balance sheet for cash, receivables, accounts payable, and current accrued expenses approximate fair values because of the immediate or short-term maturity of these financial instruments.

Accounting pronouncements adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to supersede existing revenue recognition guidance under U.S. GAAP. Under the new standard, revenue is recognized at the time a good or service is transferred to a customer for the amount of consideration that the Company expects to be entitled in exchange for that specific good or service. The Company adopted ASU 2014-09 as of January 1, 2018. The new standard permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective method). The Company elected to adopt ASU 2014-09 under the full retrospective method with a cumulative-effect adjustment as of January 1, 2018.

In May 2017, the FASB issued ASU No. 2017-09, *Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting*, which provided clarity on which changes to the terms or conditions of share-based payment awards require an entity to apply the modification accounting provisions required in Topic 718. This standard was adopted on January 1, 2018 and did not have a material impact on these consolidated financial statements.

Recent accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, that requires lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases that exceed a 12-month term. The balance sheet amount recorded for existing leases at the date of adoption of ASU 2016-02 must be calculated using the applicable incremental borrowing rate at the date of adoption. The new standard may be adopted using a modified retrospective transition, or may be adopted at the beginning of the period of adoption, and requires adoption for nonpublic entities for reporting periods beginning after December 15, 2019. Early adoption is permitted. The Company did not early adopt ASU 2016-02 and thus, its effects are not reflected in the consolidated financial statements. The adoption of Topic 842 will result in an increase in recognized assets and liabilities related to operating leases.

In June 2016, FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, that changes how companies will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. For available-for-sale debt securities, the Company will be required to record allowances rather than reduce the carrying amount. Nonpublic entities are required to adopt ASU 2016-13 for annual reporting periods beginning after December 15, 2020. Early adoption is permitted for annual reporting periods beginning after

Notes to the Consolidated Financial Statements

December 15, 2018. The Company is currently evaluating the impact the ASU will have on its consolidated financial statements.

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*, that clarifies how companies should classify certain cash receipts and cash payments in the statement of cash flows. Nonpublic entities are required to adopt ASU 2016-15 for annual reporting periods beginning after December 15, 2018. Early adoption is permitted. Companies are required to apply the guidance retrospectively unless it is impracticable to do so. The Company did not early adopt ASU 2016-15 and thus, its effects are not reflected in the consolidated financial statements. The Company is currently evaluating the impact the ASU will have on its consolidated financial statements.

2. Revenue

Disaggregation of revenue

The following table represents Medicity’s revenue disaggregated by type of arrangement (in thousands) for the period from January 1, 2018 through June 29, 2018:

Subscription and support	\$	14,783
Professional services		960
Total revenue	\$	15,743

For the period from January 1, 2018 through June 29, 2018, 100% of revenue was related to contracts in the United States.

3. Intangible Assets

As of June 29, 2018, intangible assets consisted of the following (in thousands):

	Gross	Accumulated Amortization	Net
Software licenses	\$ 5,511	\$ (3,180)	\$ 2,331

Amortization expense for intangible assets for the period from January 1, 2018 through June 29, 2018 was \$0.8 million. Amortization expense for software licenses is included in depreciation and amortization expense on the consolidated statement of operations.

The weighted-average amortization period of intangible assets is three years. Future amortization expense, based upon intangible assets as of June 29, 2018, is estimated to be \$0.5 million for the period from June 30, 2018 through December 31, 2018 and \$0.9 million, \$0.5 million, \$0.3 million, and \$0.1 million for the years ending December 31, 2019, 2020, 2021, and 2022, respectively.

Notes to the Consolidated Financial Statements

4. Property and Equipment

Property and equipment consisted of the following (in thousands) as of June 29, 2018:

Computer equipment	\$	5,788
Capitalized software development costs		3,308
Furniture and fixtures		995
Leasehold improvements		521
Total property and equipment		10,612
Less: Accumulated depreciation and amortization		(6,062)
Property and equipment, net	\$	4,550

As of June 29, 2018, all of the Company’s property and equipment was located in the United States.

Depreciation expense, excluding the amortization of capitalized software development costs, for the period from January 1, 2018 through June 29, 2018 was \$0.7 million.

The Company capitalized \$0.7 million of software development costs for the period from January 1, 2018 through June 29, 2018. The Company incurred internal-use software amortization expense of \$0.3 million for the period from January 1, 2018 through June 29, 2018. As of June 29, 2018, there was \$1.2 million of capitalized internal-use software development costs that had not yet been placed into service.

5. Member’s Equity (Deficit)

During the period from January 1, 2018 through June 29, 2018, Aetna was the sole member and owned all limited liability company interests in Medicity LLC and was subject to the terms of the Company’s Limited Liability Company Agreement. The significant terms of the Company’s Limited Liability Agreement included the following:

Limited liability - Except as required by the Delaware Limited Liability Company Act (“the Act”) the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Parent shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a member of the Company.

Capital contributions - The Parent may, but is not obligated to make any capital contribution to the Company. During the period from January 1, 2018 through June 29, 2018, the Parent made \$9.3 million of contributions, including \$0.3 million of non-cash contributions from stock-based compensation deemed contributions, to the Company.

Allocation of profits and losses - The Company’s profits and losses shall be allocated solely to the Parent. During the period from January 1, 2018 through June 29, 2018, \$11.4 million of net loss was allocated to the Parent’s interest in the Company.

Distributions - Subject to the limitations of Section 18-607 of the Act and any other applicable law, distributions shall be made to the Parent at the times and in the aggregate amounts determined by the Parent. During the period from January 1, 2018 through June 29, 2018, the Company made \$4.3 million in distributions to the Parent.

6. Stock-Based Compensation

Medicity has no independent stock-based compensation plans; however, certain of its employees are eligible to participate in the Plans, which include SARs, RSUs, and PSUs. All current grants of stock options, RSUs and PSUs are made under the Plans. The Company records compensation expense incurred by Aetna under the Plans that is directly

Notes to the Consolidated Financial Statements

related to participating Medicity employees. Compensation expense for stock-based awards is expensed over their vesting periods primarily based on the estimated fair value at the grant date.

Executive, middle management and non-management employees may be granted SARs, RSUs, and PSUs, each of which are described below:

SARs

SARs granted will be settled in Aetna common stock, net of taxes, based on the appreciation of the Aetna stock price on the exercise date over the market price on the date of the grant. SARs generally become 100% vested three years after the grant is made, with one-third vesting each year. Vested SARs may be exercised at any time during the ten years after grant, except in certain circumstances, generally related to employment termination or retirement. At the end of the ten-year period, any unexercised SARs expire. There were no SARs granted during the period from January 1, 2018 through June 29, 2018.

A summary of the SAR transactions during the period from January 1, 2018 through June 29, 2018, is as follows:

	Number of SARs	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at January 1, 2018	4,308	\$ 122.69		
Granted	—	—		
Exercised	—	—		
Cancelled/forfeited	—	—		
Outstanding at June 29, 2018	4,308	\$ 122.69	7.3	\$ 261,961
Vested and expected to vest as of June 29, 2018	4,308	\$ 122.69	7.3	\$ 261,961
Vested and exercisable as of June 29, 2018	2,125	\$ 120.04	6	\$ 134,845

The total grant-date fair value of SARs vested during the period from January 1, 2018 through June 29, 2018 was \$0.1 million.

RSUs and PSUs

For each RSU granted, employees receive one share of Aetna common stock, net of taxes, at the end of the vesting period. RSUs generally become 100% vested approximately three years from the grant date, with one third vesting each December. The grant date fair value is determined based on the market price of Aetna common stock on the date of grant.

The number of vested PSUs (which could range from zero to 200% of the original number of units granted) is dependent upon the degree to which Aetna and the Company achieve performance goals, which for the most part, are set at the time of grant as determined by the Aetna Board's Committee on Compensation and Talent Management. Each vested PSU represents one share of Aetna common stock and will be paid in shares of Aetna common stock, net of taxes. The grant date fair value is determined based on the market price of Aetna's common stock on the date of grant. In 2017, 408 PSUs for Aetna common stock were granted. These PSUs have a three-year performance period that will end on December 31, 2019 and are subject to a three-year vesting period.

MEDICITY LLC

Notes to the Consolidated Financial Statements

A summary of the RSU and PSU transactions during the period from January 1, 2018 through June 29, 2018, is as follows:

	Number of RSUs and PSUs	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2018	5,436	\$ 114.64
Granted	3,865	177.53
Vested	—	—
Forfeited	—	—
Outstanding at June 29, 2018	9,301	140.78

Stock compensation expense

For the period from January 1, 2018 through June 29, 2018, the Company recorded total stock-based compensation expense of \$0.3 million.

The following table summarizes the consolidated statement of operations effect of stock-based compensation for the period from January 1, 2018 through June 29, 2018 (in thousands):

	Period from January 1, 2018 through June 29, 2018
Cost of revenue	\$ 118
Sales and marketing	196
Research and development	24
Total stock-based compensation	\$ 338

As of June 29, 2018, approximately \$1.0 million of unrecognized compensation expense related to the Company's unvested SARs, RSUs and PSUs is expected to be recognized over a weighted average period of 2.0 years.

7. Income Taxes

Medicity was treated as a subsidiary of Aetna and filed as part of Aetna's consolidated income tax return for the periods leading up to December 31, 2017. Effective January 1, 2018, Aetna made a check-the-box election to treat Medicity as a disregarded entity for income tax purposes. As a result, all of the income tax attributes of Medicity were absorbed into Aetna, including the net operating loss carryforwards. These consolidated financial statements reflect income tax expense and deferred tax balances as if Medicity had filed tax returns on a standalone basis separate from Aetna. The separate return method applies the accounting guidance for income taxes to the standalone consolidated financial statements as if Medicity was a separate taxpayer and a standalone enterprise for the period presented.

MEDICITY LLC

Notes to the Consolidated Financial Statements

The income tax provision consisted of the following for the period from January 1, 2018 through June 29, 2018 (in thousands):

Current income tax provision:	
Federal	\$ —
State	17
	<u>17</u>
Deferred income tax provision:	
Federal	44
State	—
Provision for income taxes	<u>\$ 61</u>

For the period from January 1, 2018 through June 29, 2018, the total income tax provision differed from the amounts computed by applying the U.S. federal income tax rate of 21% to the loss before income tax expense as a result of the following (in thousands):

Computed tax benefit at statutory rate	\$ (2,380)
State income taxes, net of federal tax effect	13
Change in valuation allowance	2,365
Other, net	63
Provision for income taxes	<u>\$ 61</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities were as follows as of June 29, 2018 (in thousands):

Deferred income tax assets:	
Allowance for bad debt	\$ 64
Accrued expenses	113
Deferred revenue	2,612
Intangible assets	1,062
Net operating loss carryforwards	1,693
Stock-based compensation	117
Total deferred income tax assets	<u>5,661</u>
Valuation allowance	(2,919)
Net deferred income tax assets	<u>2,742</u>
Deferred income tax liabilities:	
Prepaid expenses	(653)
Deferred contract costs	(1,043)
Property and equipment	(1,090)
Total deferred income tax liabilities	<u>(2,786)</u>
Net deferred income tax assets (liabilities)	<u>\$ (44)</u>

Notes to the Consolidated Financial Statements

The Company considers all available evidence to evaluate the recovery of deferred tax assets, including historical levels of income, legislative developments, and risks associated with estimates of future taxable income. The Company has provided a full valuation allowance for its deferred tax assets at June 29, 2018, due to the uncertainty surrounding the future realization of such assets and the losses generated in the current period. Therefore, no benefit has been recognized in the consolidated financial statements for the net operating loss carryforwards and other deferred tax assets.

Aetna has filed federal and state income tax returns in jurisdictions with varying statutes of limitations on behalf of the Company. The Company is no longer subject to federal or state income tax examinations by tax authorities for tax years prior to 2014.

On December 22, 2017, the 2017 Tax Cuts and Jobs Act (Tax Act) was enacted into law and the new legislation contains several key tax provisions that affect the Company, including the reduction of the corporate income tax rate to 21%, effective January 1, 2018. The Company was required to recognize the effect of the tax law changes in the period of enactment. As such, the Company remeasured its consolidated deferred tax assets and liabilities to reflect the lower rate and has also reassessed the realizability of those deferred tax assets and liabilities in the prior year and applied the reduced corporate income tax rates to the current year provision amounts.

In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act (SAB 118), which allowed the Company to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. Since the Tax Act was passed late in the fourth quarter of 2017, and ongoing guidance and accounting interpretation are expected over the next 12 months, the Company considers the accounting of the deferred tax remeasurements and state tax conformity to be incomplete but has made a reasonable estimate and has included provisional amounts in the financial statements. Due to the forthcoming guidance and the Company's ongoing analysis of data and tax positions, the Company expects to complete its analysis within the measurement period provided for and in accordance with SAB 118.

As of June 29, 2018, the Company had approximately \$8.1 million of consolidated federal and state net operating loss carryforwards available to offset future taxable income, respectively, if the Company were to continue as a standalone entity. If unused, the federal and state net operating loss carryforwards presented would have expired by 2038. However, as 100% of the limited liability interests in Medicity LLC, were acquired by Health Catalyst, Inc. as of June 29, 2018, Medicity's federal and state net operating loss carryforwards will not be available to reduce the future income tax liabilities of Health Catalyst, Inc. as those income tax attributes will remain with Aetna. Medicity has no unrecognized tax benefits for which the Company is legally responsible through the period ended June 29, 2018.

8. Commitments and Contingencies***Operating Leases***

The Company leases office space under operating leases that expire in 2021. The terms of the leases provide for rental payments on a graduated scale and options to renew the leases by five years. The Company recognizes rent on a straight-line basis over the lease period and has accrued for rent expense incurred but not paid.

Notes to the Consolidated Financial Statements

Minimum future rental payments under the non-cancellable operating leases at June 29, 2018, are as follows (in thousands):

Six months ending December 31:	
2018	\$ 332
Year ending December 31:	
2019	680
2020	699
2021	358
Total minimum lease payments	<u>\$ 2,069</u>

Rent expense under operating leases for the period from January 1, 2018 through June 29, 2018 was \$0.4 million.

9. Deferred Revenue

Deferred revenue includes advance customer payments and billings in excess of revenue recognized. For the period from January 1, 2018 through June 29, 2018, approximately 44% of revenue recognized was included in deferred revenue at the beginning of the period.

10. Employee Benefit Plans

The Company has a 401(k) defined contribution plan covering eligible employees that is administered and maintained by the Parent. Contributions are determined based on a percentage of compensation. The Company matches 100% of the first 6% of an employees' salary deferral. The Company's contributions, which were recognized as compensation expense, for its participating employees were \$0.8 million for the period from January 1, 2018 through June 29, 2018.

11. Related Parties

Allocations of expenses

The Company has historically operated as part of Aetna and not as a stand-alone company. Accordingly, certain shared costs have been allocated to the Company and are reflected as expenses in these consolidated financial statements. Management considers the allocation methodologies used to be reasonable and appropriate reflections of the related expenses attributable to the Company for the purposes of the carved-out financial statements; however, the expenses reflected in these consolidated financial statements may not be indicative of the actual expenses that would have been incurred during the period presented if the Company had operated as a separate stand-alone entity. In addition, the expenses reflected in the consolidated financial statements may not be indicative of expenses that will be incurred in the future by the Company.

Corporate expenses

Certain corporate overhead and other shared expenses incurred by Aetna and its subsidiaries have been allocated to the Company and are reflected in the consolidated statement of operations. These amounts include, but are not limited to, items such as general management, executive oversight, information technology infrastructure support, facilities, compliance, human resources, marketing, legal, financial management, transaction processing, tax, risk management, treasury services, certain employee benefits and incentives, and stock-based compensation administration. These costs are allocated using methodologies that management believes are reasonable for the item being allocated.

Allocation methodologies include the Company's relative share of revenues, headcount, or functional spend as a percentage of the total.

Notes to the Consolidated Financial Statements

The amount of indirect related party expenses allocated to the Company from Aetna and its subsidiaries for the period from January 1, 2018 through June 29, 2018 was \$2.6 million. As of June 29, 2018, the Company had a net related party liability owed to Aetna and its subsidiaries of \$5.2 million.

12. Subsequent Events

On June 29, 2018, 100% of the limited liability interests of the Company were acquired by Health Catalyst, Inc.

Subsequent events have been evaluated through April 9, 2019, the date the consolidated financial statements were available to be issued.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

Introduction to Unaudited Pro Forma Condensed Combined Statement of Operations

The following unaudited pro forma condensed combined statement of operations for the year ended December 31, 2018 is presented to give effect to the acquisition of Medicity LLC (Medicity) on June 29, 2018 for consideration of \$2.3 million (the Acquisition).

The pro forma information was prepared based on the historical consolidated statement of operations of Health Catalyst, Inc. (Health Catalyst or the Company) and Medicity after giving effect to the Acquisition using the acquisition method of accounting, and after applying the assumptions, reclassifications, and adjustments described in the accompanying notes. The pro forma information is presented as if the Acquisition had occurred on January 1, 2018. The acquisition of Medicity has already been reflected in the Company's historical audited consolidated balance sheet as of December 31, 2018. Therefore, no unaudited pro forma condensed combined balance sheet as of December 31, 2018 has been presented herein.

The Health Catalyst condensed statement of operations information included herein was derived from the Health Catalyst audited statement of operations for the year ended December 31, 2018 included in this prospectus. The Medicity historical statement of operations included herein was derived from the Medicity audited statement of operations from January 1, 2018 through June 29, 2018 (the acquisition date) which is also included in this prospectus.

The pro forma information has been prepared for illustrative purposes only and is not intended to represent or be indicative of the consolidated results of operations in future periods or the results that actually would have been achieved had Health Catalyst and Medicity been a combined company during the period presented. The pro forma information does not reflect any operating efficiencies, post-acquisition synergies or cost savings that Health Catalyst may achieve with respect to the combined companies.

The pro forma information should be read together with (1) the accompanying notes to the unaudited pro forma condensed combined statement of operations, (2) the audited historical financial statements and related notes of Health Catalyst included elsewhere in this prospectus, and (3) the audited historical financial statements and related notes of Medicity included elsewhere in this prospectus.

HEALTH CATALYST, INC.

Unaudited Pro Forma Condensed Combined Statement of Operations

For the year ended December 31, 2018

(in thousands, except shares and per share data)

	Health Catalyst, Inc. for the year ended December 31, 2018	Medicity LLC for periods from January 1, 2018 to June 29, 2018	Pro Forma Adjustments	Notes	Pro Forma Combined <i>(unaudited)</i>
Total revenue	\$ 112,574	\$ 15,743	\$ (1,097)	(a)	\$ 127,220
Operating expenses:					
Cost of revenue, excluding depreciation and amortization	59,852	9,834	—		69,686
Research and development	38,592	6,270	—		44,862
Sales and marketing	44,123	5,795	—		49,918
General and administrative	22,690	3,385	—		26,075
Depreciation and amortization	7,412	1,799	155	(b)	9,366
Total operating expense	172,669	27,083	155		199,907
Loss from operations	(60,095)	(11,340)	(1,252)		(72,687)
Interest and other (expense) income, net	(2,024)	8	—		(2,016)
Loss before income taxes	(62,119)	(11,332)	(1,252)		(74,703)
Income tax (benefit) provision	(135)	61	—		(74)
Net loss	\$ (61,984)	\$ (11,393)	\$ (1,252)		\$ (74,629)
Less: accretion of redeemable convertible preferred stock	52,037	—	—		52,037
Net loss attributable to common stockholders	\$ (114,021)	\$ (11,393)	\$ (1,252)		\$ (126,666)
Net loss per share attributable to common stockholders, basic and diluted	\$ (11.88)				\$ (13.20)
Weighted-average shares attributable to common stockholders, basic and diluted	9,596,773				9,596,733

Notes to the Unaudited Pro Forma Condensed Combined Statement of Operations

1. Basis of presentation

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2018 is presented to give effect to the acquisition of Medicity by Health Catalyst on June 29, 2018 for \$2.3 million, which consisted of shares of Health Catalyst Series E redeemable convertible preferred stock, which were issued at the completion of the transaction. The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of Regulation S-X.

The unaudited pro forma condensed combined statement of operations reflects certain adjustments that are necessary to present fairly the Company's unaudited pro forma condensed combined statement of operations. The pro forma adjustments give effect to events that are (1) directly attributable to the acquisition, (2) factually supportable, and (3) expected to have a continuing impact on the Company and are based on assumptions that management believes are reasonable given the best information currently available.

Under the acquisition method of accounting, acquisition-related transaction costs (e.g., advisory, legal, valuation, and other professional fees) are not included as consideration transferred but are accounted for as expenses in the periods in which the costs are incurred. These costs related to Health Catalyst's acquisition of Medicity were immaterial.

In accordance with the acquisition method of accounting for business combinations under the provisions of ASC 805, the assets acquired and the liabilities assumed are recorded at their respective fair values and added to those of the Company.

2. Purchase price allocation

The Medicity acquisition was one element of an integrated transaction whereby the Company also issued 1,415,227 shares of Series E redeemable convertible preferred stock to Aetna, Inc. in exchange for \$15.0 million in cash. The Company acquired Medicity for total consideration of \$2.3 million, which represents the fair value of the shares of Series E redeemable convertible preferred stock allocated to the Medicity acquisition as part of the integrated transaction.

The unaudited pro forma condensed combined statement of operations includes various assumptions, including those related to the purchase price allocation of the assets acquired and liabilities assumed based on management's estimates of fair value. Accordingly, the pro forma adjustments have been made solely for illustrative purposes. The following table summarizes the acquisition-date fair value of consideration transferred and the assets received and liabilities assumed as part of our acquisition of Medicity (in thousands):

Assets acquired:	
Accounts receivable	\$ 7,016
Prepaid expenses	2,735
Property and equipment	1,613
Computer software licenses	2,358
Developed technologies	800
Customer relationships and contracts	600
Trademarks	100
Total assets acquired	15,222
Less liabilities assumed:	
Accounts payable and other current liabilities	1,970
Deferred revenue	11,000
Total liabilities assumed	12,970
Total assets acquired, net	\$ 2,252

Notes to the Unaudited Pro Forma Condensed Combined Statement of Operations

3. Pro forma adjustments

The accompanying unaudited pro forma condensed combined statement of operations has been prepared as if the Acquisition was completed on January 1, 2018 and reflects the following pro forma adjustments:

- (a) To record the estimated adjustment for the period from January 1, 2018 through June 29, 2018 of the fair value adjustment to the acquired Medicity deferred revenues.

The adjustment for deferred revenues acquired was calculated by comparing the pre-acquisition book value to the acquisition-date fair value of the deferred revenue acquired and recognizing the fair value adjustment over the timeline which the acquired deferred revenues are projected to be recognized as revenue, assuming the acquisition occurred on January 1, 2018.

- (b) To record the estimated amortization expense for the period from January 1, 2018 through June 29, 2018 associated with the fair value of acquired developed technology, customer relationships, and trade name.

The adjustment for the amortization of gross intangible assets acquired was calculated using the acquisition-date fair value of the intangible assets acquired amortized on a straight-line basis over the estimated useful life, assuming the acquisition occurred on January 1, 2018. This adjustment reflects amortization expense related to the acquired intangible assets composed of \$0.6 million customer relationships with a useful life of six years, \$0.8 million technology with a useful life of five years, and \$0.1 million tradenames with a useful life of two years.

4. Restructuring charges

In September 2018, the Company recognized approximately \$2.1 million in severance charges applicable to termination of certain Medicity employees.

Shares



Common Stock

Prospectus

Goldman Sachs & Co. LLC

J.P. Morgan

William Blair

Evercore ISI

Piper Jaffray

SVB Leerink

SunTrust Robinson Humphrey

, 2019

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale of the common stock being registered. All amounts shown are estimates except for the Securities and Exchange Commission, or SEC, registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee, and the listing fee.

	Amount Paid or to be Paid
SEC registration fee	*
FINRA filing fee	*
Initial stock exchange listing	*
Blue sky fees and expenses	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous fees and expenses	*
Total	*

* To be filed by amendment.

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law authorizes a corporation's board of directors to grant, and authorizes a court to award, indemnity to officers, directors and other corporate agents.

We expect to adopt an amended and restated certificate of incorporation, which will become effective immediately prior to the completion of this offering, and which will contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. 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 the following:

- any breach of their duty of loyalty to our company 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 Delaware General Corporation Law; or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission, or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

In addition, we expect to adopt amended and restated bylaws, which will become effective immediately prior to the completion of this offering, and which will provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit, or proceeding by reason of the fact that he or she is or was one of our directors or officers or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust, or other enterprise. Our amended and restated bylaws are expected to provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit, or proceeding by reason of the fact that he or she is or was one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust, or other enterprise. Our amended and restated bylaws will also provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to limited exceptions.

Further, we have entered into or will enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are expected to be included in our amended and restated certificate of incorporation, amended and restated bylaws and in indemnification agreements that we have entered into or will enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive 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 executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees, or other agents or is or was serving at our request as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

The underwriting agreement filed as Exhibit 1.1 to this registration statement will provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.

Item 15. Recent Sales of Unregistered Securities.

The following list sets forth information regarding all unregistered securities issued by us since January 1, 2016 through the date of the prospectus that is a part of this registration statement:

Issuances of Options to Purchase Common Stock

From January 1, 2016 through the date of this registration statement, we granted under our 2011 Plan options to purchase an aggregate of 11,646,379 shares of our common stock to a total of 874 team members, consultants, and directors, having exercise prices ranging from \$5.17 to \$10.31 per share.

The offers, sales, and issuances of the securities described in the preceding paragraph were deemed to be exempt from registration either under Rule 701 promulgated under the Securities Act, or Rule 701, in that the transactions were under compensatory benefit plans and contracts relating to compensation, or under Section 4(a)(2) of the Securities Act in that the transactions were between an issuer and members of its senior executive management and did not involve any public offering within the meaning of Section 4(a)(2). The recipients of such securities were our employees, directors, or consultants and received the securities under our equity incentive plans. Appropriate legends were affixed to the securities issued in these transactions.

Issuances of Redeemable Convertible Preferred Stock

From February 2016 to June 2018, we sold an aggregate of 12,061,525 shares of our Series E redeemable convertible preferred stock at a purchase price of \$10.599 per share, for an aggregate purchase price of \$12.2 million.

In February 2019, we sold an aggregate of 875,585 shares of our Series F redeemable convertible preferred stock to 22 accredited investors at a purchase price of \$13.92 per share, for an aggregate purchase price of \$12.2 million.

The offers, sales, and issuances of the securities described in the preceding paragraph were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D promulgated thereunder as a transaction by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was either an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act or had adequate access, through employment, business, or other relationships, to information about us.

Issuances of Warrants

Since January 1, 2016, we granted to two accredited investors warrants to purchase 510,674 shares of our common stock, at an exercise price of \$5.33 per share.

The offers, sales, and issuances of the securities described in the preceding paragraph were deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D promulgated thereunder as a transaction by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was either an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act or had adequate access, through employment, business, or other relationships, to information about us.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits

The exhibits to this registration statement are listed in the Exhibit Index immediately preceding the signature page attached hereto and incorporated by reference herein.

(b) Financial Statement Schedules

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

Item 17. Undertakings.

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 by the Registrant for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance 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.

EXHIBIT INDEX

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as currently in effect.
3.2*	Form of Amended and Restated Certificate of Incorporation of the Registrant to be effective upon completion of this offering.
3.3	Bylaws of the Registrant, as currently in effect.
3.4*	Form of Amended and Restated Bylaws of the Registrant to be effective upon completion of this offering.
4.1*	Form of common stock certificate of the Registrant.
4.2	Fifth Amended and Restated Registration Agreement, dated February 6, 2019, by and among the Registrant and certain of its stockholders.
4.3	Fifth Amended and Restated Investor Rights Agreement, dated February 6, 2019, by and among the Registrant and certain of its stockholders.
4.4	Fifth Amended and Restated Stockholders Agreement, dated February 6, 2019, by and among the Registrant and certain of its stockholders.
5.1*	Opinion of Goodwin Procter LLP.
10.1	Lease for 3165 Millrock Drive #400 Salt Lake City, Utah 84121, dated September 1, 2016, by and between the Registrant and EOS at Millrock Park LLC.
10.2	First Amendment to Lease for 3165 Millrock Drive #400 Salt Lake City, Utah 84121, dated July 30, 2018, by and between the Registrant and EOS at Millrock Park LLC.
10.3	Mezzanine Loan and Security Agreement, dated October 6, 2017, by and between the Registrant and Silicon Valley Bank, as amended.
10.4	Amended and Restated Loan and Security Agreement, dated October 6, 2017, by and between the Registrant and Silicon Valley Bank, as amended.
10.5	Credit Agreement, dated February 6, 2019, by and between the Registrant and OrbiMed Royalty Opportunities II, LP.
10.6#	Offer Letter, dated September 26, 2011, between the Registrant and Daniel Burton.
10.7#	Offer Letter, dated October 24, 2011, between the Registrant and Dale Sanders.
10.8#	Offer Letter, dated May 20, 2013, between the Registrant and J. Patrick Nelli.
10.9#	Offer Letter, dated September 26, 2011, between the Registrant and Paul Horstmeier.
10.10#	Offer Letter, dated May 22, 2013, between the Registrant and Linda Llewelyn.
10.11#	Offer Letter, dated December 3, 2015, between the Registrant and Daniel Orenstein.
10.12##*	2019 Stock Option and Incentive Plan, and forms of agreements thereunder.
10.13#	2011 Stock Incentive Plan, and forms of agreements thereunder.
10.14##*	Non-employee Director Compensation Program.
10.15*	Form of Indemnification Agreement, between the Registrant and each of its directors.

- 10.16 Warrant to Purchase Common Stock issued to Silicon Valley Bank by the Registrant, dated October 6, 2017.
- 10.17 Warrant to Purchase Stock issued to WestRiver Mezzanine Loans - Loan Pool 5, LLC by the Registrant, dated October 6, 2017.
- 21.1 Subsidiaries of the Registrant.
- 23.1* Consent of Ernst & Young, independent registered public accounting firm, for Health Catalyst, Inc.
- 23.2* Consent of Ernst & Young, independent auditors, for Medicity LLC.
- 23.3* Consent of Goodwin Procter LLP (included in Exhibit 5.1).
- 24.1* Power of Attorney. Reference is made to the signature page hereto.

* To be filed by amendment.

Indicates management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Salt Lake City, Utah, on the _____ day of _____, 2019.

HEALTH CATALYST, INC.

By: _____

Daniel Burton
Chief Executive Officer and Director

KNOW ALL BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Daniel Burton, Patrick Nelli and Daniel Orenstein, and each of them, his or her true and lawful agent, proxy, and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place, and stead, in any and all capacities, to (1) act on, sign, and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto and any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, together with all schedules and exhibits thereto, (2) act on, sign, and file such certificates, instruments, agreements, and other documents as may be necessary or appropriate in connection therewith, (3) act on and file any supplement to any prospectus included in this registration statement or any such amendment or any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and (4) take any and all actions which may be necessary or appropriate to be done, as fully for all intents and purposes as he or she might or could do in person, hereby approving, ratifying, and confirming all that such agent, proxy and attorney-in-fact or any of his substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
_____ Daniel Burton	Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	_____, 2019
_____ J. Patrick Nelli	Chief Financial Officer <i>(Principal Financial Officer and Principal Accounting Officer)</i>	_____, 2019
_____ Fraser Bullock	Director	_____, 2019
_____ Todd Cozzens	Director	_____, 2019
_____ Michael Dixon	Director	_____, 2019
_____ Timothy G. Ferris	Director	_____, 2019
_____ Duncan Gallagher	Director	_____, 2019
_____ Promod Haque	Director	_____, 2019
_____ John A. Kane	Director	_____, 2019
_____ Anita V. Pramoda	Director	_____, 2019

SEVENTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
HEALTH CATALYST, INC.

(Pursuant to Sections 242 and 245 of the General
Corporation Law of the State of Delaware)

Health Catalyst, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the “**General Corporation Law**”),

DOES HEREBY CERTIFY:

1. That the name of this corporation is Health Catalyst, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on September 20, 2011 under the name HQC Holdings, Inc.

2. That this corporation has amended and restated its certificate of incorporation several times, and further amended and restated its certificate of incorporation on February 9, 2016 by filing a Sixth Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware on such date, and further amended its certificate of incorporation thereafter.

3. That the Board of Directors duly adopted resolutions proposing to amend and restate the Sixth Amended and Restated Certificate of Incorporation, as amended, of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolutions setting forth the proposed amendment and restatement are as follows:

RESOLVED, that the Sixth Amended and Restated Certificate of Incorporation, as amended, of this corporation be amended and restated in its entirety to read as follows:

FIRST: The name of this corporation is Health Catalyst, Inc. (the “**Corporation**”).

SECOND: The address of the Corporation’s registered office in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

FOURTH: This Corporation is authorized to issue two classes of shares to be designated respectively preferred stock (“**Preferred Stock**”) and common stock (“**Common Stock**”). The total number of shares of capital stock that the Corporation is authorized to issue is 120,147,927. The total number of shares of Preferred Stock this Corporation shall have authority to issue is 46,505,028. The total number of shares of Common Stock this Corporation shall have authority to issue is 73,642,899. The Preferred Stock shall have a par value of \$0,001 per share and the Common Stock shall have a par value of \$0,001 per share. 7,175,000 shares of Preferred Stock shall be designated “**Series A Preferred**”, 9,973,658 shares of Preferred Stock shall be designated “**Series B Preferred**”, 9,588,022 shares of Preferred Stock shall be designated “**Series C Preferred**”, 6,629,236 shares of Preferred Stock shall be designated “**Series D Preferred**”, 12,061,525 shares of Preferred Stock shall be designated “**Series E Preferred**”, and 1,077,587 shares of Preferred Stock shall be designated “**Series F Preferred**”.

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restriction thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings); provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to the Seventh Amended and Restated Certificate of Incorporation, as may be amended and/or restated from time to time (the “**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 Certificate of Incorporation or pursuant to the General Corporation Law. There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing at least a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

B. PREFERRED STOCK

The powers, preferences, privileges, rights, restrictions, and other matters relating to the Preferred Stock are as set forth below. Unless otherwise indicated, references to “Sections” or “Subsections” in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

1. Dividends. In the event that the Corporation declares or pays any dividends upon the Common Stock (whether payable in cash, securities or other property), other than dividends payable solely in shares of Common Stock issued upon the Corporation's outstanding shares of Common Stock, the Corporation shall also declare and pay to the holders of the Preferred Stock at the same time that it declares and pays such dividends to the holders of the Common Stock, the dividends which would have been declared and paid with respect to the Common Stock issuable upon conversion of the Preferred Stock had all of the outstanding Preferred Stock been converted immediately prior to the record date for such dividend, or if no record date is fixed, the date as of which the record holders of Common Stock entitled to such dividends are to be determined.

2. Liquidation.

2.1 Normal Liquidation.

2.1.1 Series F Preferred Stock. Upon any liquidation, dissolution or winding up of the Corporation (whether voluntary or involuntary), each holder of outstanding shares of Series F Preferred Stock shall be entitled to be paid, before any distribution or payment (or any setting aside for distribution or payment) is made upon any Junior Preferred Stock or Junior Securities, an amount in cash equal to the greater of (i) the aggregate Liquidation Value of all shares of Series F Preferred Stock held by such holder (plus, in each case, any declared and unpaid dividends thereon) and (ii) the amount which such holder would be entitled to receive upon such liquidation, dissolution or winding up if all of such holder's outstanding shares of Series F Preferred Stock were converted into Conversion Stock immediately prior to such event (the greater of the amounts described in the foregoing clauses (i) and (ii), the "**Series F Liquidation Amount**"), and the holders of outstanding shares of Series F Preferred Stock shall not be entitled to any further payment in respect thereof. If upon any such liquidation, dissolution or winding up of the Corporation (including pursuant to Section 2.2), the Corporation's assets to be distributed among the holders of the outstanding shares of Series F Preferred Stock are insufficient to permit payment to such holders of the entire aggregate Series F Liquidation Amount which they are entitled to be paid under this Section 2.1.1, then the entire assets available to be distributed to the Corporation's stockholders shall be distributed pro rata among such holders of outstanding shares of Series F Preferred Stock based upon the aggregate Liquidation Value (plus any declared and unpaid dividends thereon) of the outstanding shares of Series F Preferred Stock held by each such holder. Not less than 30 days prior to the payment date stated therein, the Corporation shall deliver written notice of any such liquidation, dissolution or winding up to each record holder of outstanding shares of Series F Preferred Stock, setting forth in reasonable detail a good faith estimate of the amount of proceeds anticipated to be paid with respect to each share of Preferred Stock and each share of Junior Securities in connection with such liquidation, dissolution or winding up. Neither the consolidation or merger of the Corporation into or with any other entity or entities (whether or not the Corporation is the surviving entity), nor the sale or transfer by the Corporation of all or any part of its assets, nor the reduction of the capital stock of the Corporation nor any other form of recapitalization or reorganization affecting the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 2.1.1, except as provided in Section 2.2 below.

2.1.2 Junior Preferred Stock. Upon any liquidation, dissolution or winding up of the Corporation (whether voluntary or involuntary), after payment of the entire aggregate Series F Liquidation Amount to all holders of shares of Series F Preferred in accordance with Section 2.1.1 above, each holder of outstanding shares of Junior Preferred Stock shall be entitled to be paid, before any distribution or payment (or any setting aside for distribution or payment) is made upon any Junior Securities, an amount in cash equal to the greater of (i) the aggregate Liquidation Value of all shares of Junior Preferred Stock held by such holder (plus, in each case, any declared and unpaid dividends thereon) and (ii) the amount which such holder would be entitled to receive upon such liquidation, dissolution or winding up if all of such holder's outstanding shares of Junior Preferred Stock were converted into Conversion Stock immediately prior to such event, and the holders of outstanding shares of Junior Preferred Stock shall not be entitled to any further payment in respect thereof. If upon any such liquidation, dissolution or winding up of the Corporation (including pursuant to Section 2.2), the Corporation's assets to be distributed among the holders of the outstanding shares of Junior Preferred Stock are insufficient to permit payment to such holders of the aggregate amount which they are entitled to be paid under this Section 2.1.2, then the entire remaining assets available to be distributed to the Corporation's stockholders after the payment in full of the entire aggregate Series F Liquidation Amount pursuant to Section 2.1.1 shall be distributed pro rata among such holders of outstanding shares of Junior Preferred Stock based upon the aggregate Liquidation Value (plus any declared and unpaid dividends thereon) of the outstanding shares of Junior Preferred Stock held by each such holder. Not less than 30 days prior to the payment date stated therein, the Corporation shall deliver written notice of any such liquidation, dissolution or winding up to each record holder of outstanding shares of Preferred Stock, setting forth in reasonable detail a good faith estimate of the amount of proceeds anticipated to be paid with respect to each share of Preferred Stock and each share of Junior Securities in connection with such liquidation, dissolution or winding up. Neither the consolidation or merger of the Corporation into or with any other entity or entities (whether or not the Corporation is the surviving entity), nor the sale or transfer by the Corporation of all or any part of its assets, nor the reduction of the capital stock of the Corporation nor any other form of recapitalization or reorganization affecting the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 2.1.1, except as provided in Section 2.2 below.

2.1.3 Common Stock. After payment in full of the liquidation preference with respect to the Preferred Stock as provided in Sections 2.1.1 and 2.1.2, if any assets remain in the Corporation, the holders of the Common Stock shall be entitled to receive the remaining assets and funds legally available therefor distributed ratably among the holders of Common Stock based on the number of shares of Common Stock then held by each,

2.2 Deemed Liquidation. Unless the holders of (a) at least a majority of the outstanding shares of Preferred Stock and (b) at least a majority of the outstanding shares of Series F Preferred, voting as a separate class, which majority must include the consent of the Lead Series F Investor if the Lead Series F Investor still holds at least 75% of the Series F Preferred shares (subject to proportional adjustment for any stock split, combination, stock dividend and other similar recapitalization events) originally purchased by the Lead Series F Investor pursuant to the Stock Purchase Agreement (the "**Threshold**"), elect otherwise by a written notice delivered to the Corporation within 20 days after receipt of the Corporation's notice thereof to the holders of the

outstanding shares of Preferred Stock, any Fundamental Change or Change in Ownership shall be deemed to be a liquidation, dissolution and winding up of the Corporation for purposes of Section 2.1 (a “**Deemed Liquidation**”), and the holders of the outstanding shares of Preferred Stock shall be entitled to receive from the Corporation the amounts payable with respect to the outstanding shares of Preferred Stock upon a liquidation, dissolution or winding up of the Corporation under Section 2.1 in cancellation of their Shares upon the consummation of any such transaction. The entitlement of holders of Preferred Stock to receive such amounts shall not be abrogated or diminished in the event that part of the consideration offered in connection with a Deemed Liquidation is subject to escrow, earn-out, or any other similar feature. Accordingly, in the event of a Deemed Liquidation, if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the “**Additional Consideration**”), the transaction agreement entered into by the Corporation in connection with such Deemed Liquidation shall provide that (i) the portion of such consideration that is not Additional Consideration (such portion, the “**Initial Consideration**”) shall be allocated among the holders of capital stock of the Corporation in accordance with Section 2.1 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation, and (ii) any Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Section 2.1 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Section 2.2, consideration placed into escrow or retained as a holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation shall be deemed to be Additional Consideration.

3. Priority of Preferred Stock on Dividends and Redemptions. So long as any Preferred Stock remains outstanding, without the prior written consent of the holders of at least a majority of the outstanding shares of Preferred Stock, the Corporation shall not, nor shall it permit any Subsidiary to, redeem, purchase or otherwise acquire directly or indirectly any Junior Securities (except repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any Subsidiary in connection with the cessation of such employment or service at the original purchase price of such stock), nor shall the Corporation directly or indirectly pay or declare any dividend or make any distribution upon any Junior Securities (except dividends payable solely in shares of Common Stock issuable upon the Corporation’s outstanding shares of Common Stock).

4. Redemptions.

4.1 Redemptions Upon Request. In the event that a Fundamental Change, a Change in Ownership, a Qualified Public Offering, or a liquidation, dissolution or winding up of the Corporation under Section 2.1 has not occurred prior to the Liquidity Trigger Date, at any time (commencing 120 days prior to such date) any (a) holder of at least twenty-five percent (25%) of the outstanding shares of Preferred Stock or (b) holders of at least a majority of the outstanding shares of Preferred Stock may request redemption of all shares of Preferred Stock owned by such holder(s) by delivering written notice of such request (a “**Redemption Notice**”) to the Corporation. Within 15 days after receipt of a Redemption Notice, the Corporation shall provide a copy of the Redemption Notice to all holders of Preferred Stock who were not signatories to the Redemption

Notice (each a “**Non-Signatory Holder**”), Each Non-Signatory Holder shall have 15 days following receipt of a Redemption Notice to request redemption of all or any portion of such holder’s Preferred Stock by delivering written notice to the Corporation (each, a “**Tag-Along Election**”). The Corporation shall be required, within 120 days after receipt of the Redemption Notice, to redeem all of the shares of Preferred Stock as to which Tag-Along Elections have been timely received, in each case at a price per share equal to the greater of (x) the Liquidation Value thereof (plus all declared and unpaid dividends thereon) and (y) the Market Price (determined on an as-converted basis) determined on the date on which the Company received the Redemption Notice. Notwithstanding anything to the contrary set forth in this Section 4, no shares of Junior Preferred Stock shall be redeemed by the Corporation unless and until all shares of Series F Preferred are first redeemed pursuant to this Section 4.

4.2 Redemption Payments. If the funds of the Corporation legally available for redemption of shares of Preferred Stock on any Redemption Date are insufficient to redeem the total number of shares of Preferred Stock to be redeemed on such date, those funds which are legally available shall be used to redeem the maximum possible number of shares of Preferred Stock pro rata among the holders of the shares of Preferred Stock to be redeemed. At any time thereafter when additional funds of the Corporation are legally available for the redemption of shares of Preferred Stock, such funds shall immediately be used to redeem the balance of the shares of Preferred Stock which the Corporation has become obligated to redeem on any Redemption Date but which it has not redeemed. In case fewer than the total number of shares of Preferred Stock represented by any certificate are redeemed, a new certificate representing the number of unredeemed shares of Preferred Stock shall be issued to the holder thereof without cost to such holder promptly after surrender of the certificate representing the redeemed shares of Preferred Stock.

4.3 Redeemed or Otherwise Acquired Shares. Any share of Preferred Stock which is redeemed or otherwise acquired by the Corporation shall be canceled on the Redemption Date for such share of Preferred Stock and retired as an authorized but unissued share and shall not be reissued, sold or transferred.

5. Voting Rights.

5.1 Election of Directors. In the election of directors of the Corporation, (a) so long as there are at least 2,500,000 shares of Series A Preferred (subject to proportional adjustment for any stock split, combination, stock dividend and other similar recapitalization events) outstanding, the holders of Series A Preferred, voting separately as a single class to the exclusion of all other classes and series of the Corporation’s capital stock and with each share of Series A Preferred entitled to one (1) vote, shall be entitled to elect (by majority vote) two (2) directors to serve on the Corporation’s Board of Directors until such directors’ successors are duly elected by the holders of the Series A Preferred or until such directors’ death, resignation or removal from office (if without cause, by, and only by, the holders of at least a majority the outstanding shares of Series A Preferred), (b) so long as there are at least 2,500,000 shares of Series B Preferred (subject to proportional adjustment for any stock split, combination, stock dividend and other similar recapitalization events) outstanding, the holders of Series B Preferred, voting separately as a single

class to the exclusion of all other classes and series of the Corporation's capital stock and with each share of Series B Preferred entitled to one vote, shall be entitled to elect (by majority vote) one (1) director to serve on the Corporation's Board of Directors until such director's successor is duly elected by the holders of the Series B Preferred or until such director's death, resignation or removal from office (if without cause, by, and only by, the holders of at least a majority the outstanding shares of Series B Preferred), and (c) the holders of the Common Stock, voting separately as a single class to the exclusion of all other classes and series of the Corporation's capital stock and with each share of Common Stock entitled to one (1) vote, shall be entitled to elect (by majority vote) the balance of the directors to serve on the Corporation's Board of Directors until such directors' successors are duly elected by the holders of the Common Stock or until such director's death, resignation or removal from office.

5.2 Other Voting Rights. The holders of the outstanding shares of Preferred Stock shall be entitled to notice of all stockholders meetings in accordance with the Corporation's Bylaws, and, in addition to any circumstances in which the holders of the Preferred Stock shall be entitled to vote as a separate class under the General Corporation Law of Delaware, the holders of the Preferred Stock shall be entitled, except as provided by the General Corporation Law of Delaware or in this Certificate of Incorporation to vote on all matters (including the election of directors) submitted to the stockholders for a vote together with the holders of the Common Stock voting together as a single class with each share of Common Stock entitled to one vote per share and each Share of Preferred Stock entitled to one vote for each share of Common Stock issuable upon conversion of the Preferred Stock as of the record date for such vote or, if no record date is specified, as of the date of such vote. In accordance with the provisions of §242(b)(2) of the General Corporation Law of Delaware, the number of authorized shares of any class or classes of stock may be increased or decreased by the affirmative vote of the holders of at least a majority of the issued and outstanding shares of stock of the Corporation entitled to vote thereon irrespective of the class vote requirements set forth in §242(b)(2) of the General Corporation Law of the State of Delaware (but, in the case of any decrease, not below the number of outstanding shares of any such class or classes), subject to the remainder of this Section 5.2. For so long as there are at least 2,500,000 shares of Series A Preferred (subject to proportionate adjustment for subsequent stock splits, combinations, stock dividends and other similar recapitalization events) outstanding, the Corporation shall not amend this Certificate of Incorporation or the Corporation's Bylaws, whether by merger, consolidation or otherwise, so as to amend, alter or repeal the powers, preferences or special rights of the Series A Preferred in a manner that affects them materially and adversely and in a different manner than the Series B Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred, without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series A Preferred, by written consent or by vote at a meeting, consenting or voting (as the case may be) separately as a class. For as long as there are at least 2,500,000 shares of Series B Preferred (subject to proportionate adjustment for subsequent stock splits, combinations, stock dividends and other similar recapitalization events) outstanding, the Corporation shall not amend this Certificate of Incorporation or the Corporation's Bylaws, whether by merger, consolidation or otherwise, so as to amend, alter or repeal the powers, preferences or special rights of the Series B Preferred in a manner that affects them materially and adversely and in a different manner than the Series A Preferred, Series C Preferred, Series D Preferred, Series E Preferred and Series F Preferred, without the written consent or affirmative vote

of the holders of at least a majority of the then outstanding shares of Series B Preferred, by written consent or by vote at a meeting, consenting or voting (as the case may be) separately as a class. For as long as there are at least 2,500,000 shares of Series C Preferred (subject to proportionate adjustment for subsequent stock splits, combinations, stock dividends and other similar recapitalization events) outstanding, the Corporation shall not amend this Certificate of Incorporation or the Corporation's Bylaws, whether by merger, consolidation or otherwise, so as to amend, alter or repeal the powers, preferences or special rights of the Series C Preferred in a manner that affects them materially and adversely and in a different manner than the Series A Preferred, Series B Preferred, Series D Preferred, Series E Preferred and Series F Preferred, without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series C Preferred, which majority shall include the affirmative vote of each holder of greater than ten percent (10%) of the issued and outstanding Series C Preferred, by written consent or by vote at a meeting, consenting or voting (as the case may be) separately as a class. For as long as there are at least 2,500,000 shares of Series D Preferred (subject to proportionate adjustment for subsequent stock splits, combinations, stock dividends and other similar recapitalization events) outstanding, the Corporation shall not amend this Certificate of Incorporation or the Corporation's Bylaws, whether by merger, consolidation or otherwise, so as to amend, alter or repeal the powers, preferences or special rights of the Series D Preferred in a manner that affects them materially and adversely and in a different manner than the Series A Preferred, Series B Preferred, Series C Preferred, Series E Preferred and Series F Preferred, without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series D Preferred, by written consent or by vote at a meeting, consenting or voting (as the case may be) separately as a class. For as long as there are at least 2,500,000 shares of Series E Preferred (subject to proportionate adjustment for subsequent stock splits, combinations, stock dividends and other similar recapitalization events) outstanding, the Corporation shall not amend this Certificate of Incorporation or the Corporation's Bylaws, whether by merger, consolidation or otherwise, so as to amend, alter or repeal the powers, preferences or special rights of the Series E Preferred in a manner that affects them materially and adversely and in a different manner than the Series A Preferred, Series B Preferred, Series C Preferred, Series D Preferred and Series F Preferred, without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series E Preferred, by written consent or by vote at a meeting, consenting or voting (as the case may be) separately as a class. For as long as there are at least 350,000 shares of Series F Preferred (subject to proportionate adjustment for subsequent stock splits, combinations, stock dividends and other similar recapitalization events) outstanding, the Corporation shall not amend this Certificate of Incorporation or the Corporation's Bylaws, whether by merger, consolidation or otherwise, so as to (a) increase the number of authorized shares of Series F Preferred or (b) amend, alter or repeal the powers, preferences or special rights of the Series F Preferred in a manner that affects them materially and adversely and in a different manner than any of the Series A Preferred, Series B Preferred, Series C Preferred, Series D Preferred or Series E Preferred, without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series F Preferred, which majority must include the consent of the Lead Series F Investor if the Lead Series F Investor still meets the Threshold, by written consent or by vote at a meeting, consenting or voting (as the case may be) separately as a class.

6. Conversion.

6.1 Conversion Procedure.

6.1.1 At any time and from time to time, any holder of Preferred Stock may convert all or any portion of the outstanding shares of Preferred Stock held by such holder into a number of shares of Conversion Stock computed by multiplying the number of shares to be converted by the Liquidation Value and dividing the result by the Conversion Price then in effect.

6.1.2 Except as otherwise provided herein, each conversion of shares of Preferred Stock shall be deemed to have been effected as of the close of business on the date on which the certificate or certificates representing the shares of Preferred Stock to be converted have been surrendered for conversion at the principal office of the Corporation. At the time any such conversion has been effected, the rights of the holder of the Shares converted as a holder of Preferred Stock shall cease and the Person or Persons in whose name or names any certificate or certificates for shares of Conversion Stock are to be issued upon such conversion shall be deemed to have become the holder or holders of record of the shares of Conversion Stock represented thereby.

6.1.3 The conversion rights of any share subject to redemption hereunder shall terminate on the first Redemption Date after receipt by the Company of the Redemption Notice unless the Corporation has failed to pay to the holder thereof when due the greater of the Market Price (determined on an as-converted basis) and the Liquidation Value of such share (plus any declared and unpaid dividends thereon) in accordance with Section 4 above.

6.1.4 Notwithstanding any other provision hereof, if a conversion of shares of Preferred Stock is to be made in connection with a Public Offering, a Change in Ownership, a Fundamental Change or other transaction affecting the Corporation or a holder of outstanding shares of Preferred Stock, the conversion of any shares of Preferred Stock may, at the election of the holder thereof, be conditioned upon the consummation of such event or transaction, in which case such conversion shall not be deemed to be effective until such event or transaction has been consummated.

6.1.5 As soon as possible after a conversion has been effected, the Corporation shall deliver to the converting holder:

- (a) a certificate or certificates representing the number of shares of Conversion Stock issuable by reason of such conversion in such name or names and such denomination or denominations as the converting holder has specified;
- (b) payment of any amount payable under Section 6.1.9 below with respect to such conversion; and
- (c) a certificate representing any shares which were represented by the certificate or certificates delivered to the Corporation in connection with such conversion but which were not converted.

6.1.6 The issuance of certificates for shares of Conversion Stock upon conversion of shares of Preferred Stock shall be made without charge to the holders of such shares of Preferred Stock for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such conversion and the related issuance of shares of Conversion Stock, except the Corporation shall not be required to pay any tax which may be payable in respect of any issuance and delivery of shares of Conversion Stock in a name other than that in which the shares so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid. Upon conversion of each share of Preferred Stock, the Corporation shall take all such actions as are necessary in order to ensure that the Conversion Stock issuable with respect to such conversion shall be validly issued, fully paid and nonassessable, free and clear of all taxes, liens, charges and encumbrances with respect to the issuance thereof (other than restrictions on transfer under applicable federal and state securities law and liens, charges and encumbrances arising through the holder thereof).

6.1.7 The Corporation shall not close its books against the transfer of Preferred Stock or of Conversion Stock issued or issuable upon conversion of Preferred Stock in any manner which interferes with the timely conversion of Preferred Stock.

6.1.8 The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Conversion Stock, solely for the purpose of issuance upon the conversion of the Preferred Stock, such number of shares of Conversion Stock issuable upon the conversion of all outstanding Preferred Stock. All shares of Conversion Stock which are so issuable shall, when issued, be duly and validly issued, fully paid and nonassessable and free from all taxes, liens, charges and encumbrances (other than restrictions on transfer under applicable federal and state securities law and liens, charges and encumbrances arising through the holder thereof). The Corporation shall take all such actions as may be necessary to assure that all such shares of Conversion Stock may be so issued without violation of any applicable law or governmental regulation or any requirements of any domestic securities exchange upon which shares of Conversion Stock may be listed (except for official notice of issuance which shall be immediately delivered by the Corporation upon each such issuance). The Corporation shall not take any action which would cause the number of authorized but unissued shares of Conversion Stock to be less than the number of such shares required to be reserved hereunder for issuance upon conversion of the Preferred Stock.

6.1.9 If any fractional interest in a share of Conversion Stock would, except for the provisions of this subparagraph, be delivered upon any conversion of the Shares of Preferred Stock, the Corporation, in lieu of delivering the fractional share therefor, shall pay an amount to the holder thereof equal to the Market Price of such fractional interest as of the date of conversion.

6.2 Conversion Price.

6.2.1 The initial “**Conversion Price**” shall be \$13.92 for the Series F Preferred, \$10,599 for the Series E Preferred, \$10,597 for the Series D Preferred, \$5,686 for the Series C Preferred, \$3.926 for the Series B Preferred, and \$2.00 for the Series A Preferred. In each

case, in order to prevent dilution of the conversion rights granted under this Section 6, the Conversion Price shall be subject to adjustment from time to time pursuant to this Section 6.

6.2.2 If, and whenever on or after the original date of issuance of any share of Series E Preferred stock, the Corporation issues or sells, or in accordance with Section 6.3 is deemed to have issued or sold, any shares of its Common Stock for a consideration per share less than the Conversion Price for any share of Preferred Stock in effect immediately prior to the time of such issue or sale, then immediately upon such issue or sale or deemed issue or sale the Conversion Price for each share of Preferred Stock so effected shall be reduced to the Conversion Price determined by dividing (a) the sum of (1) the product derived by multiplying the Conversion Price for such share of Preferred Stock in effect immediately prior to such issue or sale by the number of shares of Common Stock Deemed Outstanding immediately prior to such issue or sale, plus (2) the consideration, if any, received by the Corporation upon such issue or sale, by (b) the number of shares of Common Stock Deemed Outstanding immediately after such issue or sale.

6.2.3 Notwithstanding Section 6.2.2 and Section 6.3, there shall be no adjustment in the Conversion Price for any share of Preferred Stock as a result of the issuance of (a) shares of the Corporation's Common Stock or Options granted pursuant to the Equity Incentive Plan, (b) Common Stock pursuant to a Public Offering, (c) Common Stock in connection with a business acquisition that is first approved by the Corporation's Board of Directors (which approval must include the affirmative vote or consent of the Investor Directors), (d) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on outstanding Shares of Preferred Stock, (e) shares of Common Stock, Options or Convertible Securities issued pursuant to a subdivision or combination of the Corporation's Common Stock that is covered by Section 6.4, (f) shares of Common Stock issued upon the exercise of Options or Convertible Securities, (g) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Corporation's Board of Directors, (h) shares of Common Stock, Options or Convertible Securities issued to suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions approved by the Corporation's Board of Directors, (i) shares of Common Stock, Options or Convertible Securities issued in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the Corporation's Board of Directors.

6.3 Effect on Conversion Price of Certain Events. For purposes of determining the adjusted Conversion Price under Section 6.2.2, the following shall be applicable:

6.3.1 Issuance of Rights or Options. If the Corporation in any manner grants or sells any Options and the price per share for which Common Stock is issuable upon the exercise of such Options, or upon conversion or exchange of any Convertible Securities issuable upon exercise of such Options, is less than the Conversion Price for any share of Preferred Stock in effect immediately prior to the time of the granting or sale of such Options, then the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise

of such Options shall be deemed to be outstanding and to have been issued and sold by the Corporation at the time of the granting or sale of such Options for such price per share. For purposes of this subparagraph, the “**price per share for which Common Stock is issuable**” shall be determined by dividing (A) the total amount, if any, received or receivable by the Corporation as consideration for the granting or sale of such Options, plus the minimum aggregate amount of additional consideration payable to the Corporation upon exercise of all such Options, plus in the case of such Options which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the issuance or sale of such Convertible Securities and the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options.

6.3.2 Issuance of Convertible Securities. If the Corporation in any manner issues or sells any Convertible Securities and the price per share for which Common Stock is issuable upon conversion or exchange thereof is less than the Conversion Price for any share in effect immediately prior to the time of such issue or sale, then the maximum number of shares of Common Stock issuable upon conversion or exchange of such Convertible Securities shall be deemed to be outstanding and to have been issued and sold by the Corporation at the time of the issuance or sale of such Convertible Securities for such price per share. For the purposes of this subparagraph, the “**price per share for which Common Stock is issuable**” shall be determined by dividing (A) the total amount received or receivable by the Corporation as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities. No further adjustment of the Conversion Price for any Share shall be made when Common Stock is actually issued upon the conversion or exchange of such Convertible Securities, and if any such issue or sale of such Convertible Securities is made upon exercise of any Options for which adjustments of the Conversion Price for any Share had been or are to be made pursuant to other provisions of this Section 6, no further adjustment of the Conversion Price for such Share shall be made by reason of such issue or sale.

6.3.3 Change in Option Price, Subject Shares or Conversion Rate. If the exercise price provided for in any Options, the number of shares issuable upon the exercise of Options, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities or the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock changes at any time, the Conversion Price for any Share in effect at the time of such change shall be immediately adjusted to the Conversion Price for such Share which would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed exercise price, number of shares issuable upon exercise, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold. For purposes of this Section 6.3, if the terms of any Option or Convertible Security which was outstanding as of the date of issuance of any Share of Preferred Stock are changed in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the Common Stock deemed issuable upon exercise, conversion or exchange thereof shall be deemed

to have been issued as of the date of such change; provided that no such change shall at any time cause the Conversion Price for any Share hereunder to be increased.

6.3.4 Treatment of Expired Options and Unexercised Convertible Securities. Upon the expiration of any Option or the termination of any right to convert or exchange any Convertible Security without the exercise of any such Option or right, the Conversion Price for each Share then in effect hereunder shall be adjusted immediately to the Conversion Price for such Share which would have been in effect at the time of such expiration or termination had such Option or Convertible Security, to the extent outstanding immediately prior to such expiration or termination, never been issued. For purposes of this Section 6.3, the expiration or termination of any Option or Convertible Security which was outstanding as of the date of issuance of any Share of Preferred Stock shall not cause the Conversion Price for any Share hereunder to be adjusted unless, and only to the extent that, a change in the terms of such Option or Convertible Security caused it to be deemed to have been issued after the date of issuance of any Share of Preferred Stock.

6.3.5 Calculation of Consideration Received. If any Common Stock, Option or Convertible Security is issued or sold or deemed to have been issued or sold for cash, the consideration received therefor shall be deemed to be the amount received by the Corporation therefor. If any Common Stock, Option or Convertible Security is issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Corporation shall be the fair value of such consideration, as determined in good faith by the Board of Directors of the Corporation.

6.3.6 Integrated Transactions. In case any Option is issued in connection with the issue or sale of other securities of the Corporation, together comprising one integrated transaction in which no specific consideration is allocated to such Option by the parties thereto, the Option shall be deemed to have been issued for a consideration of \$0,001.

6.3.7 Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Corporation or any of its Subsidiaries, and the disposition of any shares so owned or held shall be considered an issue or sale of Common Stock.

6.3.8 Record Date. If the Corporation takes a record of the holders of Common Stock for the purpose of entitling them (a) to receive a dividend or other distribution payable in Common Stock, Options or in Convertible Securities or (b) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or upon the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

6.4 Subdivision or Combination of Common Stock. If the Corporation at any time subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Conversion Price for any Share in effect immediately prior to such subdivision shall be proportionately reduced,

and if the Corporation at any time combines (by reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price for each Share in effect immediately prior to such combination shall be proportionately increased.

6.5 Reorganization, Reclassification, Consolidation or Merger. Prior to the consummation of any Organic Change, the Corporation shall make appropriate provisions (in form and substance reasonably satisfactory to the holders of at least a majority of the Shares of Preferred Stock then outstanding) to ensure that each of the holders of the outstanding Shares of Preferred Stock shall thereafter have the right to acquire and receive, in lieu of or in addition to (as the case may be) the shares of Conversion Stock immediately theretofore acquirable and receivable upon the conversion of such holder's Preferred Stock, such shares of stock, securities or assets as such holder would have received in connection with such Organic Change if such holder had converted its Preferred Stock immediately prior to such Organic Change. In each such case, the Corporation shall also make appropriate provisions (in form and substance reasonably satisfactory to the holders of at least a majority of the Shares of Preferred Stock then outstanding) to ensure that the provisions of this Section 6 and Section 7 hereof shall thereafter be applicable to the Preferred Stock. The Corporation shall not effect any such consolidation, merger or sale, unless prior to the consummation thereof, the successor entity (if other than the Corporation) resulting from consolidation or merger assumes by written instrument (in form and substance reasonably satisfactory to the holders of at least a majority of the outstanding Shares of Preferred Stock then outstanding), the obligation to deliver to each such holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to acquire,

6.6 Certain Events. If any event occurs of the type contemplated by the provisions of this Section 6 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Corporation's Board of Directors shall make an appropriate adjustment in the Conversion Price for each Share consistent with the provisions expressed in this Section 6 so as to protect the rights of the holders of Preferred Stock; provided that no such adjustment shall increase the Conversion Price for any Share as otherwise determined pursuant to this Section 6 or decrease the number of shares of Conversion Stock issuable upon conversion of each Share of Preferred Stock.

6.7 Notices. Promptly upon any adjustment of the Conversion Price for any Share, the Corporation shall give written notice thereof to all holders of outstanding Shares of Preferred Stock affected by such adjustment, setting forth in reasonable detail and certifying the calculation of such adjustment.

6.8 Mandatory Conversion.

6.8.1 The Corporation may at any time require the conversion of all of the outstanding Preferred Stock hereunder into shares of Conversion Stock if the Corporation is at such time consummating a firm commitment underwritten Public Offering of shares of its Common Stock in which (a) the aggregate price paid by the public for the shares shall be at least \$50,000,000 and (b) the price per share paid by the public pursuant to such Public Offering for such shares shall be at least 1.0 times the Liquidation Value of a share of Series F Preferred (a "**Qualified Public Offering**").

6.8.2 In addition, upon the Corporation's receipt of a written election of the holders of at least a majority of the then outstanding shares of (i) Series A Preferred (or, if so specified in such written election, upon the occurrence of such later event or date), all of the then outstanding shares of Series A Preferred shall be converted automatically into shares of Conversion Stock, and the holders of Series A Preferred shall surrender all of their stock certificates representing their Shares in exchange for certificates representing the number of shares of Conversion Stock then issuable upon conversion of such Series A Preferred in accordance with this Section 6, (ii) Series B Preferred (or, if so specified in such written election, upon the occurrence of such later event or date), all of the then outstanding shares of Series B Preferred shall be converted automatically into shares of Conversion Stock, and the holders of Series B Preferred shall surrender all of their stock certificates representing their Shares in exchange for certificates representing the number of shares of Conversion Stock then issuable upon conversion of such Series B Preferred in accordance with this Section 6, (iii) Series C Preferred (or, if so specified in such written election, upon the occurrence of such later event or date), all of the then outstanding shares of Series C Preferred shall be converted automatically into shares of Conversion Stock, and the holders of Series C Preferred shall surrender all of their stock certificates representing their Shares in exchange for certificates representing the number of shares of Conversion Stock then issuable upon conversion of such Series C Preferred in accordance with this Section 6, (iv) Series D Preferred (or, if so specified in such written election, upon the occurrence of such later event or date), all of the then outstanding shares of Series D Preferred shall be converted automatically into shares of Conversion Stock, and the holders of Series D Preferred shall surrender all of their stock certificates representing their Shares in exchange for certificates representing the number of shares of Conversion Stock then issuable upon conversion of such Series D Preferred in accordance with this Section 6, (v) Series E Preferred (or, if so specified in such written election, upon the occurrence of such later event or date), all of the then outstanding shares of Series E Preferred shall be converted automatically into shares of Conversion Stock, and the holders of Series E Preferred shall surrender all of their stock certificates representing their Shares in exchange for certificates representing the number of shares of Conversion Stock then issuable upon conversion of such Series E Preferred in accordance with this Section 6, (vi) other than in connection with a Public Offering (which shall be governed by the following clause (vii)), Series F Preferred, which majority must include the consent of the Lead Series F Investor if the Lead Series F Investor still meets the Threshold (or, if so specified in such written election, upon the occurrence of such later event or date), all of the then outstanding shares of Series F Preferred shall be converted automatically into shares of Conversion Stock, and the holders of Series F Preferred shall surrender all of their stock certificates representing their Shares in exchange for certificates representing the number of shares of Conversion Stock then issuable upon conversion of such Series F Preferred in accordance with this Section 6, or (vii) in connection with a Public Offering, Series F Preferred, which majority for avoidance of doubt need not include the consent of the Lead Series F Investor (if so specified in such written election, upon the occurrence of such later event or date), all of the then outstanding shares of Series F Preferred shall be converted automatically into shares of Conversion Stock upon the occurrence of the Public Offering, and the holders of Series F Preferred shall surrender all of their stock certificates representing their Shares in exchange for certificates representing the number of shares of Conversion Stock then issuable upon conversion of such Series F Preferred in accordance with this Section 6.

7. Registration of Transfer. The Corporation shall keep at its principal office a register for the registration of Preferred Stock. Upon the surrender of any certificate representing Preferred Stock at such place, the Corporation shall, at the request of the record holder of such certificate, execute and deliver (at the Corporation's expense) a new certificate or certificates in exchange therefor representing in the aggregate the number of Shares represented by the surrendered certificate. Each such new certificate shall be registered in such name and shall represent such number of Shares as is requested by the holder of the surrendered certificate and shall be substantially identical in form to the surrendered certificate.

8. Replacement. Upon receipt of evidence reasonably satisfactory to the Corporation (a notarized affidavit of the registered holder shall be satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing Shares, and in the case of any such loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to the Corporation (provided that if the holder is a financial institution or other institutional investor its own agreement shall be satisfactory), or, in the case of any such mutilation upon surrender of such certificate, the Corporation shall (at its expense) execute and deliver in lieu of such certificate a new certificate of like kind representing the number of Shares of such class represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate.

9. Definitions. For purposes of this Part B of this Article Fourth, the following terms have the meanings set forth below.

“**Affiliate**” of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where “control” means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.

“**Change in Ownership**” means any sale, transfer or issuance or series of related sales, transfers and/or issuances of shares of the Corporation's capital stock by the Corporation or any holders thereof which results in the holders of the capital stock immediately prior to such sale, transfer or issuance or series of sales, transfers and/or issuances of shares ceasing to own more than 50% of the Common Stock Deemed Outstanding at the time of such sale, transfer or issuance or series of sales, transfers and/or issuances.

“**Common Stock**” means the Corporation's Common Stock,

“**Common Stock Deemed Outstanding**” means, at any given time, the Company's fully-diluted Common Stock then outstanding (including shares of Common Stock issuable upon conversion of the Preferred Stock (and any other outstanding Convertible Securities) and the full exercise of options outstanding under the Equity Incentive Plan exercisable for (directly or indirectly) Common Stock).

“**Conversion Stock**” means shares of Common Stock; provided that if there is a change such that the securities issuable upon conversion of the Preferred Stock are issued by an entity other than the Corporation or there is a change in the type or class of securities so issuable, then the term “**Conversion Stock**” shall mean shares of the security issuable upon conversion of

the Preferred Stock if such security is issuable in shares, or shall mean the units in which such security is issuable if such security is not issuable in shares.

“**Convertible Securities**” means any stock or securities (other than Options) directly or indirectly convertible into or exchangeable for Common Stock.

“**Equity Incentive Plan**” means the Company’s 2011 Stock Incentive Plan, as amended, and any other employee option or stock incentive plan that may be adopted by the Corporation’s Board of Directors from time to time with the approval of the Investor Directors, pursuant to which the Corporation may grant Common Stock and/or options to purchase Common Stock to officers, directors, employees and consultants of the Corporation.

“**Fundamental Change**” means (a) any sale, transfer or exclusive license of more than 50% of the assets of the Corporation and its Subsidiaries on a consolidated basis (measured either by book value in accordance with generally accepted accounting principles consistently applied or by fair market value determined in the reasonable good faith judgment of the Corporation’s Board of Directors) in any transaction or series of related transactions (other than sales in the ordinary course of business consistent with past practice) and (b) any merger or consolidation to which (i) the Corporation is a constituent party or (ii) a Subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation, except, in either case, for a merger in which the Corporation is the surviving corporation, the terms and relative priorities of the Preferred Stock are not changed, the Preferred Stock is not exchanged for cash, securities or other property, and after giving effect to such merger, a Change in Ownership has not occurred.

“**Investor Directors**” shall have the meaning given to such term in the Stockholders Agreement.

“**Junior Preferred Stock**” means any series of Preferred Stock of the Corporation, except for the Series F Preferred Stock.

“**Junior Securities**” means any capital stock or other equity securities of the Corporation, except for the Preferred Stock.

“**Lead Series F Investor**” shall have the meaning given to such term in the Stock Purchase Agreement,

“**Liquidation Value**” means, as of any particular date, \$13,92 for each share of Series F Preferred, \$10,599 for each share of Series E Preferred, \$10,597 for each share of Series D Preferred, \$5,686 for each share of the Series C Preferred, \$3,926 for each share of the Series B Preferred and \$2.00 for each share of the Series A Preferred (subject to proportionate adjustment for subsequent stock splits, combinations, stock dividends and other similar recapitalization events). For the avoidance of doubt, no dividend paid on any share of Preferred Stock shall constitute an offset to or credit against such share’s Liquidation Value.

“**Liquidity Trigger Date**” means February 5, 2024.

“**Market Price**” of any security means the fair value thereof determined jointly by the Corporation and the holders of at least a majority of the outstanding shares of Preferred Stock. If such parties are unable to reach agreement within a reasonable period of time, such fair value shall be determined by an independent appraiser experienced in valuing securities jointly selected by the Corporation and the holders of at least a majority of the outstanding shares of Preferred Stock. The determination of such appraiser shall be final and binding upon the parties, and the Corporation and the holders of the outstanding shares of Preferred Stock shall split equally the fees and expenses of such appraiser.

“**Options**” means any rights, warrants or options to subscribe for or purchase Common Stock or Convertible Securities.

“**Organic Change**” means any recapitalization, reorganization, reclassification, consolidation or merger of the Corporation, in each case which is effected in such a manner that the holders of Conversion Stock are entitled to receive stock, securities or assets with respect to or in exchange for Conversion Stock.

“**Permitted Transferee**” shall have the meaning given to such term in the Stockholders Agreement.

“**Person**” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“**Public Offering**” means any offering by the Corporation of its capital stock or equity securities to the public pursuant to an effective registration statement under the Securities Act of 1933, as then in effect, or any comparable statement under any similar federal statute then in force.

“**Redemption Date**” as to any share of Preferred Stock means the date specified in the notice of any redemption at the holder’s option or the applicable date specified herein in the case of any other redemption; provided that no such date shall be a Redemption Date unless the greater of the Market Price (determined on an as-converted basis) and the Liquidation Value of such Share (plus any declared and unpaid dividends thereon) is actually paid in full on such date, and if not so paid in full, the Redemption Date shall be the date on which such amount is fully paid. For the avoidance of doubt, the Market Price and Liquidation Value will be calculated as of the date the Redemption Notice is delivered to the Corporation.

“**Stock Purchase Agreement**” means that certain Series F Stock Purchase Agreement, dated on or about the date of the filing of this Seventh Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, by and among the Corporation and the other Persons named therein, as such agreement may be amended or modified from time to time in accordance with its terms.

“**Stockholders Agreement**” means that certain Fifth Amended and Restated Stockholders Agreement, dated on or about the date of the filing of this Seventh Amended and

Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, by and among the Corporation and the other Persons named therein, as such agreement may be amended or modified from time to time in accordance with its terms.

“**Subsidiary**” means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, at least a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, at least a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more of the other Subsidiaries of that person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have at least a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated at least a majority of the limited liability company, partnership, association or other business entity gains or losses or shall be or control each managing member, general partner or managing director of such limited liability company, partnership, association or other business entity.

10. Amendment and Waiver. No amendment, modification, alteration, repeal or waiver of any provision of Section 1 to Section 11 hereof shall be binding or effective without the prior written consent of the holders of at least a majority of the Preferred Stock outstanding at the time such action is taken; provided that (i) no amendment, modification, alteration, repeal or waiver of the terms or relative priorities of the Preferred Stock may be accomplished by the merger, consolidation or other transaction of the Corporation with another corporation or entity unless the Corporation has obtained the prior written consent of the holders of at least a majority of the Preferred Stock then outstanding, (ii) no amendment, modification, alteration, repeal or waiver of the rights of the holders of Series B Preferred in Sections 5.1, 5.2, 6.2, 6.8.1, 6.8.2 or the definitions of Liquidation Value that materially and adversely affects the holders of Series B Preferred shall be binding or effective without the prior written consent of the holders of at least a majority of the Series B Preferred, (iii) no amendment, modification, alteration, repeal or waiver of the rights of the holders of Series C Preferred in Sections 5.2, 6.2, 6.8.1, 6.8.2 or the definitions of Liquidation Value that materially and adversely affects the holders of Series C Preferred shall be binding or effective without the prior written consent of the holders of at least a majority of the Series C Preferred, which majority shall include the affirmative vote of each holder of greater than ten percent (10%) of the issued and outstanding Series C Preferred, (iv) no amendment, modification, alteration, repeal or waiver of the rights of the holders of Series D Preferred in Sections 5.2, 6.2, 6.8.1, 6.8.2, 10(iv) or the definitions of Liquidation Value that materially and adversely affects the holders of Series D Preferred shall be binding or effective without the prior written consent of the holders of at least a majority of the Series D Preferred, (v) no amendment, modification, alteration, repeal or waiver of the rights of the holders of Series E Preferred in Sections 5.2, 6.2, 6.8.1, 6.8.2, 10(v) or the definitions of Liquidation Value that materially and adversely affects the holders of Series E Preferred shall be binding or effective without the prior written consent of the holders of at least a majority of the Series E Preferred, (vi) no amendment, modification, alteration, repeal or waiver of the rights of the holders of Series F Preferred in Sections 2.1.1, 2.2, 4.1, 5.2, 6.2, 6.8.1, 6.8.2, 10(vi)

or the definitions of Liquidation Value that materially and adversely affects the holders of Series F Preferred shall be binding or effective without the prior written consent of the holders of at least a majority of the Series F Preferred, which majority must include the consent of the Lead Series F Investor if the Lead Series F Investor still meets the Threshold, (vii) no amendment to any provision of this Part B of this Article Fourth that materially and adversely affects the rights of a particular series of Preferred Stock shall be binding or effective without the prior written consent of the holders of a majority of such series, (viii) no amendment, modification, alteration, repeal or waiver of the rights of a holder of at least twenty-five percent (25%) of the outstanding shares of Preferred Stock in Section 4.1 shall be binding or effective without the prior written consent of such holder.

11. **Notices.** Except as otherwise expressly provided hereunder, all notices referred to herein shall be in writing and shall be delivered by registered or certified mail, return receipt requested and postage prepaid, or by reputable overnight courier service, charges prepaid, and shall be deemed to have been given when so mailed or sent (i) to the Corporation, at its principal executive offices and (ii) to any stockholder, at such holder's address as it appears in the stock records of the Corporation (unless otherwise indicated by any such holder).

12. **Aggregation of Shares.** For purposes of Sections 4.1 and 10 of this Agreement, all holdings of Preferred Stock by Persons who are Affiliates of each other shall be aggregated for purposes of meeting any threshold tests under such sections. For all purposes whatsoever, Kaiser Permanente Ventures, LLC - Series A, Kaiser Permanente Ventures, LLC - Series B and The Permanente Federation LLC - Series J shall be affiliates of each other.

FIFTH: Subject to any additional vote required by the Certificate of Incorporation or Bylaws, 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 the Corporation,

SIXTH: Subject to any additional vote required by the Certificate of Incorporation, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation.

SEVENTH: Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

NINTH: To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Ninth to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of

the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article Ninth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification,

TENTH: The following indemnification provisions shall apply to the persons enumerated below.

1. Right to Indemnification of Directors and Officers. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (an “**Indemnified Person**”) who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a “**Proceeding**”), by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys’ fees) reasonably incurred by such Indemnified Person in such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 3 of this Article Tenth, the Corporation shall be required to indemnify an Indemnified Person in connection with a Proceeding (or part thereof) commenced by such Indemnified Person only if the commencement of such Proceeding (or part thereof) by the Indemnified Person was authorized in advance by the Board of Directors.

2. Prepayment of Expenses of Directors and Officers. The Corporation shall pay the expenses (including attorneys’ fees) incurred by an Indemnified Person in defending any Proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Indemnified Person to repay all amounts advanced if it should be ultimately determined that the Indemnified Person is not entitled to be indemnified under this Article Tenth or otherwise.

3. Claims by Directors and Officers. If a claim for indemnification or advancement of expenses under this Article Tenth is not paid in full within 30 days after a written claim therefor by the Indemnified Person has been received by the Corporation, the Indemnified Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Indemnified Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

4. Indemnification of Employees and Agents. The Corporation may indemnify and advance expenses to any person who was or is made or is threatened to be made or is otherwise involved in any Proceeding by reason of the fact that such person, or a person for whom such person

is the legal representative, is or was an employee or agent of the Corporation or, while an employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorney's fees) reasonably incurred by such person in connection with such Proceeding. The ultimate determination of entitlement to indemnification of persons who are non-director or officer employees or agents shall be made in such manner as is determined by the Board of Directors in its sole discretion. Notwithstanding the foregoing sentence, the Corporation shall not be required to indemnify a person in connection with a Proceeding initiated by such person if the Proceeding was not authorized in advance by the Board of Directors.

5. Advancement of Expenses of Employees and Agents. The Corporation may pay the expenses (including attorney's fees) incurred by an employee or agent in defending any Proceeding in advance of its final disposition on such terms and conditions as may be determined by the Board of Directors.

6. Non-Exclusivity of Rights. The rights conferred on any person by this Article Tenth shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these by-laws, agreement, vote of stockholders or disinterested directors or otherwise.

7. Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer or employee of another Corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise shall be reduced by any amount such person may collect as indemnification from such other Corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise.

8. Insurance. The Board of Directors may, to the full extent permitted by applicable law as it presently exists, or may hereafter be amended from time to time, authorize an appropriate officer or officers to purchase and maintain at the Corporation's expense insurance: (a) to indemnify the Corporation for any obligation which it incurs as a result of the indemnification of directors, officers and employees under the provisions of this Article Tenth; and (b) to indemnify or insure directors, officers and employees against liability in instances in which they may not otherwise be indemnified by the Corporation under the provisions of this Article Tenth.

9. Corporate Opportunity. The Corporation renounces any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, or in being informed about, an Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any affiliate, partner, member, director, stockholder, employee, agent or other related person of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, "**Covered Persons**"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or

otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

10. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article Tenth shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification. The rights provided hereunder shall inure to the benefit of any Indemnified Person and such person's heirs, executors and administrators.

ELEVENTH: Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation, its directors, officers or employees arising pursuant to any provision of the General Corporation Law or the Corporation's certificate of incorporation or bylaws or (iv) any action asserting a claim against the Corporation, its directors, officers or employees governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction. If any provision or provisions of this Article Eleventh shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article Eleventh (including, without limitation, each portion of any sentence of this Article Eleventh containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

* * *

4. That the foregoing amendment and restatement was approved by the Board of Directors in accordance with Section 141 of the General Corporation Law.

5. That the foregoing amendment and restatement was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

6. That this Seventh Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this corporation's Sixth Amended Certificate of Incorporation, filed February 9, 2016, including all amendments thereto, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

IN WITNESS WHEREOF, this Seventh Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 4th day of February, 2019.

By: /s/ Daniel D. Burton

Daniel D. Burton, Chief Executive Officer

HEALTH CATALYST, INC.

BYLAWS

SEPTEMBER 20, 2011

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**BYLAWS
OF
HEALTH CATALYST, INC.**

Adopted by the Board of Directors on September 20, 2011

Article 1. Stockholders' Meetings

1.1 Place of Meetings. Meetings of the stockholders shall be held at such place, either within or without the State of Delaware, as the board of directors shall determine. Rather than holding a meeting at any designated place, the board of directors may determine that a meeting shall be held solely by means of remote communications, which means shall meet the requirements of the Delaware General Corporation Law.

1.2 Annual Meeting. The annual meeting of the stockholders for the election of the directors and the transaction of such other business as may properly be brought before the meeting shall be held on the date and at the time as the board of directors shall determine.

1.3 Special Meetings. Special meetings of the stockholders for any purpose or purposes may be called by the board of directors. No other person or persons may call a special meeting. The business to be transacted at any special meeting shall be limited to the purposes stated in the notice.

1.4 Remote Communications. The board of directors may permit the stockholders and their proxy holders to participate in meetings of the stockholders (whether such meetings are held at a designated place or solely by means of remote communication) using one or more methods of remote communication that satisfy the requirements of the Delaware General Corporation Law. The board of directors may adopt such guidelines and procedures applicable to participation in stockholders' meetings by means of remote communication as it deems appropriate. Participation in a stockholders' meeting by means of a method of remote communication permitted by the board of directors shall constitute presence in person at the meeting.

1.5 Notice of Meetings. Notice of the place, if any, date and hour of any stockholders' meeting shall be given to each stockholder entitled to vote. The notice shall state the means of remote communications, if any, by which stockholders and proxy holders may be deemed present in person and vote at the meeting. If the voting list for the meeting is to be made available by means of an electronic network or if the meeting is to be held solely by remote communication, the notice shall include the information required to access the reasonably accessible electronic network on which the corporation will make its voting list available either prior to the meeting or, in the case of a meeting held solely by remote communication, during the meeting. Notice of a special meeting shall also state the purpose or purposes for which the meeting has been called. Unless otherwise provided in the Delaware General Corporation Law, notice shall be given at least 10 days but not more than 60 days before the date of the meeting. Without limiting the manner by which notice may otherwise be given, notice may be given by a

form of electronic transmission that satisfies the requirements of the Delaware General Corporation Law and has been consented to by the stockholder to whom notice is given. If mailed, notice shall be deemed given when deposited in the U.S. mail, postage prepaid, directed to the stockholder's address as it appears in the corporation's records. If given by a form of electronic transmission consented to by the stockholder to whom notice is given, notice shall be deemed given at the times specified with respect to the giving of notice by electronic transmission in the Delaware General Corporation Law. An affidavit of the corporation's secretary, an assistant secretary or an agent of the corporation that notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated in the affidavit.

1.6 Quorum. The presence, in person or by proxy, of the holders of a majority of the voting power of the stock entitled to vote at a meeting shall constitute a quorum. Where a separate vote by a class or series or classes or series of stock is required at a meeting, the presence, in person or by proxy, of the holders of a majority of the voting power of each such class or series shall also be required to constitute a quorum. In the absence of a quorum, either the chairperson of the meeting or the holders of a majority of the voting power of the stock present, in person or by proxy, and entitled to vote at the meeting may adjourn the meeting in the manner provided in Section 1.7 until a quorum shall be present. A quorum, once established at a meeting, shall not be broken by the withdrawal of the holders of enough voting power to leave less than a quorum. If a quorum is present at an original meeting, a quorum need not be present at an adjourned session of that meeting.

1.7 Adjournment of Meetings. Either the chairperson of the meeting or the holders of a majority of the voting power of the stock present, in person or by proxy, and entitled to vote at the meeting may adjourn any meeting of stockholders from time to time. At any adjourned meeting the stockholders may transact any business that they might have transacted at the original meeting. Notice of an adjourned meeting need not be given if the time and place, if any, or the means of remote communications to be used rather than holding the meeting at any place are announced at the meeting so adjourned, except that notice of the adjourned meeting shall be required if the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned meeting.

1.8 Voting List. At least 10 days before every meeting of the stockholders, the secretary of the corporation shall prepare a complete alphabetical list of the stockholders entitled to vote at the meeting showing each stockholder's address and number of shares. This voting list need not include electronic mail addresses or other electronic contact information for any stockholder nor need it contain any information with respect to beneficial owners of the shares of stock owned although it may do so. For a period of at least 10 days before the meeting, the voting list shall be open to the examination of any stockholder for any purpose germane to the meeting either on a reasonably accessible electronic network (*provided that* the information required to gain access to the list is provided with the notice of the meeting) or during ordinary business hours at the corporation's principal place of business. If the list is made available on an electronic network, the corporation may take reasonable steps to ensure that it is available only to stockholders. If the stockholders' meeting is held at a place, the voting list shall be produced and kept at that place for the entire duration of the meeting. If the stockholders' meeting is held

solely by means of remote communications, the voting list shall be made available for inspection on a reasonably accessible electronic network for the entire duration of the meeting. In either case, any stockholder may inspect the voting list at any time during the meeting.

1.9 Vote Required. Subject to the provisions of the Delaware General Corporation Law requiring a higher level of votes to take certain specified actions and to the terms of the corporation's certificate of incorporation that set special voting requirements, the stockholders shall take action on all matters other than the election of directors by a majority of the voting power of the stock present, in person or by proxy, at the meeting and entitled to vote on the matter. The stockholders shall elect directors by a plurality of the voting power of the stock present, in person or by proxy, at the meeting and entitled to vote on the matter.

1.10 Chairperson; Secretary. The following people shall preside over any meeting of the stockholders: the chairperson of the board of directors, if any, or, in the chairperson's absence, the vice chairperson of the board of directors, if any, or in the vice chairperson's absence, the chief executive officer, or, in the absence of all of the foregoing persons, a chairperson designated by the board of directors, or, in the absence of a chairperson designated by the board of directors, a chairperson chosen by the stockholders at the meeting. In the absence of the secretary and any assistant secretary, the chairperson of the meeting may appoint any person to act as secretary of the meeting.

1.11 Rules of Conduct. The board of directors or the chairperson may adopt such rules, regulations and procedures for the conduct of any meeting of the stockholders as it deems appropriate including, without limitation, rules, regulations and procedures regarding participation in the meeting by means of remote communication. Except to the extent inconsistent with any applicable rules, regulations or procedures adopted by the board of directors, the chairperson of any meeting may adopt such rules, regulations and procedures for the meeting, and take such actions with respect to the conduct of the meeting, as the chairperson of the meeting deems appropriate. The rules, regulations and procedures adopted may include, without limitation, rules that (i) establish an agenda or order of business, (ii) are intended to maintain order and safety at the meeting, (iii) restrict entry to the meeting after the time fixed for its commencement and (iv) limit the time allotted to stockholder questions or comments. Unless otherwise determined by the board of directors or the chairperson of the meeting, meetings of the stockholders need not be held in accordance with the rules of parliamentary procedure.

1.12 Inspectors of Elections. The board of directors or the chairperson of a stockholders' meeting may appoint one or more inspectors of election and any substitute inspectors to act at the meeting or any adjournment thereof. Inspectors may be officers, employees or agents of the corporation. Each inspector, before entering on the discharge of the inspector's duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of the inspector's ability. Inspectors shall have the duties prescribed by the Delaware General Corporation Law. At the request of the chairperson of the meeting, the inspector or inspectors shall prepare a written report of the results of the votes taken and of any other question or matter determined by the inspector or inspectors.

1.13 Record Date. If the corporation proposes to take any action for which the Delaware General Corporation Law would permit it to set a record date, the board of directors may set such a record date as provided under the Delaware General Corporation Law.

1.14 Written Consent. Any action required or permitted to be taken at a meeting of the stockholders may be taken without a meeting, without prior notice and without a vote by means of a stockholder written consent meeting the requirements of the Delaware General Corporation Law. Prompt notice of the taking of action without a meeting by less than a unanimous written consent shall be given to those stockholders who have not consented as required by the Delaware General Corporation Law.

Article 2. Directors

2.1 Number and Qualifications. The board of directors shall consist of such number as may be fixed from time to time by resolution of the board of directors. Directors need not be stockholders.

2.2 Term of Office. Each director shall hold office until his or her successor is elected or until his or her earlier death, resignation or removal.

2.3 Resignation. A director may resign, as a director or as a committee member or both, at any time by giving notice in writing or by electronic transmission to the corporation addressed to the board of directors, the chairperson of the board of directors, the president or the secretary. A resignation will be effective upon its receipt by the corporation unless the resignation specifies, and the remaining directors agree, that it is to be effective at some later time or upon the occurrence of some specified later event.

2.4 Vacancies. Any vacancy in the board of directors, including a vacancy resulting from an enlargement of the board of directors, may be filled by a vote of the majority of the remaining directors, although less than a quorum, or by a sole remaining director. If the corporation at the time has outstanding any classes or series or class or series of stock that have or has the right, alone or with one or more other classes or series or class or series, to elect one or more directors, then any vacancy in the board of directors caused by the death, resignation or removal of a director so elected shall be filled only by a vote of the majority of the remaining directors so elected, by a sole remaining director so elected or, if no director so elected remains, by the holders of those classes or series or that class or series. A director appointed by the board of directors shall hold office for the remainder of the term of the director he or she is replacing.

2.5 Regular Meetings. The board of directors may hold regular meetings without notice at such times and places as it may from time to time determine, *provided that* notice of any such determination shall be given to any director who is absent when such a determination is made. A regular meeting of the board of directors may be held without notice immediately after and at the same place as the annual meeting of the stockholders.

2.6 Special Meetings. Special meetings of the board of directors may be called by the chairperson of the board of directors, the chief executive officer or by any director. Notice of

any special meeting shall be given to each director and shall state the time and place for the special meeting.

2.7 Notice. Any time it is necessary to give notice of a board of directors' meeting, notice shall be given (i) in person or by telephone to the director at least 24 hours in advance of the meeting, (ii) by personally delivering written notice to the director's last known business or home address at least 48 hours in advance of the meeting, (iii) by delivering an electronic transmission (including, without limitation, via telefacsimile or electronic mail) to the director's last known number or address for receiving electronic transmissions of that type at least 48 hours in advance of the meeting, (iv) by depositing written notice with a reputable delivery service or overnight carrier addressed to the director's last known business or home address for delivery to that address no later than the business day preceding the date of the meeting or (v) by depositing written notice in the U.S. mail, postage prepaid, addressed to the director's last known business or home address no later than the third business day preceding the date of the meeting. Notice of a meeting need not be given to any director who attends a meeting without objecting prior to the meeting or at its commencement to the lack of notice to that director. A notice of meeting need not specify the purposes of the meeting.

2.8 Quorum. A majority of the directors in office at the time shall constitute a quorum. Thereafter, a quorum shall be deemed present for purposes of conducting business and determining the vote required to take action for so long as at least a third of the total number of directors is present. In the absence of a quorum, the directors present may adjourn the meeting without notice until a quorum shall be present, at which point the meeting may be held.

2.9 Vote Required. The board of directors shall act by the vote of a majority of the directors present at a meeting at which a quorum is present.

2.10 Chairperson; Secretary. If the chairperson and the vice chairperson are not present at any meeting of the board of directors, or if no such officers have been elected, then the board of directors shall choose a director who is present at the meeting to preside over it. In the absence of the secretary and any assistant secretary, the chairperson may appoint any person to act as secretary of the meeting.

2.11 Use of Communications Equipment. Directors may participate in meetings of the board of directors or any committee of the board of directors by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting in this manner shall constitute presence in person at the meeting.

2.12 Action Without a Meeting. Any action required or permitted to be taken at any meeting of the board of directors may be taken without a meeting if all of the directors consent to the action in writing or by electronic transmission. The writing or writings or electronic transmission or transmissions shall be filed with the minutes of the proceedings of the board of directors or of the relevant committee.

2.13 Compensation of Directors. The board of directors shall from time to time determine the amount and type of compensation to be paid to directors for their service on the board of directors and its committees.

2.14 Committees. The board of directors may designate one or more committees, each of which shall consist of one or more directors. The board of directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in place of any such absent or disqualified member. Any committee shall, to the extent provided in a resolution of the board of directors and subject to the limitations contained in the Delaware General Corporation Law, have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation. Each committee shall keep such records and report to the board of directors in such manner as the board of directors may from time to time determine. Except as the board of directors may otherwise determine, any committee may make rules for the conduct of its business. Unless otherwise provided in a resolution of the board of directors or in rules adopted by the committee, each committee shall conduct its business as nearly as possible in the same manner as is provided in these bylaws for the board of directors.

2.15 Chairperson and Vice Chairperson of the Board. The board of directors may elect from its members a chairperson of the board and a vice chairperson. If a chairperson has been elected and is present, the chairperson shall preside at all meetings of the board of directors and the stockholders. The chairperson shall have such other powers and perform such other duties as the board of directors may designate. If the board of directors elects a vice chairperson, the vice chairperson shall, in the absence or disability of the chairperson, perform the duties and exercise the powers of the chairperson and have such other powers and perform such other duties as the board of directors may designate.

Article 3. Officers

3.1 Offices Created; Qualifications; Election. The corporation shall have a chief executive officer, a president, a chief financial officer, a chief operating officer, a secretary, and such other officers, if any, as the board of directors from time to time may appoint. Any officer may be, but need not be, a director or stockholder. The same person may hold any two or more offices. The board of directors may elect officers at any time.

3.2 Term of Office. Each officer shall hold office until his or her successor has been elected, unless a different term is specified in the resolution electing the officer, or until his or her earlier death, resignation or removal.

3.3 Removal of Officers. Any officer may be removed from office at any time, with or without cause, by the board of directors.

3.4 Resignation. An officer may resign at any time by giving notice in writing or by electronic transmission to the corporation addressed to the board of directors, the chairperson of the board of directors, the president or the secretary. A resignation will be effective upon its receipt by the corporation unless the resignation specifies, and the board agrees, that it is to be effective at some later time or upon the occurrence of some specified later event.

3.5 Vacancies. A vacancy in any office may be filled by the board of directors.

3.6 Compensation. Officers shall receive such amounts and types of compensation for their services as shall be fixed by the board of directors.

3.7 Powers. Unless otherwise specified by the board of directors, each officer shall have those powers and shall perform those duties that are (i) set forth in these bylaws (if any are so set forth), (ii) set forth in the resolution of the board of directors electing that officer or any subsequent resolution of the board of directors with respect to that officer's duties or (iii) commonly incident to the office held.

3.8 Chief Executive Officer. The chief executive officer shall, subject to the direction and control of the board of directors, have general control and management of the business, affairs and policies of the corporation and over its officers and shall see that all orders and resolutions of the board of directors are carried into effect. The chief executive officer shall have the power to sign all certificates, contracts and other instruments on behalf of the corporation.

3.9 President. The president, if any, shall be subject to the direction and control of the chief executive officer and the board of directors and shall have general active management of the business, affairs and policies of the corporation. The president shall have the power to sign all certificates, contracts and other instruments on behalf of the corporation. If the board of directors has not elected a chief executive officer, the president shall be the chief executive officer. If the board of directors has elected a chief executive officer and that officer is absent, disqualified from acting, unable to act or refuses to act, then the president shall have the powers of, and shall perform the duties of, the chief executive officer.

3.10 Chief Financial Officer. The chief financial officer, if any, shall be subject to the direction and control of the board of directors and the chief executive officer, shall have primary responsibility for the financial affairs of the corporation and shall perform such other duties as the chief executive officer may assign.

3.11 Chief Operating Officer. The chief operating officer, if any, shall be subject to the direction and control of the board of directors and the chief executive officer, shall have primary responsibility for the management and supervision of the day-to-day operations of the corporation and shall perform such other duties as the chief executive officer may assign.

3.12 Secretary. The secretary shall, to the extent practicable, attend all meetings of the stockholders and the board of directors. The secretary shall record the proceedings of the stockholders and the board of directors, including all actions by written consent, in a book or series of books to be kept for that purpose. The secretary shall perform like duties for any

committee of the board of directors if the committee so requests. The secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors. Unless the corporation has appointed a transfer agent, the secretary shall keep or cause to be kept the stock and transfer records of the corporation. The secretary shall have such other powers and duties as the board of directors, the chief executive officer or the president may determine.

3.13 Other Officers. The other officers, if any, shall be subject to the direction and control of the board of directors and the chief executive officer and shall perform such other duties as the chief executive officer may assign.

Article 4. Capital Stock

4.1 Stock Certificates. The corporation's shares of stock shall be represented by certificates, *provided that* the board of directors may, subject to the limits imposed by law, provide by resolution or resolutions that some or all of any or all classes or series shall be uncertificated shares. Shares of stock represented by certificates shall be in such form as shall be approved by the board of directors. Stock certificates shall be numbered in the order of their issue and shall be signed by or in the name of the corporation by (i) the chairperson or vice chairperson, if any, of the board of directors, the president or a vice president *and* (ii) the treasurer, an assistant treasurer, the secretary or an assistant secretary. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who signed or whose facsimile signature has been placed upon a certificate shall have ceased to be an officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. Each certificate that is subject to any restriction on transfer shall have conspicuously noted on its face or back either the full text of the restriction or a statement of the existence of the restriction. Each certificate shall have on its face or back a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights.

4.2 Registration; Registered Owners. The name of each person owning a share of the corporation's capital stock shall be entered on the books of the corporation together with the number of shares owned, the date or dates of issue and the number or numbers of the certificate or certificates, if any, covering such shares. The corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes regardless of any transfer, pledge or other disposition of such stock until the shares have been properly transferred on the books of the corporation.

4.3 Stockholder Addresses. It shall be the duty of each stockholder to notify the corporation of the stockholder's address.

4.4 Transfer of Shares. Registration of transfer of shares of the corporation's stock shall be made only on the books of the corporation at the request of the registered holder or of

the registered holder's duly authorized attorney (as evidenced by a duly executed power of attorney provided to the corporation) and upon surrender of the certificate or certificates representing those shares, if in certificated form, properly endorsed or accompanied by a duly executed stock power. The board of directors may make further rules and regulations concerning the transfer and registration of shares of stock and the certificates representing them and may appoint a transfer agent or registrar or both and may require all stock certificates to bear the signature of either or both.

4.5 Lost, Stolen, Destroyed or Mutilated Certificates. The corporation may issue a new stock certificate of stock in the place of any certificate theretofore issued by it alleged to have been lost, stolen, destroyed or mutilated. The board of directors may require the owner of the allegedly lost, stolen or destroyed certificate, or the owner's legal representatives, to give the corporation such bond or such surety or sureties as the board of directors, in its sole discretion, deems sufficient to indemnify the corporation against any claim that may be made against it on account of the alleged loss, theft or destruction or the issuance of such new certificate and, in the case of a certificate alleged to have been mutilated, to surrender the mutilated certificate.

Article 5. General Provisions

5.1 Waiver of Notice. Any stockholder or director may execute a written waiver or give a waiver by electronic transmission of notice of the meeting, either before or after such meeting. Any such waiver shall be filed with the records of the corporation. If any stockholder or director shall be present at any meeting it shall constitute a waiver of notice of the meeting, except when that stockholder or director attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. A waiver of notice of meeting need not specify the purposes of the meeting.

5.2 Electronic Transmissions. For purposes of these bylaws, "*electronic transmission*" shall mean a form of communication not directly involving the physical transmission of paper that satisfies the requirements with respect to such communications contained in the Delaware General Corporation Law.

5.3 Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

5.4 Voting Stock of Other Organizations. Except as the board of directors may otherwise designate, each of the chief executive officer and the treasurer may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for the corporation (with power of substitution) at any meeting of the stockholders, members or other owners of any other corporation or organization the securities or ownership interests of which are owned by the corporation.

5.5 Corporate Seal. The Corporation shall have no seal.

5.6 Amendment of Bylaws. These bylaws, including any bylaws adopted or amended by the stockholders, may be amended or repealed by the board of directors.

Article 6. Indemnification

6.1 Indemnification. The corporation shall, to the fullest extent permitted by law, indemnify every person who is or was a party or is or was threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative (an "Action"), by reason of the fact that such person is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, trustee, plan administrator or plan fiduciary of another corporation, partnership, limited liability company, trust, employee benefit plan or other enterprise (an "*Indemnified Person*"), against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement or other disposition that the Indemnified Person actually and reasonably incurs in connection with the Action and shall reimburse each such person for all legal fees and expenses reasonably incurred by such person in seeking to enforce its rights to indemnification under this Article (by means of legal action or otherwise).

6.2 Advancement of Expenses. Upon written request from an Indemnified Person, the corporation shall pay the expenses (including attorneys' fees) incurred by such Indemnified Person in connection with any Action in advance of the final disposition of such Action. The corporation's obligation to pay expenses pursuant to this Section shall be contingent upon the Indemnified Person providing the undertaking required by the Delaware General Corporation Law.

6.3 Non-Exclusivity. The rights of indemnification and advancement of expenses contained in this Article shall not be exclusive of any other rights to indemnification or similar protection to which any Indemnified Person may be entitled under any agreement, vote of stockholders or disinterested directors, insurance policy or otherwise.

6.4 Heirs and Beneficiaries. The rights created by this Article shall inure to the benefit of each Indemnified Person and each heir, executor and administrator of such Indemnified Person.

6.5 Effect of Amendment. Neither the amendment, modification or repeal of this Article nor the adoption of any provision in these bylaws inconsistent with this Article shall adversely affect any right or protection of an Indemnified Person with respect to any act or omission that occurred prior to the time of such amendment, modification, repeal or adoption.

FIFTH AMENDED AND RESTATED REGISTRATION AGREEMENT

THIS FIFTH AMENDED AND RESTATED REGISTRATION AGREEMENT is made as of February 6, 2019 by and among Health Catalyst, Inc., a Delaware corporation (the “Company”) and the Persons listed on the Schedule of Investors attached hereto (each, an “Investor” and collectively, the “Investors”).

WHEREAS, the Company and certain of the Investors are parties to a Series F Stock Purchase Agreement of even date herewith (the “Stock Purchase Agreement”), pursuant to which, among other things, certain of the Investors shall purchase shares of the Company’s newly authorized Series F Preferred stock, par value \$0.001 per share (the “Series F Preferred”);

WHEREAS, certain of the Investors (the “Existing Investors”) hold shares of the Company’s Series A Preferred stock, par value \$0.001 per share (the “Series A Preferred”), Series B Preferred stock, par value \$0.001 per share (the “Series B Preferred”), Series C Preferred stock, par value \$0.001 per share (the “Series C Preferred”), Series D Preferred stock, par value \$0.001 per share (the “Series D Preferred”), and Series E Preferred stock, par value \$0.001 per share (the “Series E Preferred” and with the Series A Preferred, the Series B Preferred, the Series C Preferred, the Series D Preferred, and the Series F Preferred, the “Preferred Stock”), and possess registration rights pursuant to a Fourth Amended and Restated Registration Agreement, dated as of February 9, 2016, by and among the Company and the Existing Investors (the “Old Registration Agreement”);

WHEREAS, the Existing Investors are holders of a majority of the Investor Registrable Securities (as defined in the Old Registration Agreement), and desire to amend and restate the Old Registration Agreement in its entirety to, among other things, add the new Investors as parties; and WHEREAS, the execution and delivery of this Agreement is a condition to Closing under the Stock Purchase Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

Section 1. Demand Registrations.

(a) Requests for Registration. Subject to the terms and conditions of this Agreement, at any time 180 days after the Company has completed a public offering of its Common Stock under the Securities Act (an “IPO”), the holders of Investor Registrable Securities may request registration under the Securities Act of all or any portion of their Investor Registrable Securities on Form S-1 or any similar long-form registration (“Long-Form Registrations”), and the holders of Investor Registrable Securities may request registration under the Securities Act of all or any portion of their Investor Registrable Securities on Form S-3 (including pursuant to Rule 415 under the Securities Act) or any similar short-form registration (“Short-Form Registrations”) if available. All registrations requested pursuant to this Section 1(a) are referred to herein as “Demand Registrations.” Each request for a Demand Registration shall specify the approximate number of Investor Registrable Securities requested to be registered, the anticipated per share price range for such offering and the intended method of distribution. Within ten days after receipt of any such request, the Company shall give written notice of such requested registration to all other holders of Investor Registrable Securities and, subject to the terms of Section 1(d) hereof, shall include in such registration (and in all related registrations and qualifications under state blue sky laws or in compliance with other registration requirements and in any related underwriting) all Investor Registrable Securities with respect to which the Company has received written requests for inclusion therein within fifteen (15) days after the receipt of the Company’s notice.

(b) Long-Form Registrations. The holders of Investor Registrable Securities shall be entitled to request two (2) Long-Form Registrations in which the Company shall pay all Registration Expenses (“Company-paid Long-Form Registrations”); provided that the aggregate offering value of the Investor Registrable Securities requested to be registered in any Long-Form Registration must equal at least \$20,000,000. A registration shall not count as one of the permitted Long-Form Registrations until it has become effective, and neither the last or any subsequent Company-paid Long-Form Registration shall count as one of the permitted Long-Form Registrations unless the holders of Investor Registrable Securities are able to register and sell at least 75% of Investor Registrable Securities requested to be included in such registration; provided that in any event the Company shall pay all Registration Expenses in connection with any registration initiated as a Company-paid Long-Form Registration whether or not it has become effective and whether or not such registration has counted as one of the permitted Company- paid Long-Form Registrations.

(c) Short-Form Registrations. In addition to the Long-Form Registrations provided pursuant to Section 1(b), the holders of Investor Registrable Securities shall be entitled to request an unlimited number of Short-Form Registrations in which the Company shall pay all Registration Expenses; provided that the aggregate offering value of the Investor Registrable Securities requested to be registered in any Short-Form Registration must equal at least \$5,000,000. Demand Registrations shall be Short- Form Registrations whenever the Company is permitted to use any applicable short form and if the managing underwriters (if any) agree to the use of a Short-Form Registration. After the Company has become subject to the reporting requirements of the Exchange Act, the Company shall use its reasonable best efforts to make Short-Form Registrations on Form S-3 available for the sale of Investor Registrable Securities. If the Company is qualified to and, pursuant to the request of the holders of a majority of the Investor Registrable Securities, has filed with the Securities and Exchange Commission a registration statement under the Securities Act on Form S-3 pursuant to Rule 415 (the “Shelf Registration”), then the Company shall use its reasonable best efforts to cause the Shelf Registration to be declared effective under the Securities Act as soon as practicable after filing, and once effective, the Company shall cause such Shelf Registration to remain effective for a period ending on the earlier of (i) the date on which all Investor Registrable Securities included in such registration have been sold pursuant to the Shelf Registration or (ii) the date as of which all of the Investor Registrable Securities included in such registration are able to be sold within a 90-day period in compliance with Rule 144 under the Securities Act. Notwithstanding the foregoing, the holders of Investor Registrable Securities may have their shares of Investor Registrable Securities fully excluded from the Piggyback Registration upon the managing underwriters’ advice if the Piggyback Registration is the Company’s IPO.

(d) Priority on Demand Registrations. The Company shall not include in any Demand Registration any securities which are not Investor Registrable Securities without the prior written consent of the holders of a majority of the Investor Registrable Securities included in such registration, unless 100% of the Investor Registrable Securities requested to be included in such registration are so included. If a Demand Registration is an underwritten offering and the managing underwriters or placement agent advise the Company in writing that in their opinion the number of Investor Registrable Securities and, if permitted hereunder, other securities requested to be included in such offering exceeds the number of Investor Registrable Securities and other securities, if any, which can be sold therein without adversely affecting the marketability of the offering, in an orderly manner in such offering within a price range acceptable to the holders of a majority of the Investor Registrable Securities initially requesting registration, the Company shall include in such registration prior to the inclusion of any securities which are not Investor Registrable Securities the number of Investor Registrable Securities requested to be included which, in the opinion of such underwriters can be sold, without adversely affecting the marketability of the offering in an orderly manner within the price range of such offering, pro rata among the respective holders thereof on the basis

of the amount of Investor Registrable Securities owned by each such holder. Any Persons other than holders of Investor Registrable Securities who participate in Demand Registrations which are not at the Company's expense must pay their share of the Registration Expenses as provided in Section 5 hereof.

(e) Restrictions. The Company shall not be obligated to effect any Demand Registration within 180 days after the effective date of a previous Long-Form Registration that is a Demand Registration. The Company may postpone for up to 180 days the filing or the effectiveness of a registration statement for a Demand Registration or may cause a registration statement for a Demand Registration to cease to be effective if the Company determines that such Demand Registration would reasonably be expected to have a material adverse effect on any proposal or plan by the Company or any of its subsidiaries to engage in any financing, sale, acquisition of assets or stock (other than in the ordinary course of business); any merger, consolidation, tender offer, recapitalization, reorganization or similar transaction or require the Company to disclose any material nonpublic information which would reasonably be likely to be detrimental to the Company and its subsidiaries; or render the Company unable to comply with the requirements under the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder; provided that in such event, the holders of Investor Registrable Securities initially requesting such Demand Registration shall be entitled to withdraw such request and, if such request is withdrawn, such Demand Registration shall not count as one of the permitted Demand Registrations hereunder and the Company shall pay all Registration Expenses in connection with such registration. The Company may delay a Demand Registration hereunder only once in any twelve-month period.

(f) Selection of Underwriters. The holders of a majority of the Investor Registrable Securities initially requesting registration hereunder shall have the right to select the investment banker(s) and manager(s) to administer the offering, subject to the Company's approval which shall not be unreasonably withheld or delayed so long as such investment banker(s) and manager(s) are of recognized national standing.

(g) Other Registration Rights. The Company represents and warrants that it is not a party to, or otherwise subject to, any other agreement granting registration rights to any other Person with respect to any securities of the Company. Except as provided in this Agreement, the Company shall not grant to any Persons the right to request the Company to register any equity securities of the Company, or any securities, options or rights convertible or exchangeable into or exercisable for such securities, without the prior written consent of the holders of a majority of the Investor Registrable Securities.

Section 2. Piggyback Registrations.

(a) Right to Piggyback. Whenever the Company proposes to register any of its securities under the Securities Act (other than (i) pursuant to a Demand Registration, (ii) in connection with registrations on Form S-4 or S-8 promulgated by the Securities and Exchange Commission or any successor forms, (iii) a registration relating solely to employment benefit plans, or (iv) in connection with the IPO) and the registration form to be used may be used for the registration of Investor Registrable Securities (a "Piggyback Registration"), the Company shall give prompt written notice to all holders of Investor Registrable Securities of its intention to effect such a registration and, subject to the terms of Section 2(c) and Section 2(d) hereof, shall include in such registration (and in all related registrations or qualifications under blue sky laws or in compliance with other registration requirements and in any related underwriting) all Investor Registrable Securities with respect to which the Company has received written requests for inclusion therein within twenty (20) days after the receipt of the Company's notice.

(b) Piggyback Expenses. The Registration Expenses of the holders of Investor Registrable Securities shall be paid by the Company in all Piggyback Registrations.

(c) Priority on Primary Registrations. If a Piggyback Registration is an underwritten primary registration on behalf of the Company, and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability of the offering, the Company shall include in such registration (i) first, the securities the Company proposes to sell, (ii) second, any Investor Registrable Securities requested to be included in such registration, pro rata among the holders of such Investor Registrable Securities on the basis of the number of Investor Registrable Securities owned by each such holder, and (iii) third, other securities requested to be included in such registration.

(d) Priority on Secondary Registrations. If a Piggyback Registration is an underwritten secondary registration on behalf of holders of the Company's securities, and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability of the offering, the Company shall include in such registration (i) first, the securities requested to be included therein by the holders requesting such registration and the Investor Registrable Securities requested to be included in such registration, pro rata among the holders of such securities on the basis of the number of securities so requested to be included therein owned by each such holder, and (ii) second, other securities requested to be included in such registration.

(e) Selection of Underwriters. If any Piggyback Registration is an underwritten offering, the selection of investment banker(s) and manager(s) for the offering must be approved by the holders of a majority of the Investor Registrable Securities included in such Piggyback Registration. Such approval shall not be unreasonably withheld or delayed.

(f) Other Registrations. If the Company has previously filed a registration statement with respect to Investor Registrable Securities pursuant to Section 1 or pursuant to this Section 2, and if such previous registration has not been withdrawn or abandoned, the Company shall not file or cause to be effected any other registration of any of its equity securities or securities convertible or exchangeable into or exercisable for its equity securities under the Securities Act (except on Form S-8 or any successor form), whether on its own behalf or at the request of any holder or holders of such securities, until a period of at least 90 days has elapsed from the effective date of such previous registration.

(g) Obligations of Seller. During such time as any holder of Investor Registrable Securities may be engaged in a distribution of securities pursuant to an underwritten Piggyback Registration, such holder shall distribute such securities only under the registration statement and solely in the manner described in the registration statement.

Section 3. Holdback Agreements.

(a) No holder of Investor Registrable Securities shall (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any equity securities of the Company or any securities convertible into or exercisable or exchangeable (directly or indirectly) for equity securities of the Company (whether such shares or any such securities are then owned by such holder or are thereafter acquired) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise, from the date on which the Company gives notice to the holders of Investor Registrable Securities that a preliminary prospectus has been circulated for the IPO to the date that is 180

days following the date of the final prospectus for such IPO (the “IPO Holdback Period”), except as part of such IPO. Notwithstanding the foregoing, this Section 3(a) shall not be applicable to or otherwise be binding on the holders of Investor Registrable Securities unless the Company complies with its obligations under Section 3(b) below in connection with any such offering. The IPO Holdback Period shall also be extended as may be requested by the Company or an underwriter to accommodate regulatory restrictions on the publication or other distribution of research reports and analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f) (4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto). The extension in the immediately preceding sentence is referred to herein as the “Holdback Extension.” The Company may impose stop-transfer instructions with respect to the shares of its common stock (or other securities) subject to the foregoing restriction during any IPO Holdback Period or any period of Holdback Extension. Each holder of Investor Registrable Securities agrees to execute a Holdback Agreement in customary form as may be requested by any underwriter pursuant to any Holdback Period under this Section 3.

(b) The Company (i) shall not effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities, during the IPO Holdback Period (including during any period of Holdback Extension) (except as part of such underwritten registration or pursuant to registrations on Form S-8 or any successor form), unless the underwriters managing the registered public offering otherwise agree in writing, and (ii) shall cause each officer, director and holder (other than the Investors) of at least 1% (on a fully-diluted basis) of its Common Stock, or any securities convertible into or exchangeable or exercisable for Common Stock, purchased from the Company at any time after the date of this Agreement (other than in a registered public offering), to agree not to effect any public sale or distribution (including sales pursuant to Rule 144 under the Securities Act) of any such securities during such periods (except as part of such underwritten registration, if otherwise permitted), unless the underwriters managing the registered public offering otherwise agree in writing.

Section 4. Registration Procedures. Whenever the holders of Investor Registrable Securities have requested that any Investor Registrable Securities be registered pursuant to this Agreement, the Company shall use its commercially reasonable best efforts to effect the registration and the sale of such Investor Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Company shall as expeditiously as possible:

(a) in accordance with the Securities Act and all applicable rules and regulations promulgated thereunder, prepare and file with the Securities and Exchange Commission a registration statement, and all amendments and supplements thereto and related prospectuses, with respect to such Investor Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective (provided that before filing a registration statement or prospectus or any amendments or supplements thereto, the Company shall furnish to the counsel selected by the holders of a majority of the Investor Registrable Securities covered by such registration statement copies of all such documents proposed to be filed, which documents shall be subject to the review and comment of each such counsel), and include in any Short-Form Registration such additional information reasonably requested by a majority of the Investor Registrable Securities registered under the applicable registration statement, or the underwriters, if any, for marketing purposes, whether or not required by applicable securities laws;

(b) notify in writing each holder of Investor Registrable Securities to be sold thereunder of the effectiveness of each registration statement filed hereunder and prepare and file with the Securities and Exchange Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period of not less than 180 days and comply with the provisions of the Securities Act with respect to

the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(c) furnish to each seller of Investor Registrable Securities thereunder such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus), each Free Writing Prospectus and such other documents as such seller may reasonably request in order to facilitate the disposition of the Investor Registrable Securities owned by such seller;

(d) use its commercially reasonable best efforts to register or qualify such Investor Registrable Securities under such other securities or blue sky laws of such jurisdictions as any seller reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Investor Registrable Securities owned by such seller (provided that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph or (ii) consent to general service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction);

(e) notify in writing each seller of such Investor Registrable Securities, (i) promptly after it receives notice thereof, of the date and time when such registration statement and each post-effective amendment thereto has become effective or a prospectus or supplement to any prospectus relating to a registration statement has been filed and when any registration or qualification has become effective under a state securities or blue sky law or any exemption thereunder has been obtained, (ii) promptly after receipt thereof, of any request by the Securities and Exchange Commission for the amendment or supplementing of such registration statement or prospectus or for additional information, and (iii) at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading, and, at the request of any such seller, the Company shall prepare a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Investor Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading;

(f) prepare and file promptly with the Securities and Exchange Commission, and notify such holders of Investor Registrable Securities prior to the filing of, such amendments or supplements to such registration statement or prospectus as may be necessary to correct any statements or omissions if, at the time when a prospectus relating to such securities is required to be delivered under the Securities Act, when any event has occurred as the result of which any such prospectus or any other prospectus as then in effect would include an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and, in case any of such holders of Investor Registrable Securities or any underwriter for any such holders is required to deliver a prospectus at a time when the prospectus then in circulation is not in compliance with the Securities Act or the rules and regulations promulgated thereunder, the Company shall use its commercially reasonable efforts to prepare promptly upon request of any such holder or underwriter such amendments or supplements to such registration statement and prospectus as may be necessary in order for such prospectus to comply with the requirements of the Securities Act and such rules and regulations;

(g) cause all such Investor Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed;

- (h) provide a transfer agent and registrar for all such Investor Registrable Securities not later than the effective date of such registration statement;
- (i) enter into and perform such customary agreements (including underwriting agreements in customary form) and take all such other actions as the holders of a majority of the Investor Registrable Securities being sold or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Investor Registrable Securities (including, without limitation, participation in “road shows,” investor presentations and marketing events and effecting a stock split or a combination of shares);
- (j) make available for inspection by any seller of Investor Registrable Securities, any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by any such seller or underwriter, all financial and other records, pertinent corporate documents and properties of the Company, and cause the Company’s officers, directors, employees and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement;
- (k) take all commercially reasonable actions to ensure that any Free-Writing Prospectus utilized in connection with any Demand Registration or Piggyback Registration hereunder complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;
- (l) otherwise use its commercially reasonable best efforts to comply with all applicable rules and regulations of the Securities and Exchange Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months beginning with the first day of the Company’s first full calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;
- (m) permit any holder of Investor Registrable Securities which holder, in its good faith judgment (based on the advice of counsel), could reasonably be expected to be deemed to be an underwriter or a controlling person of the Company, to participate in the preparation of such registration or comparable statement and to require the insertion therein of material, furnished to the Company in writing, which in the reasonable judgment of such holder and its counsel should be included;
- (n) use its commercially reasonable best efforts to prevent the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any equity securities included in such registration statement for sale in any jurisdiction, and in the event of the issuance of any such stop order or other such order the Company shall advise such holders of Investor Registrable Securities of such stop order or other such order promptly after it shall receive notice or obtain knowledge thereof and shall use its commercially reasonable efforts promptly to obtain the withdrawal of such order;
- (o) use its commercially reasonable best efforts to cause such Investor Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of such Investor Registrable Securities;

(p) obtain a cold comfort letter from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by cold comfort letters as the holders of a majority of the Investor Registrable Securities being sold reasonably request (provided that such Investor Registrable Securities constitute at least 10% of the securities covered by such registration statement); and

(q) provide a legal opinion of the Company's outside counsel, dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, dated the date of the closing under the underwriting agreement), with respect to the registration statement, each amendment and supplement thereto, the prospectus included therein (including the preliminary prospectus) and such other documents relating thereto in customary form and covering such matters of the type customarily covered by legal opinions of such nature.

Section 5. Registration Expenses.

(a) All expenses incident to the Company's performance of or compliance with this Agreement, including without limitation all registration, qualification and filing fees, fees and expenses of compliance with securities or blue sky laws, printing expenses, messenger and delivery expenses, fees and disbursements of custodians, and fees and disbursements of counsel for the Company and all independent certified public accountants, underwriters (excluding underwriting discounts and commissions) and other Persons retained by the Company (all such expenses being herein called "Registration Expenses"), shall be borne by the Company as provided in this Agreement, except that the Company shall, in any event, pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit or quarterly review, the expense of any liability insurance and the expenses and fees for listing the securities to be registered on each securities exchange on which similar securities issued by the Company are then listed. Each Person that sells securities pursuant to a Demand Registration or Piggyback Registration hereunder shall bear and pay all underwriting discounts and commissions applicable to the securities sold for such Person's account. The Company shall not be required to pay for any Registration Expenses begun pursuant to Section 1 if the registration request is subsequently withdrawn at the request of the holders of a majority of the Investor Registrable Securities to be registered (in which case all such holders shall bear such expenses pro rata based upon the number of Investor Registrable Securities that were to be included in the withdrawn registration), unless the holders of a majority of the Investor Registrable Securities agree to forfeit their right to one registration pursuant to Subsection 1(b), provided, however, that if, at the time of such withdrawal, such holders have learned of a material change in the condition, business, or prospects of the Company from that known to the holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information then such holders shall not be required to pay any of the Registration Expenses and shall not forfeit their right to a registration pursuant to Subsection 1(b).

(b) In connection with each Demand Registration and each Piggyback Registration, the Company shall reimburse the holders of Investor Registrable Securities included in such registration for the reasonable fees and disbursements of one counsel chosen by the holders of a majority of the Investor Registrable Securities included in such registration, such fees not to exceed \$10,000.

Section 6. Indemnification.

(a) The Company agrees to indemnify, to the extent permitted by law, each holder of Investor Registrable Securities, its officers, directors, members, partners, agents, affiliates and employees and each Person who controls such holder (within the meaning of the Securities Act) against all losses,

claims, actions, damages, liabilities and expenses caused by any of the following statements, omissions or violations by the Company: (i) any untrue or alleged untrue statement of material fact contained in any registration statement, prospectus, preliminary prospectus or Free-Writing Prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) any violation or alleged violation by the Company of the Securities Act or any other similar federal or state securities laws or any rule or regulation promulgated thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance, and to pay to each holder of Investor Registrable Securities, its officers and directors and each Person who controls such holder (within the meaning of the Securities Act), as incurred, any legal and any other expenses reasonably incurred in connection with investigating, preparing or defending any such claim, loss, damage, liability or action, except insofar as the same are caused by or contained in any information furnished in writing to the Company by such holder expressly for use therein. In connection with an underwritten offering, the Company shall indemnify such underwriters, their officers and directors and each Person who controls such underwriters (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the holders of Investor Registrable Securities.

(b) In connection with any registration statement in which a holder of Investor Registrable Securities is participating, each such holder shall furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any such registration statement or prospectus and, to the extent permitted by law, shall indemnify the Company, its directors and officers and each Person who controls the Company (within the meaning of the Securities Act) against any losses, claims, damages, liabilities and expenses resulting from any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information or affidavit so furnished in writing by such holder expressly for use therein; provided that the obligation to indemnify shall be individual, not joint and several, for each holder and shall be limited to the net amount of proceeds received by such holder from the sale of Investor Registrable Securities pursuant to such registration statement.

(c) Any Person entitled to indemnification hereunder shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice shall not impair any Person's right to indemnification hereunder to the extent such failure has not materially prejudiced the indemnifying party) and (ii) unless in such indemnified party's reasonable judgment after consulting with legal counsel a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party shall not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent shall not be unreasonably withheld, conditioned or delayed). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party after consulting with legal counsel a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim. In such instance, the conflicting indemnified parties shall have a right to retain one separate counsel, chosen by the holders of a majority of the Investor Registrable Securities included in the registration, at the expense of the indemnifying party. No indemnifying party, in the defense of such claim or litigation, shall, except with the consent of each indemnified party, consent to the entry of any judgment or enter into any settlement which does not include as an unconditional

term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(d) If the indemnification provided for in this Section 6 is held by a court of competent jurisdiction to be unavailable to an indemnified party or is otherwise unenforceable with respect to any loss, claim, damage, liability or action referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amounts paid or payable by such indemnified party as a result of such loss, claim, damage, liability or action in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such loss, claim, damage, liability or action as well as any other relevant equitable considerations; provided that the maximum amount of liability in respect of such contribution shall be limited, in the case of each seller of Investor Registrable Securities, to an amount equal to the net proceeds actually received by such seller from the sale of Investor Registrable Securities effected pursuant to such registration. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just or equitable if the contribution pursuant to this Section 6(d) were to be determined by pro rata allocation or by any other method of allocation that does not take into account such equitable considerations. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or expenses referred to herein shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending against any action or claim which is the subject hereof. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who is not guilty of such fraudulent misrepresentation.

(e) The indemnification and contribution provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and shall survive the transfer of securities.

(f) No indemnifying party shall, except with the consent of the indemnified party, consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

Section 7. Participation in Underwritten Registrations. No Person may participate in any registration hereunder which is underwritten unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements (including pursuant to any over-allotment or "green shoe" option requested by the underwriters, provided that no holder of Investor Registrable Securities shall be required to sell more than the number of Investor Registrable Securities such holder has requested to include) and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements; provided that no holder of Investor Registrable Securities included in any underwritten registration shall be required to make any representations or warranties to the Company or the underwriters (other than representations and warranties regarding such holder and such holder's intended method of distribution) or to undertake any indemnification obligations to the Company or the underwriters with respect thereto, except as otherwise specifically provided in Section 6

hereof or to agree to any lockup or holdback restrictions, except as specifically provided in Section 3(a) hereof. Each holder of Investor Registrable Securities agrees to execute and deliver such other agreements as may be reasonably requested by the Company and the lead managing underwriter(s) that are consistent with such holder's obligations under Section 3 or that are necessary to give further effect thereto.

Section 8. Definitions.

(a) "Common Stock" means the Common Stock, par value \$0.001 per share, of the Company.

(b) "Free Writing Prospectus" means a free-writing prospectus, as defined in Rule 405 of the Securities Act.

(c) "Investor Registrable Securities" means (i) any Common Stock issued or issuable upon the conversion of any Preferred Stock (ii) any Common Stock issued or issuable with respect to the securities referred to in clause (i) above by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization, and (iii) any other shares of Common Stock held by Persons holding securities described in clauses (i) and (ii) above. As to any particular Investor Registrable Securities, such securities shall cease to be Investor Registrable Securities upon the earliest to occur of (v)(i) a liquidation, dissolution or winding up of the Company or (ii) a Fundamental Change (as defined in the Company's Certificate of Incorporation), (w) they have been distributed to the public pursuant to an offering registered under the Securities Act, (x) they are sold to the public through a broker, dealer or market maker in compliance with Rule 144 under the Securities Act (or any similar rule then in force), (y) after the Company has completed an Initial Public Offering they are eligible to be sold without limitation pursuant to Rule 144 under the Securities Act (or any similar rule then in force) or (z) they are repurchased by the Company or any subsidiary of the Company. For purposes of this Agreement, a Person shall be deemed to be a holder of Investor Registrable Securities, and the Investor Registrable Securities shall be deemed to be in existence, whenever such Person has the right to acquire directly or indirectly such Investor Registrable Securities (upon conversion or exercise in connection with a transfer of securities or otherwise, but disregarding any restrictions or limitations upon the exercise of such right), whether or not such acquisition has actually been effected, and such Person shall be entitled to exercise the rights of a holder of Investor Registrable Securities hereunder.

(d) "Preferred Stock" has the meaning set forth in the recitals hereto.

(e) Unless otherwise stated, other capitalized terms contained herein have the meanings set forth in the Stock Purchase Agreement.

Section 9. Miscellaneous.

(a) No Inconsistent Agreements. The Company shall not hereafter enter into any agreement with respect to its securities which is inconsistent with or violates the rights granted to the holders of Investor Registrable Securities in this Agreement.

(b) Adjustments Affecting Investor Registrable Securities. The Company shall not intentionally take any action, or permit any change to occur, with respect to its securities which would adversely affect the ability of the holders of Investor Registrable Securities to include such Investor Registrable Securities in a registration undertaken pursuant to this Agreement or which would adversely affect the marketability of such Investor Registrable Securities in any such registration (including, without limitation, effecting a stock split or a combination of shares).

(c) Remedies. Any Person having rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages caused by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law. The parties hereto agree and acknowledge that money damages would not be an adequate remedy for any breach of the provisions of this Agreement and that, in addition to any other rights and remedies existing in its favor, any party shall be entitled to specific performance and/or other injunctive relief from any court of law or equity of competent jurisdiction (without posting any bond or other security) in order to enforce or prevent violation of the provisions of this Agreement.

(d) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may be amended or waived only upon the prior written consent of the Company and holders of a majority of the Investor Registrable Securities; provided, that if an amendment would treat an Investor in a materially disproportionate and adverse manner relative to the other Investors, then the amendment shall also require the consent of such Investor so adversely treated. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

(e) Successors and Assigns. All covenants and agreements in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not. In addition, whether or not any express assignment has been made, the provisions of this Agreement which are for the benefit of purchasers or holders of Investor Registrable Securities are also for the benefit of, and enforceable by, any subsequent holder of Investor Registrable Securities; provided that if any holder of Investor Registrable Securities which is a limited partnership or limited liability company distributes any Investor Registrable Securities to its partners or members after the Company has effected a registered public offering of the Common Stock under the Securities Act, such transferees of Investor Registrable Securities shall no longer be subject to the provisions of Section 3(a) hereof.

(f) Amendment of Old Registration Agreement; Complete Agreement. The Old Registration Agreement is hereby amended and restated in its entirety by this Agreement and the provisions of the Old Registration Agreement shall no longer be of any force or effect. This Agreement (including the schedules hereto) and the other agreements and instruments referred to herein contain the complete agreement between the parties hereto with respect to the subject matter hereof and thereof and supersede any prior understandings, agreements and representations by or between the parties hereto (whether written or oral) which may have related to the subject matter hereto or thereof in any way (including, without limitation, the Old Registration Agreement).

(g) Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

(h) Counterparts. This Agreement may be executed simultaneously in two or more counterparts (including by means of facsimile signature pages), any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same Agreement.

(i) Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

(j) Governing Law. The corporate law of the State of Delaware shall govern all issues and questions concerning the relative rights of the Company and its stockholders. All other issues and questions concerning the construction, validity, interpretation and enforcement of this Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. In furtherance of the foregoing, the internal law of the State of Delaware shall control the interpretation and construction of this Agreement (and all schedules and exhibits hereto), even though under that jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

(k) Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (i) when delivered personally to the recipient, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day; provided that such notice under this clause (ii) shall not be effective unless within one business day of the notice a copy of such notice is dispatched to the recipient by first class mail, return receipt requested, or reputable overnight courier service (charges prepaid), (iii) one business day after it is sent to the recipient by reputable overnight courier service (charges prepaid) or (iv) five days after it is mailed to the recipient by first class mail, return receipt requested. Such notices, demands and other communications shall be sent to the Company at the address specified below, to any holder of Investor Registrable Securities as of the date hereof to the address set forth on the applicable Schedules hereto and to any other party subject to this Agreement at such address as indicated by the Company's records, or at such address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party. Any party may change its address for receipt of notice by providing sending prior written notice of the change to the sending party.

The Company:

Health Catalyst, Inc.
3165 East Millrock Drive, Suite 450
Salt Lake City, UT 84121
Attention: Dan Orenstein
Telephone: 801-708-6800
Fax: 801-365-0076
Email: dan.orenstein@healthcatalyst.com

or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party.

(l) Mutual Waiver of Jury Trial. As a specifically bargained inducement for each of the parties to enter into this Agreement (with each party having had opportunity to consult counsel), each party hereto expressly and irrevocably waives the right to trial by jury in any lawsuit or legal proceeding relating to or arising in any way from this Agreement or the transactions contemplated herein, and any lawsuit or legal proceeding relating to or arising in any way to this Agreement or the transactions contemplated herein shall be tried in a court of competent jurisdiction by a judge sitting without a jury.

(m) Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Preferred Stock after the date hereof, any purchaser of such shares of Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an “Investor” for all purposes hereunder. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional investor, so long as such additional investor has agreed in writing to be bound by all of the obligations as an “Investor” hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Registration Agreement as of the date first written above.

HEALTH CATALYST, INC

By: /s/ Daniel D. Burton
Name: Daniel D. Burton
Title: Chief Executive Officer

[Signature Page to Fifth Amended and Restated Registration Agreement]

INVESTORS:

SEQUOIA CAPITAL U.S. GROWTH FUND IV, L.P.
SEQUOIA CAPITAL USGF PRINCIPALS FUND IV, L.P.

By: SCGF IV Management, L.P., a Cayman Islands exempted limited partnership, General Partner of Each

By: SC US (TTGP), LTD., a Cayman Islands limited liability company

Its: General Partner

By: /s/ Mike Dixon

Name: Mike Dixon

Title: Managing Director

SC US GF V HOLDINGS, LTD.

a Cayman Islands exempted company

By: Sequoia Capital U.S. Growth Fund V, L.P. and Sequoia Capital USGF Principals Fund V, L.P., both Cayman Islands Exempted Limited Partnerships, its Members

By: SCGF V Management, L.P.,
a Cayman Islands Exempted company, its General Partner

By: SC US (TTGP), LTD.,

a Cayman Islands Exempted Limited Partnership, its General Partner

By: /s/ Mike Dixon

Name: Mike Dixon

Title: Director

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INVESTORS (CONTINUED):

SEQUOIA CAPITAL U.S. GROWTH FUND V, L.P.

a Cayman Islands exempted limited partnership

By: SCGF V MANAGEMENT, L.P.,
a Cayman Islands exempted limited partnership, its General Partner

By: SC US (TTGP), LTD.,
a Cayman Islands exempted company, its General Partner

By: /s/ Mike Dixon

Name: Mike Dixon

Title: Director

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INVESTORS (CONTINUED):

NORWEST VENTURE PARTNERS XI, LP

By: Genesis VC Partners XI, LLC
Its: General Partner

By: NVP Associates, LLC
Its: Managing Member

By: /s/ Promod Haque
Name: Promod Haque
Its: _____

NORWEST VENTURE PARTNERS XII, LP

By: Genesis VC Partners XI, LLC
Its: General Partner

By: NVP Associates, LLC
Its: Managing Member

By: /s/ Promod Haque
Name: Promod Haque
Its: _____

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INVESTORS (CONTINUED):

HQC ACQUISITION, LLC

By: /s/ Fraser Bullock

Name: Fraser Bullock

Title: President

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INVESTORS (CONTINUED):

KAISER PERMANENTE VENTURES, LLC - SERIES A

By: /s/ Thomas Meier

Name: Thomas Meier

Title: SVP & Treasurer

KAISER PERMANENTE VENTURES, LLC - SERIES B

By: /s/ Chris Grant

Name: Chris Grant

Title: Member, Managing Committee

THE PERMANENTE FEDERATION LLC - SERIES J

By: /s/ Anne Cadwell

Name: Anne Cadwell

Title: CFO

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INVESTORS (CONTINUED):

CHV FUND II, LLC

By: CHV Fund II Management, LLC
Its: Manager

By: /s/ John D. Huesing
Name: John D. Huesing
Its: Authorized Representative

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INVESTORS (CONTINUED):

SANDS CAPITAL PRIVATE GROWTH FUND, L.P.

By: Sands Capital Private Growth Fund-GP, L.P.
Its: General Partner

By: Sands Capital Private Growth Fund-GP, LLC
Its: General Partner

By: /s/ Jonathan Goodman
Name: Jonathan Goodman
Title: General Counsel

SANDS CAPITAL PRIVATE GROWTH FUND-HC, L.P.

SANDS CAPITAL PRIVATE GROWTH FUND-HC2, L.P.

SANDS CAPITAL PRIVATE GROWTH FUND-HC3, L.P.

SANDS CAPITAL PRIVATE GROWTH FUND-HC4, L.P.

By: Sands Capital Private Growth Fund-GP, L.P., its general partner

By: Sands Capital Private Growth Fund-GP, LLC, its general partner

By: /s/ Jonathan Goodman
Name: Jonathan Goodman
Title: General Counsel

INVESTORS (CONTINUED):

TENAYA CAPITAL VI, LP

By: Tenaya Capital VI GP, LLC, its General Partner

By: /s/ Dorian Merritt

Name: Dorian Merritt

Its: Attorney-In-Fact

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INVESTORS (CONTINUED):

ZIONS SBIC LLC

By: /s/ Kent Madsen

Name: Kent Madsen

Its: Manager

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INVESTORS (CONTINUED):

**BRIGHAM YOUNG UNIVERSITY,
a Utah nonprofit corporation**

By: /s/ G P Williams

Name: _____
G P Williams

Title: _____
Faculty Advisor

Cougar Capital contact information:

Brigham Young University,
a Utah nonprofit corporation
c/o Cougar Capital Program
David Paul – Treasurer
A-153 ASB
Provo, UT 84602
Email: davidwpaul@byu.edu
Phone: 801-422-4887

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INVESTORS (CONTINUED):

UNIVERSITY GROWTH FUND I, L.P.

By: UFIGP,LLC
Its: General Partner

By: /s/ Tom Stringham
Name: Tom Stringham
Its: Manager

By:
Name: /s/ Peter Harris
Its: Peter Harris
Manager

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INVESTORS (CONTINUED):

UPMC

By: /s/ C. Talbot Heppenstall, Jr.

Name: C. Talbot Heppenstall, Jr.

Its: Treasurer

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INVESTORS (CONTINUED):

OSF HEALTHCARE SYSTEM,
an Illinois not for profit corporation

By: /s/ Robert C. Sehring
Name: Robert C. Sehring
Its: Chief Executive Officer

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INVESTORS (CONTINUED):

/s/ John A. Kane

John A. Kane

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INVESTORS (CONTINUED):

JOHN MUIR HEALTH

By: /s/ Chris Pass
Name: Chris Pass
Its: Chief Financial Officer

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INVESTORS (CONTINUED):

IOWA HEALTH SYSTEM D/B/A UNITYPOINT HEALTH

By: /s/ Matthew Kirschner

Name: Matthew Kirschner

Title: Vice President, Treasury

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INVESTORS (CONTINUED):

ORBIMED ROYALTY OPPORTUNITIES II, LP

By OrbiMed Advisors LLC,
its investment manager

By: /s/ W. Carter Neild

Name: W. Carter Neild

Its: Member

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INVESTORS (CONTINUED):

/s/ Brent C. James

Brent C. James

[Signature Page to Fifth Amended and Restated Registration Agreement]

INVESTORS (CONTINUED):

/s/ W. David Hemingway

W. David Hemingway

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SCHEDULE I**SCHEDULE OF INVESTORS**

Investor:	Notice Address:	With a copy to (which shall not constitute notice to such Investor):
Sequoia Capital U.S. Growth Fund V, L.P.	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977 Attention: Michael Dixon	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
SC US GF V Holdings, LTD.	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977 Attention: Michael Dixon	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Sequoia Capital USGF Principals Fund IV, L.P.	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977 Attention: Michael Dixon	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Sequoia Capital U.S. Growth Fund IV, L.P.	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977 Attention: Michael Dixon	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Norwest Venture Partners XI, LP	525 University Avenue, Suite 800 Palo Alto, CA 94301 Attention: Promod Haque and William Myers	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Norwest Venture Partners XII, LP	525 University Avenue, Suite 800 Palo Alto, CA 94301 Attention: Promod Haque and William Myers	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
HQC Acquisition, LLC	c/o Sorenson Capital 3400 Ashton Blvd., Suite 400 Lehi, UT 84043 Telephone: (801) 407-8444 Telecopy: (801) 407-8410 Attention: Fraser Bullock	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Matoaka, LLC	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips

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Todd Cozzens	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Kaiser Permanente Ventures, LLC - Series A	Sam E. Brasch One Kaiser Plaza, 22 nd Floor Oakland, CA 94612	
Kaiser Permanente Ventures, LLC - Series B	Sam E. Brasch One Kaiser Plaza, 22 nd Floor Oakland, CA 94612	
The Permanente Federation LLC - Series J	Sam E. Brasch One Kaiser Plaza, 22 nd Floor Oakland, CA 94612	
CHV Fund II, LLC	340 W. 10 th Street, Suite 2100 Indianapolis, IN 46202 Attention: John D. Huesint Telephone: (317) 963-1310	
Partners HealthCare System, Inc.	101 Huntington Avenue, 4 th Floor Boston, MA 02199 Attn: Roger Kitterman Telephone: (617) 954-9500 Fax: (917) 954-9356	
Sands Capital Private Growth Fund, L.P.	Jonathan Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	
Sands Capital Private Growth Fund-HC, L.P.	Jonathan Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	
Sands Capital Private Growth Fund-HC2, L.P.	Jonathan P. Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	
Sands Capital Private Growth Fund-HC3, L.P.	Jonathan P. Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	
Sands Capital Private Growth Fund-HC4, L.P.	Jonathan P. Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	
Allina Health System	2925 Chicago Avenue Minneapolis, MN 55407 Telephone: (612) 262-5403 Facsimile: (612) 262-4264 Attention: General Counsel	Faegre Baker Daniels LLP 2200 Wells Fargo Center 90 South Seventh Street Minneapolis, MN 55402-3901 Telephone: (612) 766-7790 Telecopy: (612) 554-6467 Attention: Mark D. Pihlstrom

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Tenaya Capital VI, LP	c/o Tenaya Capital, LLC 3280 Alpine Road Portola Valley, CA 94028 Phone: 650-687-6500 Attn: Stewart Gollmer and Dave Markland	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Zions SBIC LLC	15 West South Temple #500 Salt Lake City, UT 84111 Attn: Kent Madsen	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Leavitt Equity Partners I, L.P.	299 S. Main Street, Suite 2300 Salt Lake City, UT 84111 Attn: Taylor Leavitt	
Brigham Young University (Cougar Capital)	Brigham Young University, a Utah nonprofit corporation c/o Cougar Capital Program David Paul – Treasurer A-153 ASB Provo, UT 84602 Email: davidwpaul@byu.edu Phone: 801-422-4887	
University Growth Fund I, L.P.	University Growth Fund 299 South Main, Suite 357 Salt Lake City, UT 84111 Attn: Tom Stringham	
UPMC	UPMC U.S. Steel Tower, Suite 6071 600 Grant Street Pittsburgh, PA 15219 Attn: Senior Associate Counsel and Vice President	
OSF Healthcare System	Attn: Robert C. Sehring, CEO 800 NE Glen Oak Avenue Peoria, IL 61603. Fax: 309-655-6869	
Leerink Capital Investors I L.P.	One Federal Street Boston, MA 02110 Attn: Todd Cozzens	
Leerink Transformation Fund I L.P.	One Federal Street, 25 th Floor Boston, MA 02110 Attn: Todd Cozzens Phone: (617) 918-4821 Fax: (617) 918-4921 todd@LTPequity.com	
MultiCare Health System	MultiCare Health System 737 S. Fawcett Ave. MS: 737-4-CFO Tacoma, WA 98402 Attn: Judy Swain Phone: 253.459.8003 Fax: 253.459.7854 Judy.swain@multicare.org	
John A. Kane	18242 Via Caprini Drive Ft Myers, FL 33913 Fax: 239-689-8187 Cell: 802-999-6769 Email jackakane@gmail.com	

Schedule of Investors to the Fifth Amended and Restated Registration Agreement

John Muir Health	1450 Treat Blvd Suite #350 Walnut Creek, CA 94597 Attn: Ravi Hundal M.D. or Taejoon Ahn M.D. MPH CPE Taejoon. Ahn_MD@johnmuirhealth.com	1400 Treat Boulevard Walnut Creek, CA 94597 Attn: General Counsel Phone: 925-941-2217 Fax: 925-952-2979 max.reynolds@johnmuirhealth.com
John Muir Medical Group, Inc.	1400 Treat Boulevard Walnut Creek, CA 94597 Attn: Chris Pass, CFO Phone: (925) 941-2622 Fax: (925) 952-2979 chris.pass@johnmuirhealth.com	
Omkara LLC	Omkara LLC c/o Anita Pramoda 6085 West Twain Ave., Suite 101 Las Vegas, NV 89103	
Ben Fatto Limited Partnership	Ben Fatto Limited Partnership Attn: Broc C. Hiatt and Craig D. Cardon 1223 S. Clearview Ave., Suite 103 Mesa, AZ 85209 bhiatt@cardonhiatt.com	
3M Company	3M Ventures 3M Company 3M Center, Building 220-9E-02 St. Paul, MN 55144-1000 bdwright2@mmm.com	
Iowa Health System D/B/A UnityPoint Health	UnityPoint Health 1776 West Lakes Parkway, Suite 400 West Des Moines, IA 50266-8239 matthew.kirschner@unitypoint.org	
Aetna Inc.	Aetna Inc. 151 Farmington Avenue, RC6A Hartford, CT 06156 Attention: General Counsel Fax: (860) 273-8430	Davis Polk & Wardwell LLP 450 Lexington Avenue New York, NY 10017 Attention: H. Oliver Smith And Harold Birnbaum Fax: (212) 701-5800
OrbiMed Royalty Opportunities II, LP	601 Lexington Avenue, 54th Floor New York, NY 10022 Attn: Mark Jelley jelleym@orbimed.com cc: ROSCreditOps@OrbiMed.com Telephone: (212) 739-6461	Covington & Burling LLP The New York Times Building, 620 Eighth Avenue New York, NY 10018-1405 Attn: Peter Schwartz
Brent C. James	4 E. Knightsbridge Lane Salt Lake City, UT 84103-2241 Brent.james@qualityscience.pro	
W David Hemingway	1212 Canyon Oaks Way Salt Lake City, UT 84103 wdavid.hemingway@gmail.com	

Schedule of Investors to the Fifth Amended and Restated Registration Agreement

FIFTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT

THIS FIFTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT (this “Agreement”) is made as of February 6, 2019, by and among Health Catalyst, Inc., a Delaware corporation (the “Company”), and the Persons listed on Schedule I attached hereto (each, an “Investor” and collectively, the “Investors”).

WHEREAS, certain of the parties to this Agreement are parties to a Series F Stock Purchase Agreement, dated as of the date hereof (the “Stock Purchase Agreement”), pursuant to which, among other things, certain of the Investors shall purchase shares of the Company’s newly-authorized Series F Preferred stock, par value \$0.001 per share (the “Series F Preferred”);

WHEREAS, certain of the Investors (the “Existing Investors”) hold shares of the Company’s Series A Preferred stock, par value \$0.001 per share (the “Series A Preferred”), Series B Preferred stock, par value \$0.001 per share (the “Series B Preferred”), Series C Preferred stock, par value \$0.001 per share (the “Series C Preferred”), Series D Preferred stock, par value \$0.01 per share (the “Series D Preferred”), and Series E Preferred stock, par value \$0.01 per share (the “Series E Preferred” and together with the Series A Preferred, the Series B Preferred, and the Series C Preferred, Series D Preferred, and Series F Preferred, the “Preferred Stock”), and possess information rights, rights of first offer, and other rights pursuant to a Fourth Amended and Restated Investor Rights Agreement, dated as of February 9, 2016, by and among the Company and such investors (the “Old Investor Rights Agreement”);

WHEREAS, the Existing Investors desire to amend and restate the Old Investor Rights Agreement in its entirety and to accept the rights created pursuant to this Agreement in lieu of the rights granted under the Old Investor Rights Agreement; and WHEREAS, in order to induce the Investors to enter into the Stock Purchase Agreement and consummate the transactions contemplated thereby, the Company and the Existing Investors have agreed to amend and restate the Old Investor Rights Agreement in its entirety and enter into this Agreement for the benefit of the Investors.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

Section 1. Covenants.

1A. Financial Statements and Other Information. The Company shall deliver to each Investor upon the request of that Investor (so long as such Investor holds any shares of Preferred Stock or any Underlying Common Stock):

(i) within thirty (30) days after the end of each monthly accounting period in each fiscal year, unaudited consolidated statements of income or operations, stockholders’ equity (or the equivalent) and cash flows of the Company and its subsidiaries on a combined basis for such monthly period and for the period from the beginning of the fiscal year to the end of such month,

and an unaudited consolidated balance sheet of the Company and its subsidiaries on a combined basis as of the end of such monthly period, setting forth for each monthly accounting period in each fiscal year comparisons to the Company's annual budget and to the corresponding period in the preceding fiscal year, and all such statements shall be prepared in accordance with GAAP, consistently applied;

(ii) within one hundred twenty (120) days after the end of each fiscal year, consolidated statements of income or operations, stockholders' equity (or the equivalent) and cash flows of the Company and its subsidiaries on a combined basis for such fiscal year, and a consolidated balance sheet of the Company and its subsidiaries on a combined basis as of the end of such fiscal year, setting forth in each case comparisons to the Company's annual budget and to the preceding fiscal year, all prepared in accordance with GAAP, consistently applied and accompanied by (a) an unqualified opinion of the Company's accounting firm (selected by the Board, but subject to the reasonable approval of the holders of a majority of the Preferred Stock if such firm is not a "Big Four" accounting firm) and (b) a copy of such firm's annual management letter to the Company's audit committee;

(iii) promptly after receipt by the Company, statements of income or operations, stockholders' equity (or the equivalent) and cash flows of each Person in which the Company has a Long-Term Investment;

(iv) promptly after receipt by the Company, any other financial statements or material reports concerning each Person in which the Company has a Long-Term Investment;

(v) promptly upon receipt thereof, any additional reports, management letters or other detailed information concerning significant aspects of the Company's or any of its subsidiaries' operations or financial affairs given to the Company by its independent accountants (and not otherwise contained in other materials provided hereunder);

(vi) no later than 60 calendar days following the commencement of each fiscal year, an annual budget and operating plan prepared on a quarterly basis for the Company and its subsidiaries for such fiscal year (displaying anticipated statements of income and cash flows and balance sheets and approved by the Board), and promptly upon preparation thereof any other significant budgets or operating plans prepared by the Company and any revisions of such annual or other budgets or operating plans, and within thirty (30) days after any quarterly period in which there is a material adverse deviation from the annual budget, a certificate explaining the deviation and what actions the Company has taken and proposes to take with respect thereto;

(vii) promptly after the discovery or receipt of notice of any noncompliance or default under any material agreement to which it or any of its subsidiaries is a party or any material adverse change, event or circumstance affecting the Company or any of its subsidiaries (including the filing of any material litigation against the Company or any of its subsidiaries or the existence of any known material dispute with any Person which involves a reasonable likelihood of such

litigation being commenced), notice (written or unwritten) thereof which specifies the nature and period of existence thereof and what actions the Company and/or its subsidiaries have taken and propose to take with respect thereto; and (viii) with reasonable promptness, such other financial data and information (including regulatory/compliance information) concerning the Company and its subsidiaries as any such Investor may reasonably request; provided that the Company shall not be obligated to provide any documents or information to an Investor if (i) the Company reasonably determines in good faith that such documents or information is a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or (ii) the Company's counsel determines that such disclosure would be reasonably likely to adversely affect the attorney-client privilege between the Company and its counsel.

Each of the financial statements referred to in subparagraphs (i) and (ii) above shall present fairly in all material respects the financial condition and operating results of the Company and its subsidiaries as and to the extent specified above as of the dates and for the periods set forth therein, subject in the case of the unaudited financial statements to changes resulting from normal year-end audit adjustments for recurring accruals (none of which would, alone or in the aggregate, be materially adverse to the financial condition, operating results, value, assets, operations or business prospects of the Company and its subsidiaries taken as a whole) of the types included in audited financials from prior fiscal years and the absence of footnotes with respect thereto. Except as otherwise required by law or judicial order or decree or by any governmental agency or authority, each Person entitled to receive information regarding the Company and its subsidiaries under this Paragraph 1A or Paragraph 1B below shall use the same standards and controls which such Person uses to maintain the confidentiality of its own confidential information (but in no event less than reasonable care) to maintain the confidentiality of all nonpublic information of the Company and its subsidiaries obtained by it pursuant to this Paragraph 1A or Paragraph 1B below; provided that each such Person may disclose such information in connection with any proposed sale or transfer of any Preferred Stock or Underlying Common Stock if such Person's transferee agrees in writing to be bound by the provisions hereof. For purposes of this Agreement, all holdings of Preferred Stock or Underlying Common Stock by Persons who are affiliates of each other shall be aggregated for purposes of meeting any threshold tests under this Agreement and the Registration Agreement. Notwithstanding anything to the contrary herein, Kaiser Permanente Ventures, LLC - Series A, Kaiser Permanente Ventures, LLC - Series B and The Permanent Federation LLC - Series J shall be deemed to be affiliates of each other.

1B. Certain Inspection Rights. The Company shall permit any representatives designated by any Investor (so long as such Investor holds any Preferred Stock or Underlying Common Stock) at such Investor's expense, and upon reasonable notice and during normal business hours, to (i) visit and inspect any of the properties of the Company and its subsidiaries, (ii) examine the corporate, financial and other records of the Company and its subsidiaries and make copies thereof or extracts therefrom and (iii) consult with the directors, managers, officers, compliance personnel, key employees and independent accountants of the Company and its subsidiaries concerning the affairs, compliance or regulatory status, finances and accounts of the Company and

its subsidiaries; provided that the Company shall not be obligated to permit the rights granted under this Paragraph 1B to an Investor if Company counsel determines in a written opinion that such rights would waive the attorney-client privilege in any pending litigation. Subject to the foregoing limitations, the presentation of an executed copy of this Agreement by any Investor or such other holder to the Company's independent accountants shall constitute the Company's permission to its independent accountants to participate in discussions with such Investors or their respective officers, directors, managers, employees, agents or advisors.

1C. Observer Rights.

(i) As long as one or more investment vehicles managed by Sands Capital Ventures, LLC or its affiliate (together, "Sands") collectively own not less than 750,000 shares of the Company's capital stock (as adjusted for subsequent stock splits, combinations, stock dividends or other similar events) the Company shall invite a representative of Sands to attend all meetings of its Board of Directors in a nonvoting observer capacity and, in this respect, shall give such representative copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; provided, however, that such representative shall agree to hold in confidence and trust all information so provided; and provided further, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such Investor or its representative is a competitor of the Company.

(ii) As long as Tenaya Capital VI, LP ("Tenaya") owns not less than 750,000 shares of the Company's capital stock (as adjusted for subsequent stock splits, combinations, stock dividends or other similar events) the Company shall invite a representative of Tenaya to attend all meetings of its Board of Directors in a nonvoting observer capacity and, in this respect, shall give such representative copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; provided, however, that such representative shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and provided further, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such Investor or its representative is a competitor of the Company.

(iii) As long as OrbiMed Royalty Opportunities II, LP together with its affiliates ("OrbiMed") owns not less than 150,000 shares of the Company's capital stock (as adjusted for subsequent stock splits, combinations, stock dividends or other similar events) the Company shall invite a representative of OrbiMed to attend all meetings of its Board of Directors in a nonvoting observer capacity and, in this respect, shall give such representative copies of all notices, minutes,

consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; provided, however, that such representative shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and provided further, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest, or if such Investor or its representative is a competitor of the Company.

1D. Reserved.

1E. Certain Negative Covenants in Favor of Preferred Stock.

(i) Majority Vote Covenants. So long as at least 5,000,000 shares of Preferred Stock (subject to proportionate adjustment for stock splits, stock dividends, combinations, and other recapitalizations) remain outstanding, the Company shall not, unless it has received the prior written consent of the holders of a majority of the outstanding shares of Series A Preferred stock:

(a) amend, supplement, modify, alter, repeal, terminate or waive any provision of the Company's Certificate of Incorporation, bylaws or any other organizational, charter or constituent agreement or document, or file any resolution of the Board with the Delaware Secretary of State;

(b) directly or indirectly (i) redeem, repurchase or otherwise acquire, or permit any of its subsidiaries to redeem, purchase or otherwise acquire, any of the Company's or any subsidiary's capital stock or other ownership interests or other equity securities (including warrants, options and other rights to acquire such capital stock or other ownership interests or other equity securities), other than (A) redemptions expressly authorized in the Certificate of Incorporation, or (B) repurchase or cancellation of vested stock options pursuant to the Company's equity incentive plan for an aggregate purchase price of no more than \$500,000 in any twelve (12)-month period so long as no event of noncompliance or default under any material agreement to which the Company or any of its subsidiaries is a party is in existence immediately prior to or is otherwise caused by any such repurchase; or (ii) redeem, repurchase or make any payments with respect to any stock or stock appreciation rights, phantom stock or similar rights or plans, or permit any of its subsidiaries to so redeem, repurchase or make such payments;

(c) directly or indirectly declare or pay, or permit any of its subsidiaries to declare or pay, any dividends or make any distributions upon any of its capital stock or other ownership interests or other equity securities, except that any subsidiary of the Company may pay dividends or make distributions to the Company or any wholly owned subsidiary of the Company;

(d) create, incur, assume or suffer to exist, or permit any subsidiary to create, incur, assume or suffer to exist, any Indebtedness or amend, modify, supplement or waive any provision of the agreements evidencing any existing Indebtedness of the Company or any subsidiary, except for Indebtedness in any individual circumstance not to exceed \$1,000,000 or in an aggregate amount outstanding at any given time not to exceed \$5,000,000; or

(e) engage in a Fundamental Change or a Change in Ownership (each as defined in the Company's Certificate of Incorporation);

(f) sell, lease or otherwise dispose of, or permit any subsidiary to sell, license or otherwise dispose of any material assets (including the capital stock or other ownership interest of any of its subsidiaries) outside the ordinary course of business or sell, lease, license, sub-license or permanently dispose of any of the Company's or any subsidiary's material Intellectual Property Rights outside the ordinary course of business;

(g) acquire, or permit any subsidiary to acquire, any interest in any company or business (whether by a purchase of assets, purchase of stock or other equity interests, merger or otherwise) or enter into or permit any Subsidiary to enter into any joint venture, except to the extent such acquisitions or investments do not exceed \$2,000,000 per year, in the aggregate;

(h) enter into, amend, modify or supplement any agreement, transaction, commitment or arrangement with any of its or any of its Subsidiaries' or any of its affiliates' direct or indirect officers, directors, key employees, stockholders or affiliates or with any Person related by blood, marriage or adoption to any such Person or any entity in which any of the foregoing owns a beneficial interest, except for customary employment arrangements or employment agreements, benefit programs and other arrangements as approved by the Board or the Compensation Committee (which approval must include the affirmative vote or consent of an Investor Director) and subject to subparagraph (i) below; or

(i) except as expressly contemplated by the Stock Purchase Agreement, amend or modify any equity incentive plan, employee equity ownership plan, profit sharing plan, phantom equity plan, equity appreciation rights plan or any similar plan, program or arrangement of the Company or any of its subsidiaries as in existence as of the date hereof (including increasing the number of shares of capital stock available for issuance thereunder or allocating additional aggregate profits interests or profits participation rights to any such plan, program or arrangement) or (ii) adopt or permit any of its subsidiaries to adopt, any new plan, program or arrangement of any such type, or (c) issue, or permit any of its subsidiaries to issue (other than pursuant to such a plan, program or arrangement existing on the date hereof and expressly disclosed on the Schedules to the Stock Purchase Agreement or thereafter adopted in accordance with the terms of the Transaction Agreements) any equity securities (including Common Stock, rights to acquire Common Stock or other equity

securities, capital stock, ownership interests, debt convertible into any of the foregoing or rights to acquire any of the foregoing) to its or its subsidiaries' or affiliates' officers, directors, employees, consultants or service providers.

(ii) Supermajority Vote Covenants. So long as 5,000,000 shares of Preferred Stock (subject to proportionate adjustment for stock splits, stock dividends, combinations, and other recapitalizations) remain outstanding, the Company shall not, unless it has received the prior written consent of the holders of at least sixty-six percent (66%) of the outstanding shares of Preferred Stock:

(a) liquidate, dissolve or wind up the Company or any of its subsidiaries or effect a recapitalization or reorganization in any form of transaction (including the formation of a parent holding company for the Company or a transaction to change the domicile of the Company);

(b) authorize, issue or enter into any agreement providing for the issuance (contingent or otherwise) of any capital stock or other equity securities (or any securities convertible into or exchangeable or exercisable for any capital stock or other equity securities) having rights, preferences or privileges which are senior to or on a parity with the Preferred Stock with respect to the payment of dividends, redemptions, distributions upon liquidation or otherwise or permit any Subsidiary to issue any such securities to any Person other than the Company or a wholly owned Subsidiary, except as required in connection with any mandatory redemption of Preferred Stock pursuant to the Company's Certificate of Incorporation;

(c) engage in a Fundamental Change or a Change in Ownership (each as defined in the Company's Certificate of Incorporation), except where the holders of Preferred Stock receive consideration per share of at least 1.0 times the Liquidation Value (as defined in the Company's Certificate of Incorporation) of the Series F Preferred;

(d) consummate an initial public offering of the Company's equity securities (an "IPO") or permit any of its subsidiaries or any of their respective corporate successors to consummate any such IPO; or

(e) materially change, or cause or allow any of the Company's subsidiaries to materially change, the business activities of the Company or any of its subsidiaries as currently conducted, or enter into, or permit any Subsidiary to enter into, the ownership, active management or operation of any business that is not related to the current business activities of the Company or any of its subsidiaries.

1F. Termination of Covenants. The covenants set forth in Paragraph 1A, Paragraph 1B, Paragraph 1C, Paragraph 1D and Paragraph 1E shall terminate and be of no further force or effect (i) upon consummation of the Company's IPO under the Securities Act of 1933, as

amended, and the rules and regulations promulgated thereunder, that is approved by the holders of outstanding Preferred Stock pursuant to subparagraph (ii)(d) of Paragraph 1E above, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Securities Exchange Act, (iii) upon a Change in Ownership or a Fundamental Change (each as defined in the Company's Certificate of Incorporation) that is either approved by the holders of outstanding Preferred Stock pursuant to subparagraph (ii)(c) of Paragraph 1E above or does not require such approval, or (iv) upon a liquidation, dissolution or winding up of the Company that is approved by the holders of outstanding Preferred Stock pursuant to subparagraph (ii)(a) of Paragraph 1E above, whichever event occurs first.

Section 2. Definitions. For the purposes of this Agreement, the following terms have the meanings set forth below:

“Compensation Committee” means the Compensation Committee established by the Board, if any.

“GAAP” means United States generally accepted accounting principles.

“Indebtedness” means at a particular time, without duplication: (i) all obligations of such Person for borrowed money or in respect of loans or advances, (ii) obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or debt securities, (iii) commitments by which a Person assures a creditor against loss (including contingent reimbursement obligations with respect to letters of credit and bankers' acceptances), (iv) obligations arising from cash/book overdrafts, (v) all obligations of such Person secured by a Lien, (vi) all guarantees of such Person in connection with any of the foregoing and any other indebtedness guaranteed in any manner by a Person (including guarantees in the form of an agreement to repurchase or reimburse), and (vii) all capital lease obligations.

“Intellectual Property Rights” means any and all intellectual and proprietary rights and rights in Confidential Information of every kind and description anywhere in the world, and all corresponding rights presently or hereafter existing, whether arising by operation of law, contract, license or otherwise, including all (i) patents and industrial designs (including utility model rights, design rights and industrial property rights), patent and industrial design applications, patent disclosures and inventions, together with all reissues, continuations, continuations-in-part, revisions, divisionals, extensions, and reexaminations in connection therewith, (ii) trademarks, service marks, trade dress, trade names, logos and corporate names and registrations and applications for registration thereof together with all of the goodwill associated therewith, (iii) Internet domain names and URLs and websites, (iv) copyrights (registered or unregistered) and copyright registrations and applications for registration thereof, (v) mask works and registrations and applications for registration thereof, (vi) copyrights, trade secret rights and other intellectual property rights in or to Software, records, technical drawings, programmer comments and annotations, data, databases and documentation thereof, and (vii) trade secret rights in and to Confidential Information (including ideas, formulas, compositions, inventions (whether patentable or unpatentable and

whether or not reduced to practice), know-how, manufacturing and production processes and techniques, research and development information, drawings, architectures, layouts, product specifications, designs, plans, proposals, technical data, financial and marketing plans and customer and supplier lists and information).

“Investment” as applied to any Person means (i) any direct or indirect purchase or other acquisition by such Person of any notes, obligations, instruments, stock, securities or ownership interest (including partnership interest and joint venture interests) of any other Person and (ii) any capital contribution by such to any other Person.

“Investor Director” shall have the meaning given to such term in the Stockholders Agreement.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof), any sale of receivables with recourse against the Company, any filing or agreement to file a financing statement as debtor under the Uniform Commercial Code or any similar statute.

“Long-Term Investment” means any Investment other than an Investment made in the ordinary course of business of the Company or any of its Subsidiaries.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“Registration Agreement” means that certain Fifth Amended and Restated Registration Agreement, dated as of the date hereof, among the Company and the Investors.

“Securities Exchange Act” means the Securities Exchange Act of 1934, as amended, or any similar federal law then in force.

“Stockholders Agreement” means that certain Fifth Amended and Restated Stockholders Agreement, dated as of the date hereof, among the Company and certain of its stockholders.

“Transaction Agreements” means the Stock Purchase Agreement and all of the agreements entered into in connection therewith.

“Underlying Common Stock” means (i) the Common Stock issued or issuable upon conversion of the Preferred Stock and (ii) any Common Stock or other securities issued or issuable with respect to the securities referred to in clause (i) above by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization. For purposes of this Agreement, any Person who holds Preferred Stock shall be deemed to be the holder of the Underlying Common Stock obtainable upon conversion of the

Preferred Stock in connection with the transfer thereof or otherwise regardless of any restriction or limitation on the conversion of the Preferred Stock, such Underlying Common Stock shall be deemed to be in existence, and such Person shall be entitled to exercise the rights of a holder of Underlying Common Stock hereunder. As to any particular shares of Underlying Common Stock, such shares shall cease to be Underlying Common Stock when they have been (a) effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them, (b) distributed to the public through a broker, dealer or market maker pursuant to Rule 144 under the Securities Act (or any similar provision then in force) or (c) repurchased by the Company or any Subsidiary.

Each capitalized term used but not defined herein shall have the meaning given to such term in the Stockholders Agreement.

Section 3. Miscellaneous.

3A. Right to Conduct Activities. The Company acknowledges that the Investors and their affiliates, members, equity holders, director representatives, partners, employees, agents and other related persons (“Investor Parties”) are engaged in the business of investing in private and public companies in a wide range of industries, including the industry segment in which the Company operates (the “Company Industry Segment”). Accordingly, the Company and the Investors acknowledge and agree that a Covered Person shall:

(i) have no duty to the Company to refrain from participating as a director, investor or otherwise with respect to any company or other person or entity, including any such company or other person or entity that is engaged in the Company Industry Segment or is otherwise competitive with the Company, and (ii) in connection with making investment decisions, to the fullest extent permitted by law, have no obligation of confidentiality or other duty to the Company to refrain from using any information, including, but not limited to, market trend and market data, which comes into such Covered Person’s possession, whether as a director, investor or otherwise (the “Information Waiver”), provided that the Information Waiver shall not apply, and therefore such Covered Person shall be subject to such obligations and duties as would otherwise apply to such Covered Person under applicable law, if the information at issue (i) constitutes material non-public information concerning the Company, or (ii) is covered by a contractual obligation of confidentiality to which the Company is subject.

Notwithstanding anything in this Paragraph 3A to the contrary, nothing herein shall be construed as a waiver of any Covered Person’s duty of loyalty or obligation of confidentiality with respect to the disclosure of confidential information of the Company. For the purposes of this Paragraph 3A, “Covered Persons” shall have the meaning set forth in the Company’s Stockholders Agreement.

3B. Green Dot. Neither the Company nor any of its Subsidiaries shall enter into any banking or nonbanking transaction or agreement with Green Dot Corporation or any of its Subsidiaries (including Next Estate Communications and Bonneville Bancorp) without the prior

written consent of Sequoia Capital U.S. Growth Fund IV, L.P. and Sequoia Capital U.S. Growth Fund V, L.P.

3C. Foreign Corrupt Practices Act Enforcement Actions. The Company shall promptly notify each of the Investors should Company become aware of any Enforcement Action (as defined in the Stock Purchase Agreement).

3D. Notice of Certain Events. In the event the Company takes any action at any meeting at which an Investor Director is not present in regards to any of the following:

(i) The Company shall give written notice to all holders of Preferred Stock at least 20 days prior to the date on which the Company closes its books or takes a record (a) with respect to any dividend or distribution upon Common Stock, (b) with respect to any pro rata subscription offer to holders of Common Stock or (c) for determining rights to vote with respect to any Organic Change (as such term is defined in the Company's Certificate of Incorporation), dissolution or liquidation.

(ii) The Company shall also give written notice to the holders of Preferred Stock at least 20 days prior to the date on which any Organic Change shall take place.

(iii) If a Change in Ownership (as such term is defined in the Company's Certificate of Incorporation) or a Fundamental Change (as such term is defined in the Company's Certificate of Incorporation) is proposed to occur, the Company shall give written notice of such Change in Ownership or Fundamental Change describing in reasonable detail the material terms and date of consummation thereof to each holder of Preferred Stock not more than 45 days nor less than 20 days prior to the consummation of such Change in Ownership or Fundamental Change, and the Company shall give each holder of Preferred Stock prompt written notice of any material change in the terms or timing of such transaction.

3E. Remedies. Each holder of Preferred Stock and Underlying Common Stock shall have all rights and remedies set forth in this Agreement, the Seventh Amended and Restated Certificate of Incorporation (as amended from time to time) and all rights and remedies which such holders have been granted at any time under any other agreement or contract and all of the rights which such holders have under applicable law. Any Person having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that, in addition to any other rights and remedies existing in its favor, any party shall be entitled to specific performance and/or other injunctive relief from any court of law or equity of competent jurisdiction (without posting any bond or other security) in order to enforce or prevent violation of the provisions of this Agreement.

3F. Consent to Amendments. Except as otherwise expressly provided herein, the provisions of this Agreement may be amended and the Company may take any action herein prohibited, or fail to perform any act herein required to be performed by it, only if the Company has obtained the prior written consent of the holders of a majority of the Preferred Stock, provided, however, that the holders of a majority of the Preferred Stock may waive compliance in writing with any provision hereof intended for the benefit of the holders of the Preferred Stock at any time. No other course of dealing between the Company and a holder of Preferred Stock or any delay in exercising any rights hereunder shall operate as a waiver of any rights of any such Persons. Notwithstanding the foregoing, (i) no provision of Section 1E(ii) shall be amended, modified or waived without the prior written consent of the holders of at least sixty-six percent (66%) of the Preferred Stock, (ii) Section 1C(i) may be amended only with the written consent of Sands, (iii) Section 1C(ii) may be amended only with the written consent of Tenaya, (iv) Section 1C(iii) may be amended only with the written consent of OrbiMed, and (v) if an amendment would treat an Investor in a materially disproportionate and adverse manner relative to the other Investors, then the amendment shall also require the consent of such Investor so adversely treated.

3G. Successors and Assigns. Except as otherwise expressly provided herein, all covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not, and whether or not any express assignment has been made, the provisions of this Agreement which are for any Investor's benefit as an Investor or holder of Preferred Stock or Underlying Common Stock are also for the benefit of, and enforceable by, any subsequent holder of such Preferred Stock or Underlying Common Stock.

3H. Capital and Surplus; Special Reserves. The Company agrees that the capital of the Company with respect to the Preferred Stock issued pursuant to the Stock Purchase Agreement shall be equal to the aggregate par value of such shares and that it shall not increase the capital of the Company with respect to any shares of the Company's capital stock at any time on or after the date of this Agreement without the prior consent of the holders of a majority of the Preferred Stock. The Company also agrees that it shall not create any special reserves under any applicable law without the prior written consent of the holders of a majority of the Preferred Stock.

3I. Generally Accepted Accounting Principles. Where any accounting determination or calculation is required to be made under this Agreement, such determination or calculation (unless otherwise provided) shall be made in accordance with GAAP, consistently applied, except that if because of a change in generally accepted accounting principles the Company would have to alter a previously utilized accounting method or policy in order to remain in compliance with GAAP, such determination or calculation shall continue to be made in accordance with the Company's previous accounting methods and policies, unless otherwise directed by the holders of a majority of the Preferred Stock.

3J. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

3K. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same Agreement.

3L. Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. The use of the word “including” in this Agreement shall mean “including without limitation”.

3M. Governing Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

3N. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (i) when delivered personally to the recipient, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day; provided that such notice under this clause (ii) shall not be effective unless within one business day of the notice a copy of such notice is dispatched to the recipient by first class mail, return receipt requested, or reputable overnight courier service (charges prepaid), (iii) one business day after it is sent to the recipient by reputable overnight courier service (charges prepaid) or (iv) five days after it is mailed to the recipient by first class mail, return receipt requested. Such notices, demands and other communications shall be sent to the Company at the address specified below, to each Investor at the address indicated on Schedule I attached hereto, or at such address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party. Any party may change its address for receipt of notice by providing sending prior written notice of the change to the sending party.

The Company:
Health Catalyst, Inc.
3165 East Millrock Drive, Suite 450
Salt Lake City, UT 84121
Attention: Dan Orenstein
Telephone: 801-708-6800
Fax: 801-365-0076

3O. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. The parties hereto intend that each covenant and agreement contained herein shall have independent significance. If any party has breached any covenant or agreement contained herein in any respect, the fact that there exists another covenant or agreement relating to the same subject matter (regardless of the relative levels of specificity) which such party has not breached shall not detract from or mitigate the fact that such party is in breach of the first covenant or agreement.

3P. Third-Party Beneficiaries. The parties hereto acknowledge and agree that all rights and privileges (including approvals and consents and rights to provide or withhold approval or consent) that may be exercised hereunder by the Investors or some group of Investors or the holders of some requisite percentage or amount of the Preferred Stock or Underlying Common Stock may be exercised by and for the benefit of the Investor Parties and for their own accounts to the same extent as if such Investor Parties were parties hereto (unless otherwise agreed by each such Investor Parties). Notwithstanding anything to the contrary in this Agreement, this Paragraph 3Q may not be amended or modified without the prior written consent of the Investor Parties.

3Q. Amendment of Old Investors Rights Agreement; Complete Agreement. The Old Investors Rights Agreement is hereby amended and restated in its entirety by this Agreement and the provisions of the Old Investors Rights Agreement shall no longer be of any force or effect. This Agreement and the other agreements and instruments referred to herein contain the complete agreement between the parties hereto with respect to the subject matter hereof and thereof and supersede any prior understandings, agreements and representations by or between the parties hereto (whether written or oral) which may have related to the subject matter hereof or thereof in any way.

3R. Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Preferred Stock after the date hereof, any purchaser of such shares of Preferred Stock may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an “Investor” for all purposes hereunder. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional investor, so long as such additional investor has agreed in writing to be bound by all of the obligations as an “Investor” hereunder.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Investor Rights Agreement on the date first written above.

HEALTH CATALYST, INC

By: /s/ Daniel D. Burton
Name: Daniel D. Burton
Title: Chief Executive Officer

[Signature Page to Fifth Amended and Restated Investor Rights Agreement]

INVESTORS:

SEQUOIA CAPITAL U.S. GROWTH FUND IV, L.P.
SEQUOIA CAPITAL USGF PRINCIPALS FUND IV, L.P.

By: SCGF IV Management, L.P., a Cayman Islands exempted limited partnership, General Partner of Each

By: SC US (TTGP), LTD., a Cayman Islands limited liability company

Its: General Partner

By: /s/ Mike Dixon

Name: Mike Dixon

Title: Managing Director

SC US GF V HOLDINGS, LTD.

a Cayman Islands exempted company

By: Sequoia Capital U.S. Growth Fund V, L.P. and Sequoia Capital USGF Principals Fund V, L.P., both Cayman Islands Exempted Limited Partnerships, its Members

By: SCGF V Management, L.P.,
a Cayman Islands Exempted Limited Partnership, its General Partner

By: SC US (TTGP), LTD.,

a Cayman Islands Exempted company, its General Partner

By: /s/ Mike Dixon

Name: Mike Dixon

Title: Director

[Signature Page to Fifth Amended and Restated Investor Rights Agreement]

INVESTORS (CONTINUED):

SEQUOIA CAPITAL U.S. GROWTH FUND V, L.P.

a Cayman Islands exempted limited partnership

By: SCGF V MANAGEMENT, L.P.,
a Cayman Islands exempted limited partnership, its General Partner

By: SC US (TTGP), LTD.,
a Cayman Islands exempted company, its General Partner

By: /s/ Mike Dixon

Name: Mike Dixon

Title: Director

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INVESTORS (CONTINUED):

NORWEST VENTURE PARTNERS XI, LP

By: Genesis VC Partners XI, LLC
Its: General Partner

By: NVP Associates, LLC
Its: Managing Member

By: /s/ Promod Haque
Name: Promod Haque
Its: _____

NORWEST VENTURE PARTNERS XII, LP

By: Genesis VC Partners XI, LLC
Its: General Partner

By: NVP Associates, LLC
Its: Managing Member

By: /s/ Promod Haque
Name: Promod Haque
Its: _____

INVESTORS (CONTINUED):

KAISER PERMANENTE VENTURES, LLC - SERIES A

By: /s/ Thomas Meier

Name: Thomas Meier

Title: SVP & Treasurer

KAISER PERMANENTE VENTURES, LLC - SERIES B

By: /s/ Chris Grant

Name: Chris Grant

Title: Member, Managing Committee

THE PERMANENTE FEDERATION LLC - SERIES J

By: /s/ Anne Cadwell

Name: Anne Cadwell

Title: CFO

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INVESTORS (CONTINUED):

CHV FUND II, LLC

By: CHV Fund II Management, LLC
Its: Manager

By: /s/ John D. Huesing
Name: John D. Huesing
Its: Authorized Representative

[Signature Page to Fifth Amended and Restated Investor Rights Agreement]

INVESTORS (CONTINUED):

SANDS CAPITAL PRIVATE GROWTH FUND, L.P.

By: Sands Capital Private Growth Fund-GP, L.P.
Its: General Partner

By: Sands Capital Private Growth Fund-GP, LLC
Its: General Partner

By: /s/ Jonathan Goodman
Name: Jonathan Goodman
Title: General Counsel

SANDS CAPITAL PRIVATE GROWTH FUND-HC, L.P.

SANDS CAPITAL PRIVATE GROWTH FUND-HC2, L.P.

SANDS CAPITAL PRIVATE GROWTH FUND-HC3, L.P.

SANDS CAPITAL PRIVATE GROWTH FUND-HC4, L.P.

By: Sands Capital Private Growth Fund-GP, L.P., its general partner

By: Sands Capital Private Growth Fund-GP, LLC, its general partner

By: /s/ Jonathan Goodman
Name: Jonathan Goodman
Title: General Counsel

[Signature Page to Fifth Amended and Restated Investor Rights Agreement]

INVESTORS (CONTINUED):

TENAYA CAPITAL VI, LP

By: Tenaya Capital VI GP, LLC, its General Partner

By: /s/ Dorian Merritt

Name: Dorian Merritt

Its: Attorney-In-Fact

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INVESTORS (CONTINUED):

ZIONS SBIC LLC

By: /s/ Kent Madsen
Name: Kent Madsen
Its: Manager

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INVESTORS (CONTINUED):

**BRIGHAM YOUNG UNIVERSITY,
a Utah nonprofit corporation**

By: /s/ G P Williams

Name:

G P Williams

Title:

Faculty Advisor

Cougar Capital contact information:

Brigham Young University,
a Utah nonprofit corporation
c/o Cougar Capital Program
David Paul – Treasurer
A-153 ASB
Provo, UT 84602
Email: davidwpaul@byu.edu
Phone: 801-422-4887

[Signature Page to Fifth Amended and Restated Investor Rights Agreement]

INVESTORS (CONTINUED):

UNIVERSITY GROWTH FUND I, L.P.

By: UFIGP,LLC
Its: General Partner

By: /s/ Tom Stringham
Name: Tom Stringham
Its: Manager

By: /s/ Peter Harris
Name: Peter Harris
Its: Manager

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INVESTORS (CONTINUED):

UPMC

By: /s/ C. Talbot Heppenstall, Jr.

Name: C. Talbot Heppenstall, Jr.

Its: Treasurer

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INVESTORS (CONTINUED):

OSF HEALTHCARE SYSTEM,
an Illinois not for profit corporation

By: /s/ Robert C. Sehring
Name: Robert C. Sehring
Its: Chief Executive Officer

[Signature Page to Fifth Amended and Restated Investor Rights Agreement]

INVESTORS (CONTINUED):

/s/ John A. Kane

John A. Kane

[Signature Page to Fifth Amended and Restated Investor Rights Agreement]

INVESTORS (CONTINUED):

JOHN MUIR HEALTH

By: /s/ Chris Pass
Name: Chris Pass
Its: Chief Financial Officer

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INVESTORS (CONTINUED):

IOWA HEALTH SYSTEM D/B/A UNITYPOINT HEALTH

By: /s/ Matthew Kirschner

Name: Matthew Kirschner

Title: Vice President, Treasury

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INVESTORS (CONTINUED):

ORBIMED ROYALTY OPPORTUNITIES II, LP

By OrbiMed Advisors LLC,
its investment manager

By: /s/ W. Carter Neild

Name: W. Carter Neild

Its: Member

[Signature Page to Fifth Amended and Restated Investor Rights Agreement]

INVESTORS (CONTINUED):

/s/ Brent C. James

Brent C. James

[Signature Page to Fifth Amended and Restated Investor Rights Agreement]

INVESTORS (CONTINUED):

/s/ W. David Hemingway

W. David Hemingway

[Signature Page to Fifth Amended and Restated Investor Rights Agreement]

SCHEDULE I

SCHEDULE OF INVESTORS

Investor:	Notice Address:	With a copy to (which shall not constitute notice to such Investor):
Sequoia Capital U.S. Growth Fund V, L.P.	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977 Attention: Michael Dixon	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
SC US GF V Holdings, LTD.	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977 Attention: Michael Dixon	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Sequoia Capital USGF Principals Fund IV, L.P.	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977 Attention: Michael Dixon	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Sequoia Capital U.S. Growth Fund IV, L.P.	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977 Attention: Michael Dixon	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Norwest Venture Partners XI, LP	525 University Avenue, Suite 800 Palo Alto, CA 94301 Attention: Promod Haque and William Myers	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Norwest Venture Partners XII, LP	525 University Avenue, Suite 800 Palo Alto, CA 94301 Attention: Promod Haque and William Myers	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips

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HQC Acquisition, LLC	c/o Sorenson Capital 3400 Ashton Blvd., Suite 400 Lehi, UT 84043 Telephone: (801) 407-8444 Telecopy: (801) 407-8410 Attention: Fraser Bullock	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Matoaka, LLC	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Todd Cozzens	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Kaiser Permanente Ventures, LLC -Series A	Sam E. Brasch One Kaiser Plaza, 22 nd Floor Oakland, CA 94612	
Kaiser Permanente Ventures, LLC -Series B	Sam E. Brasch One Kaiser Plaza, 22 nd Floor Oakland, CA 94612	
The Permanente Federation LLC -Series J	Sam E. Brasch One Kaiser Plaza, 22 nd Floor Oakland, CA 94612	
CHV Fund II, LLC	340 W. 10 th Street, Suite 2100 Indianapolis, IN 46202 Attention: John D. Huesing Telephone: (317) 963-1310	
Partners HealthCare System, Inc.	101 Huntington Avenue, 4 th Floor Boston, MA 02199 Attn: Roger Kitterman Telephone: (617) 954-9500 Fax: (917) 954-9356	
Sands Capital Private Growth Fund, L.P.	Jonathan Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	

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Sands Capital Private Growth Fund-HC, L.P.	Jonathan Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	
Sands Capital Private Growth Fund-HC2, L.P.	Jonathan P. Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	
Sands Capital Private Growth Fund-HC3, L.P.	Jonathan P. Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	
Sands Capital Private Growth Fund-HC4, L.P.	Jonathan P. Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	
Allina Health System	2925 Chicago Avenue Minneapolis, MN 55407 Telephone: (612) 262-5403 Facsimile: (612) 262-4264 Attention: General Counsel	Faegre Baker Daniels LLP 2200 Wells Fargo Center 90 South Seventh Street Minneapolis, MN 55402-3901 Telephone: (612) 766-7790 Telecopy: (612) 554-6467 Attention: Mark D. Pihlstrom
Tenaya Capital VI, LP	c/o Tenaya Capital, LLC 3280 Alpine Road Portola Valley, CA 94028 Phone: 650-687-6500 Attn: Stewart Gollmer and Dave Markland	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Zions SBIC LLC	15 West South Temple #500 Salt Lake City, UT 84111 Attn: Kent Madsen	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Leavitt Equity Partners I, L.P.	299 S. Main Street, Suite 2300 Salt Lake City, UT 84111 Attn: Taylor Leavitt	

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Brigham Young University (Cougar Capital)	Brigham Young University, a Utah nonprofit corporation c/o Cougar Capital Program David Paul – Treasurer A-153 ASB Provo, UT 84602 Email: davidwpaul@byu.edu Phone: 801-422-4887	
University Growth Fund I, L.P.	University Growth Fund 299 South Main, Suite 357 Salt Lake City, UT 84111 Attn: Tom Stringham	
UPMC	UPMC U.S. Steel Tower, Suite 6071 600 Grant Street Pittsburgh, PA 15219 Attn: Senior Associate Counsel and Vice President	
OSF Healthcare System	Attn: Robert C. Sehring, CEO 800 NE Glen Oak Avenue Peoria, IL 61603. Fax: 309-655-6869	
Leerink Capital Investors I L.P.	One Federal Street Boston, MA 02110 Attn: Todd Cozzens	
Leerink Transformation Fund I L.P.	One Federal Street, 25 th Floor Boston, MA 02110 Attn: Todd Cozzens Phone: (617) 918-4821 Fax: (617) 918-4921 todd@LTPequity.com	
MultiCare Health System	MultiCare Health System 737 S. Fawcett Ave. MS: 737-4-CFO Tacoma, WA 98402 Attn: Judy Swain Phone: 253.459.8003 Fax: 253.459.7854 Judy.swain@multicare.org	
John A. Kane	18242 Via Caprini Drive Ft Myers, FL 33913 Fax: 239-689-8187 Cell: 802-999-6769 Email jackakane@gmail.com	

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John Muir Health	1450 Treat Blvd Suite #350 Walnut Creek, CA 94597 Attn: Ravi Hundal M.D. or Taejoon Ahn M.D. MPH CPE Taejoon.Ahn_MD@johnmuirhealth.com	1400 Treat Boulevard Walnut Creek, CA 94597 Attn: General Counsel Phone: 925-941-2217 Fax: 925-952-2979 max.reynolds@johnmuirhealth.com
John Muir Medical Group, Inc.	1400 Treat Boulevard Walnut Creek, CA 94597 Attn: Chris Pass, CFO Phone: (925) 941-2622 Fax: (925) 952-2979 chris.pass@johnmuirhealth.com	
Omkara LLC	Omkara LLC c/o Anita Pramoda 6085 West Twain Ave., Suite 101 Las Vegas, NV 89103	
Ben Fatto Limited Partnership	Ben Fatto Limited Partnership Attn: Broc C. Hiatt and Craig D. Cardon 1223 S. Clearview Ave., Suite 103 Mesa, AZ 85209 bhiatt@cardonhiatt.com	
3M Company	3M Ventures 3M Company 3M Center, Building 220-9E-02 St. Paul, MN 55144-1000 bdwright2@mmm.com	
Iowa Health System D/B/A UnityPoint Health	UnityPoint Health 1776 West Lakes Parkway, Suite 400 West Des Moines, IA 50266-8239 matthew.kirschner@unitypoint.org	
Aetna Inc.	Aetna Inc. 151 Farmington Avenue, RC6A Hartford, CT 06156 Attention: General Counsel Fax: (860) 273-8430	Davis Polk & Wardwell LLP 450 Lexington Avenue New York, NY 10017 Attention: H. Oliver Smith And Harold Birnbaum Fax: (212) 701-5800
OrbiMed Royalty Opportunities II, LP	601 Lexington Avenue, 54th Floor New York, NY 10022 Attn: Mark Jelley jelley@orbimed.com cc: ROSCreditOps@OrbiMed.com Telephone: (212) 739-6461	Covington & Burling LLP The New York Times Building, 620 Eighth Avenue New York, NY 10018-1405 Attn: Peter Schwartz

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Brent C. James	4 E. Knightsbridge Lane Salt Lake City, UT 84103-2241 Brent.james@qualityscience.pro	
W David Hemingway	1213 Canyon Oaks Way Salt Lake City, UT 84103 wdavid.hemingway@gmail.com	

Schedule of Investors for Series F Investor Rights Agreement

FIFTH AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

THIS FIFTH AMENDED AND RESTATED STOCKHOLDERS AGREEMENT (this “Agreement”) is made and entered into as of February 6, 2019, by and among Health Catalyst, Inc., a Delaware corporation (the “Company”), each of the Persons listed on the Schedule of Investors attached hereto (each, an “Investor” and together with any subsequent investors or transferees who become parties hereto as “Investors” pursuant to paragraph 5 below, the “Investors”) and each of the Persons listed on the Schedule of Key Holders attached hereto (each, an “Key Holder” and together with any subsequent investors or transferees who become parties hereto as “Key Holder” pursuant to paragraph 5 below, the “Key Holders”). The Investors and the Key Holders are collectively referred to herein as the “Stockholders” and individually as a “Stockholder.” Except as otherwise provided herein, capitalized terms used herein are defined in paragraph 9 hereof.

WHEREAS, certain of the parties to this Agreement are parties to a Stock Purchase Agreement, dated as of February 6, 2019 (the “Stock Purchase Agreement”), pursuant to which, among other things, certain of the Investors shall purchase shares of the Company’s newly authorized Series F Preferred stock, \$0.001 par value per share (the “Series F Preferred”).

WHEREAS, certain of the Investors (the “Existing Investors”) hold all of the issued and outstanding shares of the Company’s Series A Preferred stock, \$0.001 par value per share (the “Series A Preferred”), Series B Preferred stock, \$0.001 par value per share (the “Series B Preferred”), Series C Preferred stock, \$0.001 par value per share (the “Series C Preferred”), Series D Preferred stock, \$0.001 par value per share (the “Series D Preferred”) and Series E Preferred stock, \$0.001 par value per share (the “Series E Preferred”, and together with the Series A Preferred, the Series B Preferred, the Series C Preferred, the Series D Preferred and the Series F Preferred, the “Preferred Stock”), and are parties to that certain Fourth Amended and Restated Stockholders Agreement, dated February 9, 2016, by and among the Company, the Existing Investors, and the Other Stockholders (as defined therein), as amended from time to time (the “Old Stockholders Agreement”), for the purposes, among others, of (i) establishing the composition of the Company’s board of directors (the “Board”), (ii) assuring the continuity of the management and ownership of the Company, (iii) limiting the manner and terms by which the Company’s capital stock may be transferred, and (iv) establishing certain rights in favor of the Existing Investors;

WHEREAS, the Key Holders are each holders of issued and outstanding shares of the Company’s Common Stock, \$0.001 par value per share (the “Common Stock”);

WHEREAS, the parties to the Old Stockholders Agreement desire to amend and restate the Old Stockholders Agreement in its entirety to, among other things, add the new Investors as parties; and WHEREAS, the execution and delivery of this Agreement is a condition to the closing (the “Closing”) of the transactions contemplated by the Stock Purchase Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. Board of Directors.

(a) From and after the Closing and until the provisions of this paragraph 1 cease to be effective, each holder of Stockholder Shares shall vote all of his, her or its Stockholder Shares which are voting shares and any other voting securities of the Company over which such holder has voting control and shall take all other necessary or desirable actions within his, her or its control (whether in his, her or its capacity as a stockholder, director, member of a board committee or officer of the Company or otherwise, and including attendance at meetings in person or by proxy for purposes of obtaining a quorum and execution of written consents in lieu of meetings), and the Company shall take all necessary or desirable actions within its control (including calling special board and stockholder meetings), so that:

(i) the authorized number of directors on the Board shall be established and maintained at nine (9) directors;

(ii) the following persons shall be elected to the Board:

(A) two (2) representatives designated by Sequoia Capital U.S. Growth Fund IV, L.P. (together with its Affiliates and partners, "Sequoia"), for so long as Sequoia owns beneficially at least 2,500,000 shares of Common Stock (including shares of Common Stock issued or issuable upon conversion of Preferred Stock), which number is subject to appropriate adjustment for all stock splits, dividends, combinations, recapitalizations and the like (the "Sequoia Directors"), who shall initially be Michael Dixon and Anita Pramoda, in each case until otherwise designated by Sequoia;

(B) two (2) representatives designated by the Key Holders, determined by a vote of the Key Holders owning a majority of the outstanding Key Holder Shares then held by all Key Holders (the "Key Holder Directors"), who shall initially be Fraser Bullock and Tim Ferris, in each case until otherwise designated by the Key Holders;

(C) one (1) representative designated by Norwest Venture Partners XI, LP (together with its Affiliates and partners, "Norwest"), for so long as Norwest owns beneficially at least 2,500,000 shares of Common Stock of the Company (including shares of Common Stock issued or issuable upon conversion of Preferred Stock), which number is subject to appropriate adjustment for all stock splits, dividends, combinations, recapitalizations and the like (the "Norwest Director"), who shall initially be Promod Haque until otherwise designated by Norwest;

(D) one (1) representative who is the then current Chief Executive Officer of the Company (the "CEO Director") who shall initially be Daniel D. Burton; and

(E) three (3) representatives who are mutually acceptable to the other members of the Board (the "Independent Director"), who shall initially be John A. Kane, Todd Cozzens, and Duncan Gallagher, until otherwise designated by the Board.

(iii) To the extent that any of clauses (ii)(A) through (ii)(C) above shall not be applicable, any member of the Board who would otherwise have been designated in accordance

with the terms thereof shall instead be voted upon by all the stockholders of the Company entitled to vote thereon in accordance with, and pursuant to, the Company's Certificate of Incorporation.

(iv) subject to paragraph 1(a)(v) below, any director of the Company may be removed from the Board in the manner allowed by law and the Company's or such Subsidiary's Certificate of Incorporation and Bylaws, each as amended and/or restated from time to time, or similar governing documents; provided that, (A) each Sequoia Director shall be removed without cause only upon the written request of Sequoia, (B) the Norwest Director shall only be removed without cause upon the written request of Norwest, and (C) the Key Holder Directors shall only be removed without cause upon the written request of the Key Holders that hold a majority of the outstanding Stockholder Shares then held by all of the Key Holders; and

(v) in the event that any representative designated hereunder for any reason ceases to serve as a member of the Board during his or her term of office, the resulting vacancy on the Board shall be filled pursuant to subparagraph (ii) above.

(b) The Company has previously established an Audit Committee, a Compensation Committee, and a Nominating Committee. Any other committee of the Board may only be established with the affirmative vote or consent of at least five (5) of the directors. Upon Sequoia's request, any committees established by the Board (including the Audit and Compensation Committees) shall include at least one (1) of the Sequoia Directors.

(c) The Company shall pay the reasonable travel expenses incurred by each director in connection with attending the meetings of the Board and any committee thereof. The Company shall maintain requisite directors and officers indemnity insurance coverage which is reasonably satisfactory to the Investors, which shall be in effect at all times, and the Company's Certificate of Incorporation and Bylaws, each as amended and/or restated from time to time, shall at all times provide for indemnification and exculpation of directors to the fullest extent permitted under applicable law. Unless otherwise agreed in writing by the Investors that hold a majority of the outstanding Stockholder Shares then held by all of the Investors, the Company shall hold a meeting of the Board at least once in each fiscal quarter, and each such meeting shall occur no later than 120 days after the preceding meeting.

(d) Provisions (a) through (c) of this paragraph 1 shall terminate automatically and shall be of no further force and effect upon the consummation of (i) the IPO, or (ii) a Sale of the Company.

(e) After the consummation of an IPO and for so long as any Investor (together with its Affiliates) holds an aggregate of at least 5% of the outstanding shares of the Company's Common Stock, the Company shall nominate a representative designated by such Investor to serve as a member of the Board and take all reasonable actions necessary to effect such Board representation.

(f) If any Subsidiary of the Company has a board of directors or equivalent governing body, the composition of the board of directors or equivalent governing body of such Subsidiary (each, a "Sub Board") shall be proportionately equivalent to that of the Board and all provisions of this paragraph 1 shall apply to such Subsidiary and such Sub Boards.

2. Representations and Warranties; Agreements. Each Stockholder represents and warrants as of the date hereof that (i) this Agreement has been duly authorized, executed and delivered by such Stockholder and constitutes the valid and binding obligation of such Stockholder, enforceable in accordance with its terms, and (ii) such Stockholder has not granted and is not a party to any proxy, voting trust or other agreement which is inconsistent with, conflicts with or violates any provision of this Agreement. No holder of Stockholder Shares shall grant any proxy or become party to any voting trust or other agreement which is inconsistent with, conflicts with or violates any provision of this Agreement.

3. Certain Transfer Restrictions.

(a) Except as required by paragraph 8 hereof, no Key Holder shall sell, transfer, assign, pledge or otherwise dispose of (whether with or without consideration and whether voluntarily or involuntarily or by operation of law or otherwise) any interest in any Stockholder Shares (a "Transfer"), until and in connection with an IPO or a Sale of the Company ("Restricted Period") without the prior written consent of Investors holding a majority of the outstanding shares of Preferred Stock. After the expiration of the Restricted Period, no Key Holder shall Transfer any interest in any Stockholder Shares, except pursuant to a Public Sale or a Sale of the Company (an "Exempt Transfer") or the provisions of this paragraph 3. For the avoidance of doubt, the Investors shall not be subject to the provisions of this paragraph 3.

(b) The restrictions contained in this paragraph 3 shall not apply with respect to any Transfer of Stockholder Shares by a Key Holder (i) subject to compliance by the Company with paragraph 1E(i)(b) of the Investor Rights Agreement, (ii) to the Company pursuant to a repurchase of Stockholders Shares from a Key Holder by the Company at a price no greater than that originally paid by such Key Holder for such Stockholder Shares which is consummated pursuant to an agreement containing vesting and/or repurchase provisions approved by a majority of the Board, (iii) pursuant to applicable laws of descent and distribution or (iv) among such Key Holder's Family Group (collectively referred to herein as "Permitted Transferees"); provided that such restrictions shall continue to be applicable to the Stockholder Shares after any such Transfer and the transferees of such Stockholder Shares shall agree in writing to be bound by the provisions of this Agreement affecting the Stockholder Shares so transferred as a condition precedent to any such Transfer. For purposes of this Agreement, "Family Group" means the spouse, descendants (whether natural or adopted), siblings, nieces, nephews or any other relative approved by the Board, or any trust established solely for the benefit of such individual and/or such individual's spouse, descendants, siblings, nieces, nephews, or other relatives approved by the Board. Notwithstanding the foregoing, no party hereto shall avoid the provisions of this Agreement by making one or more transfers to one or more Permitted Transferees and then disposing of all or any portion of such party's interest in any such Permitted Transferee.

4. Holdback Agreement. No Key Holder shall effect any Transfer, except an Exempt Transfer, of any Stockholder Shares or of any other capital stock or equity securities of the Company, or any securities convertible into or exchangeable or exercisable for such stock or securities, (a) from the date on which the Company gives notice to the holders of registrable securities that a preliminary prospectus has been circulated for an IPO to the date that is 180 days following the date of the final prospectus for such IPO or (b) from the date on which the Company gives notice to the holders of registrable securities of the circulation of a preliminary or final prospectus for any subsequent underwritten registration to the

date that is 90 days following the date of the final prospectus for such subsequent underwritten registration, unless, in each case, the underwriters managing the registration otherwise agree in writing.

5. Future Sales; Transfers by Stockholders. Prior to the Company issuing any shares of its capital stock to any Person who is not a party to this Agreement, the Company shall cause such Person to be bound by this Agreement as an Investor or Key Holder, as the case may be, and to execute and deliver to the Company and the Investors and the Key Holders a counterpart of this Agreement. When a Person becomes party to this Agreement in accordance with the forgoing sentence, the Company shall cause the Schedule of Investors and Schedule of Key Holders attached to this Agreement to be amended to reflect the addition of such Person. Transferees of shares of Preferred Stock held by Investors shall be deemed to be Investors hereunder. Transferees of shares of Common Stock of the Company held by Key Holders shall be bound by the provisions of this Agreement as Key Holders. Notwithstanding the foregoing, the Company may issue shares of its capital stock to employees or consultants or directors of the Company or any of its subsidiaries without such Persons being bound by this Agreement so long as such shares are issued pursuant to the Company's 2011 Stock Incentive Plan, as amended.

6. Legend. Each certificate evidencing Stockholder Shares and each certificate issued in exchange for or upon the Transfer of any Stockholder Shares shall be stamped or otherwise imprinted with a legend in substantially the following form:

“The transfer of the securities represented by this certificate is subject to a Fifth Amended and Restated Stockholders Agreement dated as of February 6, 2019, among the issuer of such securities (the “Company”) and certain of the Company's stockholders, as the same may be amended or modified from time to time. A copy of such Fifth Amended and Restated Stockholders Agreement shall be furnished without charge by the Company to the holder hereof upon written request.”

The Company shall imprint such legend on certificates evidencing Stockholder Shares outstanding as of the date hereof.

7. Preemptive Rights.

(a) If the Company authorizes the issuance or sale of any shares of Common Stock or any other capital stock of the Company or any securities (including debt securities) containing options or rights to acquire any shares of Common Stock (other than as a dividend on the outstanding shares of capital stock) or any securities exchangeable for or convertible into Common Stock, including any Preferred Stock (collectively, “Securities”), other than in an Exempt Issuance, the Company shall first offer to sell to each of the Eligible Stockholders a portion of such Securities equal to the quotient determined by dividing (A) the number of shares of Common Stock held by such holder (including shares of Common Stock issuable upon conversion of the Preferred Stock) by (B) the Company's fully-diluted Common Stock then outstanding (including shares of Common Stock issuable upon conversion of the Preferred Stock and the full exercise of outstanding options exercisable for (directly or indirectly) Common Stock). Each Eligible Stockholder shall be entitled to purchase all or any portion of its allotment of such Securities at the most favorable price and on the most favorable terms as such Securities are issued and sold to any other Persons;

provided that if all Persons entitled to purchase or receive such Securities are required to also purchase other securities of the Company, the Persons exercising their rights pursuant to this paragraph shall also be required to purchase the same strip of securities (on the same terms and conditions) that such other Persons are required to purchase.

(b) In order to exercise its purchase rights hereunder, an Eligible Stockholder must within 20 days after receipt of written notice from the Company describing in reasonable detail the Securities being offered, the purchase price thereof, the payment terms and such Eligible Stockholder's percentage allotment, deliver a written notice to the Company describing its election hereunder. If all of the Securities offered to the Eligible Stockholders are not fully subscribed by such Eligible Stockholders, the remaining Securities shall be reoffered by the Company to the Eligible Stockholders purchasing their full allotment upon the terms set forth in this paragraph, except that such holders must exercise their purchase rights within five (5) days after receipt of such reoffer.

(c) Upon the expiration of the offering periods described above, the Company shall be entitled to sell such Securities which the Eligible Stockholders have not elected to purchase during the 90 days following such expiration on terms and conditions no more favorable to the purchasers thereof than those offered to such holders. Any Securities offered or sold by the Company after such 90-day period must be reoffered to the Eligible Stockholders pursuant to the terms of this paragraph.

(d) In the event that the Company is unable to comply with the provisions of this paragraph 7 at the time of any issuance of Securities due to circumstances related to the issuance of such Securities to a third party, the Company shall give notice to the Eligible Stockholders within 30 days after such issuance of Securities. Such notice shall describe the type, price, and terms of the Securities. Each Eligible Stockholder shall have 20 days from the date notice is given to elect to purchase up to the number of Securities that would, if purchased by such Eligible Stockholder, maintain such Eligible Stockholders' percentage-ownership position, calculated as set forth in paragraph 7(a). The closing of such sale shall occur within 60 days of the date notice is given to the Eligible Stockholders.

(e) The provisions of this paragraph 7 shall terminate upon the earlier to occur of (i) immediately before the consummation of an IPO, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Securities Exchange Act of 1934, as amended, or (iii) a Sale of the Company in which the Investors sell for cash 100% of the shares of capital stock of the Company held by the Investors at the time of such Sale of the Company.

8. Sale of the Company.

(a) If (i) the Board, (ii) the holders of a majority of the Series A Preferred voting separately as a class, and (iii) if required pursuant to paragraph 1E(ii)(c) of the Investor Rights Agreement, the holders of at least sixty-six percent (66%) of the outstanding shares of Preferred Stock, determine to effect a Sale of the Company and deliver written notice to the holders of Stockholder Shares invoking the provisions of this paragraph 8 (any such sale, an "Approved Sale"), subject to Section 8(d) below, the holders of Stockholders Shares shall consent to, vote in favor of and raise no objections against the Approved Sale.

(b) Subject to Section 8(d), if the Approved Sale is structured as (i) a merger or consolidation, each holder of Stockholder Shares shall vote such holder's Stockholder Shares to approve such merger or consolidation, whether by written consent or at a stockholders meeting (as requested by the Investors) and waive all dissenter's rights, appraisal rights and similar rights in connection with such merger or consolidation, (ii) a sale of stock, each holder of Stockholder Shares shall agree to sell, and shall sell, all of such holder's Stockholder Shares and rights to acquire Stockholder Shares on the terms and conditions so approved by the Board, the holders of a majority of the Series A Preferred, and, if required pursuant to Section 8(a) above, the holders of at least seventy-five percent (75%) of the outstanding shares of Preferred Stock, or (iii) a sale of assets, each holder of Stockholder Shares shall vote its Stockholder Shares to approve such sale and any subsequent liquidation of the Company or other distribution of the proceeds therefrom, whether by written consent or at a stockholders meeting (as requested by the Board).

(c) In furtherance of the foregoing, each holder of Stockholder Shares shall take, with respect to such holder's Stockholder Shares, all necessary or desirable actions reasonably requested by the Board in connection with the consummation of the Approved Sale, including without limitation, voting to approve such transaction and executing the applicable purchase agreement and related documents.

(d) The obligations of the holders of Stockholder Shares with respect to an Approved Sale are subject to the satisfaction of the following conditions: (i) upon the consummation of the Approved Sale, each holder of Stockholder Shares will receive the same form of consideration and the same portion of the aggregate consideration that such holders of Stockholder Shares would have received if such aggregate consideration had been distributed by the Company in complete liquidation pursuant to the rights and preferences set forth in the Company's Certificate of Incorporation as in effect immediately prior to such Approved Sale; (ii) if any holders of a class of Stockholder Shares are given an option as to the form and amount of consideration to be received, each holder of such class of Stockholder Shares will be given the same option; (iii) each holder of then currently exercisable rights to acquire shares of a class of Stockholder Shares will be given an opportunity to exercise such rights prior to the consummation of the Approved Sale and participate in such sale as holders of such class of Stockholder Shares; (iv) the consideration to be received by the Stockholders in connection with such Approved Sale shall, unless otherwise approved by the Board and the holders of a majority of the outstanding Preferred Stock, consist solely of cash and/or public company securities (which are freely tradable within not more than three (3) months following closing, subject only to customary lock-up provisions) from a company with an aggregate "public float" immediately prior to such transaction of not less than \$500,000,000; (v) all warranty and indemnification obligations and caps on liability shall be on a pro rata basis based on the consideration received by each Stockholder in connection with the Approved Sale (and none shall be on a joint and several basis), except that necessary individual representations, warranties and covenants particular to individual Stockholders will be made only by such Stockholder (e.g., representations regarding ownership of securities, authority, due execution, knowledge, awareness and breaches of covenants, etc.) and liability with respect thereto will be borne by the breaching party only; (vi) any escrow or holdback of proceeds in connection with such Approved Sale shall be on a pro rata basis among all Stockholders based on the consideration received by (or to be paid to) each Stockholder in connection with such Approved Sale; (vii) no Investor will be required to become bound by any non-competition covenant, restraint, non-solicitation covenant or any similar restrictive covenant without its consent; and (viii) no Stockholder's liability to the buyer or any other person (including any warranty or indemnification obligations) in connection with such Approved Sale will exceed

the actual amount of proceeds actually received by such Stockholder in consideration for his, her or its Stockholder Shares, other than in the case of fraud or willful misrepresentation. The condition that each holder of Stockholder Shares receive, or is provided with the same option to receive, the same form of consideration as set forth in clause (i) and clause (ii) above shall be deemed satisfied even if certain holders of Stockholders Shares receive, to the exclusion of others, securities of the entity acquiring the Company in an Approved Sale, so long as each holder of Stockholder Shares receives the same amount of value, whether in cash or such securities, as of the closing of such Approved Sale with respect to such holder's Stockholder Shares.

(e) If the Company or the holders of the Company's securities enter into any negotiation or transaction for which Rule 506 (or any similar rule then in effect) of the Securities Act promulgated by the Securities Exchange Commission may be available with respect to such negotiation or transaction (including a merger, consolidation or other reorganization), the holders of Stockholder Shares shall at the request of the Company, appoint a "purchaser representative" (as such term is defined in Rule 501 of the Securities Act) reasonably acceptable to the Company. If any holder of Stockholder Shares appoints a purchaser representative designated by the Company, the Company shall pay the fees of such purchaser representative. However, if any holder of Stockholder Shares declines to appoint the purchaser representative designated by the Company, such holder shall appoint another purchaser representative (reasonably acceptable to the Company), and such holder shall be responsible for the fees of the purchaser representative so appointed.

(f) Subject to paragraph (e) above, each holder of Stockholder Shares shall, to the extent requested by the Company, pay such holder's pro rata share of the expenses incurred by the holders in connection with an Approved Sale.

(g) The provisions of this paragraph 8 shall terminate upon the consummation of an IPO.

9. Definitions.

"Affiliate" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise. Notwithstanding anything to the contrary herein, the Kaiser Entities shall be deemed to be Affiliates of each other.

"Agreement" has the meaning set forth in the preamble hereto.

"Approved Sale" has the meaning set forth in paragraph 8(a).

"Board" has the meaning set forth in the recitals hereto.

"CEO Director" has the meaning set forth in paragraph 1.

“Company’s Certificate of Incorporation” means that certain Seventh Amended and Restated Certificate of Incorporation of the Company, dated on or about the date hereof, as amended from time to time.

“Confidential Information” means all information of a confidential or proprietary nature (whether or not specifically labeled or identified as “confidential”), in any form or medium, that relates to the Company or its business relations and activities. Confidential Information includes, but is not limited to, the following: (i) internal business information (including historical and projected financial information and budgets and information relating to strategic and staffing plans and practices, business, training, marketing, promotional and sales plans and practices, cost, rate and pricing structures and accounting and business methods); (ii) identities and individual requirements of, and specific contractual arrangements with, the Company’s customers, independent contractors, joint venture partners and other business relations and their confidential information; (iii) trade secrets, know-how, compilations of data and analyses, techniques, systems, formulae, research, records, reports, manuals, documentation, models, data and data bases relating thereto; and (iv) inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports and all similar or related information (whether or not patentable). The term “Confidential Information” shall not apply to anything which, as shown by appropriate written or reliable evidence, is publicly known or generally known in the healthcare or information technology industry or profession or, as shown by appropriate written or reliable evidence, shall become publicly known or generally known in the healthcare or information technology industry or profession, other than by reason of breach by the applicable party bound hereunder or its Affiliates.

“Closing” has the meaning set forth in the recitals hereto.

“Common Stock” has the meaning set forth in the recitals hereto.

“Company” has the meaning set forth in the preamble hereto.

“Covered Persons” means any holder (so long as that holder is a Key Investor, as defined below) of Preferred Stock or any Affiliate, partner, member, director, stockholder, employee, agent or other related person of any such holder, other than someone who is an employee of the Company or any of its Subsidiaries.

“Eligible Stockholder” (i) any Key Holder who holds more than 8% of the Company’s then outstanding capital stock calculated on a fully-diluted basis (including full exercise of outstanding options and/or warrants, but excluding shares reserved for issuance as such), and (ii) each of the Investors and their respective successors and assigns.

Notwithstanding anything to the contrary herein, the aggregate rights of the Kaiser Entities to purchase Securities under Section 7 may be allocated among such entities in their discretion.

“Exempt Issuance” means any issuance of Securities (i) in an IPO, (ii) as consideration in connection with the acquisition of another company or business as to which approval of the holders of a majority of the outstanding Series A Preferred stock under paragraph 1E(i)(g) of the Investor Rights Agreement is either obtained or not required, (iii) to employees or consultants or directors of the Company or any of its subsidiaries pursuant to any plan, agreement, or arrangement approved by the Board and, if

required under paragraph 1E(i)(i) of the Investor Rights Agreement, the holders of a majority of the outstanding Series A Preferred stock, (iv) upon conversion or exercise of, or in exchange for, any securities of the Company or any options or other rights to acquire securities of the Company, (v) pursuant to any stock split, stock dividend, distribution, stock combination, recapitalization or similar transaction that affects all stockholders or holders of any class of securities (as the case may be) proportionately, (vi) to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board, (vii) to suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions approved by the Board, or (viii) issued in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the Board.

“Exempt Transfer” has the meaning set forth in paragraph 3(a).

“Family Group” has the meaning set forth in paragraph 3(b).

“Independent Director” has the meaning set forth in paragraph 1.

“Investor Directors” means the Sequoia Directors and the Norwest Director.

“Investors” means those Persons identified on the Schedule of Investors attached hereto and such other Persons as may become “Investors” hereunder from time to time under the circumstances described in paragraph 5.

“Investor Rights Agreement” means the Fifth Amended and Restated Investor Rights Agreement, dated on or around the date hereof as amended and/or restated from time to time.

“IPO” means an initial Public Offering.

“Kaiser Entities” shall mean Kaiser Permanente Ventures, LLC—Series A, Kaiser Permanente Ventures, LLC—Series B and The Permanente Federation LLC—Series J.

“Key Holders” means those Persons identified on the Schedule of Key Holders attached hereto and such other Persons as may become “Key Holders” hereunder from time to time under the circumstances described in paragraph 5.

“Key Holder Directors” has the meaning set forth in paragraph 1.

“Key Holder Shares” means Stockholder Shares held by Key Holders.

“OrbiMed” means OrbiMed Royalty Opportunities II, LP.

“Permitted Transferees” has the meaning set forth in paragraph 3(b).

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“Preferred Stock” has the meaning set forth in the recitals hereto.

“Public Sale” means any sale of Stockholder Shares to the public pursuant to an offering registered under the Securities Act or to the public through a broker, dealer or market maker pursuant to the provisions of Rule 144 adopted under the Securities Act (or any similar provision then in force).

“Public Offering” means any offering by the Company of its Common Stock to the public pursuant to an effective registration statement under the Securities Act or any comparable statement under any similar federal statute then in force.

“Sale of the Company” means a sale of the Company to a third party or group of third parties pursuant to which such party or parties (i) acquire capital stock or equity interests of the Company possessing the voting power under normal circumstances to elect a majority of the Board (whether by merger, consolidation or sale or transfer of the Company’s capital stock or otherwise) or (ii) acquire or obtain an exclusive license to all or substantially all of the Company’s assets determined on a consolidated basis.

“Securities” has the meaning set forth in paragraph 7.

“Securities Act” means the Securities Act of 1933, as amended from time to time.

“Stock Purchase Agreement” has the meaning set forth in the recitals hereto.

“Stockholder” has the meaning set forth in the preamble hereto.

“Stockholder Shares” means (i) any Common Stock purchased or otherwise acquired or held by any Stockholder, (ii) any Common Stock issued or issuable directly or indirectly upon the conversion, exercise or exchange of any securities purchased or otherwise acquired by any Stockholder which are convertible into or exercisable or exchangeable directly or indirectly for Common Stock (including the Preferred Stock but excluding options to purchase Common Stock granted by the Company unless and until such options are exercised) and (iii) any other capital stock or equity securities issued or issuable directly or indirectly with respect to the securities referred to in clauses (i) or (ii) above by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization. As to any particular securities constituting Stockholder Shares hereunder, such Stockholder Shares shall cease to be Stockholder Shares hereunder when they have been (x) effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them or (y) sold to the public through a broker, dealer or market maker pursuant to Rule 144 (or any similar provision then in force) under the Securities Act.

“Sub Board” has the meaning set forth in paragraph 1.

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the partnership or

other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof.

“Transfer” has the meaning set forth in paragraph 3(a).

10. Transfers in Violation of Agreement. Any Transfer or attempted Transfer of any Stockholder Shares in violation of any provision of this Agreement shall be void, and the Company shall not record such Transfer on its books or treat any purported transferee of such Stockholder Shares as the owner of such Stockholder Shares for any purpose.

11. Amendments, Waivers and Termination. Except as otherwise provided herein, no modification, amendment or waiver of any provision of, or termination of, this Agreement shall be effective against the Company or the Stockholders unless such modification, amendment, waiver or termination is approved in writing by the Company, the Investors that held a majority of the Stockholder Shares then held by the Investors and the Key Holders that held a majority of the Stockholder Shares then held by the Key Holders. Each Stockholder agrees that any modification, amendment, waiver or termination so approved shall be binding on such Stockholder, whether or not such Stockholder executed such modification, amendment, waiver or termination, provided that such modification, amendment, waiver or termination applies to all Stockholders of a class of the Company’s securities in the same fashion (it being agreed that a waiver of the provisions of Section 7 with respect to a particular transaction shall be deemed to apply to all Stockholders in the same fashion if such waiver does so by its terms, notwithstanding the fact that certain Stockholders may nonetheless, by agreement with the Company, purchase securities in such transaction, subject to clause (d) below). Notwithstanding the foregoing, (a) neither Section 1(a)(ii)(A) nor Section 1(a)(iii) shall be amended, modified or waived without the prior written consent of Sequoia, (b) neither Section 1(a)(ii)(C) nor Section 1(a)(iii) shall be amended, modified or waived without the prior written consent of Norwest, (c) neither item (iii) of Section 8(a) or item (ii) of Section 8(b) shall be amended, modified or waived without the prior written consent of the holders of at least sixty-six percent (66%) of the Preferred Stock, (d) if, after giving effect to any waiver of Section 7 or any provision pertaining to Section 7 with respect to a particular transaction, any of Sequoia, Norwest, or OrbiMed (each a “Participating Investor”) purchases Securities in such transaction, such waiver of the provisions of Section 7 shall be deemed to apply to each other Participating Investor only if each such Participating Investor has been provided the opportunity to purchase a proportional number of the Securities offered in such transaction based on the pro rata purchase right of each such Participating Investor set forth in Section 7 assuming a transaction size determined based upon the amount purchased by the Participating Investor that invested the largest percentage in such transaction, (e) if an amendment would treat an Investor in a materially disproportionate and adverse manner relative to the other Investors, then the amendment shall also require the consent of such Investor so adversely treated, and (f) (i) the consent of the Key Holders shall not be required for any modification, amendment or waiver if such modification, amendment or waiver does not (A) apply to the Key Holders, or (B) adversely affect any of the rights of the Key Holders hereunder, and (ii) the Schedule of Investors and Schedule of Key Holders hereto may be amended by the Company from time to time in accordance with paragraph 5 without the consent of the other parties hereto. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

12. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Agreement in such jurisdiction or affect the validity, legality or enforceability of any provision in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

13. Amendment of Old Stockholders Agreement; Entire Agreement. The Old Stockholders Agreement is hereby amended and restated in its entirety by this Agreement and the provisions of the Old Stockholders Agreement shall no longer be of any force or effect. This Agreement (including the schedules hereto) and the Transaction Agreements (as that term is defined in the Stock Purchase Agreement) contain the complete agreement between the parties hereto with respect to the subject matter hereof and thereof and supersede any prior understandings, agreements and representations by or between the parties hereto (whether written or oral) which may have related to the subject matter hereof or thereof in any way (including, without limitation, the Old Stockholders Agreement).

14. Successors and Assigns. Except as otherwise expressly provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Company and its successors and assigns and the Stockholders and any subsequent holders of Stockholder Shares and the respective successors and assigns of each of them, so long as they hold Stockholder Shares.

15. Counterparts. This Agreement may be executed in multiple counterparts (including by means of facsimile signature pages), each of which shall be an original and all of which taken together shall constitute one and the same agreement.

16. Remedies. The parties hereto shall be entitled to enforce their rights under this Agreement specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties hereto agree and acknowledge that money damages would not be an adequate remedy for any breach of the provisions of this Agreement and that the Company and any Stockholder may in its sole discretion apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief (without posting a bond or other security) in order to enforce or prevent any violation of the provisions of this Agreement.

17. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (i) when delivered personally to the recipient, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day; provided that such notice under this clause (ii) shall not be effective unless within one business day of the notice a copy of such notice is dispatched to the recipient by first class mail, return receipt requested, or reputable overnight courier service (charges prepaid), (iii) one business day after it is sent to the recipient by reputable overnight courier service (charges prepaid) or (iv) five days after it is mailed to the recipient by first class mail, return receipt requested. Such notices, demands and other communications shall be sent to the Company at the address specified below, to the Investors at the addresses indicated on the Schedule of Investors attached

hereto, to the Key Holders at the addresses indicated on the Schedule of Key Holders attached hereto, and to any subsequent Stockholder subject to this Agreement at such address as indicated by the Company's records, or at such address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party. Any party may change its address for receipt of notice by providing sending prior written notice of the change to the sending party.

The Company's address is:

The Company:

Health Catalyst, Inc.
3165 East Millrock Drive, Suite 400
Salt Lake City, UT 84121
Attention: Dan Orenstein
Telephone: (801) 708-6800
Telecopy: (801) 365-0076

18. Governing Law. The corporate law of the State of Delaware shall govern all issues hereunder concerning the relative rights of the Company and its Stockholders. All other issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement and the schedules hereto shall be governed by, and construed in accordance with, the laws of the State of Delaware without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

19. Certain Waivers. Each of the Existing Investors and Key Holders hereby waives any existing preemptive rights with respect to the issuance and sale of the Series F Preferred stock to the Investors under the Stock Purchase Agreement (and the issuance of any Common Stock upon conversion thereof).

20. Business Days. If any time period for giving notice or taking action hereunder expires on a day which is a Saturday, Sunday or legal holiday in the state in which the Company's chief executive office is then located, the time period shall automatically be extended to the business day immediately following such Saturday, Sunday or legal holiday.

21. Descriptive Headings, etc. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. The use of the term "including" herein shall mean "including without limitation." Any reference to the masculine, feminine or neuter gender shall be deemed to include any gender or all three as appropriate.

22. Third Party Beneficiaries. The parties hereto acknowledge and agree that all rights and privileges (including approvals and consents and rights to provide or withhold approval or consent) that may be exercised hereunder by a Key Investor (as defined below) may be exercised by such Key Investor on behalf of itself and on behalf of any Affiliate of such Key Investor, and each Key Investor may apportion any such rights to its Affiliates as the Key Investor deems appropriate. "Key Investors" shall mean each of Sequoia Capital, Norwest Venture Partners, Leerink Capital, OrbiMed, Sorenson Capital,

Sands Capital, and UPMC, and to the extent applicable, the family of investment funds, general partner entities, and related entities that are Affiliates of such Key Investor. Notwithstanding anything to the contrary in this Agreement, this paragraph 22 may not be amended or modified without the prior written consent of the Key Investors.

23. Investment Opportunities and Conflict of Interest. The Company and the Stockholders acknowledge that Key Investors and their respective Affiliates, members, equity holders, director representatives, partners, employees, agents and other related persons are engaged in the business of investing in private and public companies in a wide range of industries, including the industry segment in which the Company operates (the "Company Industry Segment"). Accordingly, the Company and the Stockholders acknowledge and agree that a Covered Person shall:

(a) have no duty to the Company or to any Stockholder to refrain from participating as a director, investor or otherwise with respect to any company or other person or entity, including any such company or other person or entity that is engaged in the Company Industry Segment or is otherwise competitive with the Company, and

(b) in connection with making investment decisions, to the fullest extent permitted by law, have no obligation of confidentiality or other duty to the Company or to any Stockholder to refrain from using any information, including, but not limited to, market trend and market data, which comes into such Covered Person's possession, whether as a director, investor or otherwise (the "Information Waiver"), provided that the Information Waiver shall not apply, and therefore such Covered Person shall be subject to such obligations and duties as would otherwise apply to such Covered Person under applicable law, if the information at issue (i) constitutes material non-public information concerning the Company, or (ii) is covered by a contractual obligation of confidentiality to which the Company is subject.

Notwithstanding anything in this paragraph 23 to the contrary, nothing herein shall be construed as a waiver of any Covered Person's duty of loyalty or obligation of confidentiality with respect to the disclosure of confidential information of the Company, including the obligations set forth in paragraph 24 below.

24. Confidentiality. Each of the Stockholders agrees not to disclose at any time (and shall cause each of their respective Affiliates not disclose or use at any time) any Confidential Information (whether or not such information is or was developed by the Stockholder), except to the extent that such disclosure is (a) related to and required by the performance of such Stockholder's duties to the Company or otherwise in the best interest of the Company, (b) related to the Investors' investments in the Company and made by the Investors or their respective Affiliates to any current or prospective limited partner of a Key Investor, or (c) made by the Investors or their respective Affiliates to any prospective purchaser of the Investors' interests in the Company if such prospective purchaser has entered into a customary nondisclosure agreement with respect to such disclosed Confidential Information. Each of the Key Holders further agrees to take all appropriate steps (and to cause their respective Affiliates to take all appropriate steps) to safeguard such Confidential Information and to protect it against unauthorized disclosure, misuse, espionage, loss and theft. Each of the Investors further agrees to safeguard such Confidential Information and to protect it against unauthorized disclosure, misuse, espionage, loss and theft, in each case, with the same of level of care and to the same extent that the Key Investors safeguard and protect such information of their other

portfolio companies. In the event that any of the Stockholders is required by law, court order or the order or request of a government agency or entity to disclose any Confidential Information, such Stockholder shall promptly notify the Company in writing (unless prohibited or requested not to do so by law, court order or the order or request of a government agency or entity), which notification shall include the nature of the legal requirement and the extent of the required disclosure, and shall cooperate with the Company, at its expense, to preserve the confidentiality of such information consistent with applicable law. If and to the extent that a Stockholders lawfully receives from a third party an item of information that is the same as an item of Confidential Information, then the following will apply: (a) if the item of information is received on a non-confidential basis then nothing above in this paragraph 24 will apply to such item; and (b) if the item of information is received on a confidential basis then the above provisions in this paragraph 24 will not prevent the Stockholder from disclosing or using such item of information to the extent lawfully permitted by the third party. Nothing in (a) or (b) allows the Stockholder to infringe any copyright, patent, or other intellectual property rights of the Company.

25. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question or intent or interpretation arises, this Agreement shall be construed as it was drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of the authorship of any of the provisions of this Agreement. The parties hereto intend that each covenant contained herein shall have independent significance. If any party has breached any covenant contained herein in any respect, the fact that there exists another covenant relating to the same or similar subject matter (regardless of the relative levels of specialty) which the party has not breached shall not detract from or mitigate the fact that the party is in breach of the first covenant.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Investor Rights Agreement on the date first written above.

COMPANY:

HEALTH CATALYST, INC

By: /s/ Daniel D. Burton
Name: Daniel D. Burton
Title: Chief Executive Officer

[Signature Page to Fifth Amended and Restated Stockholders Agreement]

INVESTORS:

SEQUOIA CAPITAL U.S. GROWTH FUND IV, L.P.
SEQUOIA CAPITAL USGF PRINCIPALS FUND IV, L.P.

By: SCGF IV Management, L.P., a Cayman Islands exempted limited partnership, General Partner of Each

By: SC US (TTGP), LTD., a Cayman Islands limited liability company

General Partner

Its:

By: /s/ Mike Dixon

Name: Mike Dixon

Title: Managing Director

SC US GF V HOLDINGS, LTD.

a Cayman Islands exempted company

By: Sequoia Capital U.S. Growth Fund V, L.P. and Sequoia Capital USGF Principals Fund V, L.P., both Cayman Islands Exempted Limited Partnerships, its Members

By: SCGF V Management, L.P.,
a Cayman Islands Exempted Limited Partnership, its General Partner

By: SC US (TTGP), LTD.,

a Cayman Islands Exempted company, its General Partner

By: /s/ Mike Dixon

Name: Mike Dixon

Title: Director

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INVESTORS (CONTINUED):

SEQUOIA CAPITAL U.S. GROWTH FUND V, L.P.

a Cayman Islands exempted limited partnership

By: SCGF V MANAGEMENT, L.P.,
a Cayman Islands exempted limited partnership, its General Partner

By: SC US (TTGP), LTD.,
a Cayman Islands exempted company, its General Partner

By: /s/ Mike Dixon

Name: Mike Dixon

Title: Director

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INVESTORS (CONTINUED):

NORWEST VENTURE PARTNERS XI, LP

By: Genesis VC Partners XI, LLC
General Partner

Its:

By: NVP Associates, LLC
Managing Member

Its:

By: /s/ Promod Haque

Name: Promod Haque

Its:

NORWEST VENTURE PARTNERS XII, LP

By: Genesis VC Partners XI, LLC
General Partner

Its:

By: NVP Associates, LLC
Managing Member

Its:

By: /s/ Promod Haque

Name: Promod Haque

Its:

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INVESTORS (CONTINUED):

KAISER PERMANENTE VENTURES, LLC - SERIES A

By: /s/ Thomas Meier

Name: Thomas Meier

Title: SVP & Treasurer

KAISER PERMANENTE VENTURES, LLC - SERIES B

By: /s/ Chris Grant

Name: Chris Grant

Title: Member, Managing Committee

THE PERMANENTE FEDERATION LLC - SERIES J

By: /s/ Anne Cadwell

Name: Anne Cadwell

Title: CFO

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INVESTORS (CONTINUED):

CHV FUND II, LLC

By: CHV Fund II Management, LLC
Manager

Its:

By: /s/ John D. Huesing

Name: John D. Huesing

Its: Authorized Representative

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INVESTORS (CONTINUED):

SANDS CAPITAL PRIVATE GROWTH FUND, L.P.

By: Sands Capital Private Growth Fund-GP, L.P.
Its: General Partner

By: Sands Capital Private Growth Fund-GP, LLC
General Partner
Its:

By: /s/ Jonathan Goodman
Name: Jonathan Goodman
Title: General Counsel

SANDS CAPITAL PRIVATE GROWTH FUND-HC, L.P.

SANDS CAPITAL PRIVATE GROWTH FUND-HC2, L.P.

SANDS CAPITAL PRIVATE GROWTH FUND-HC3, L.P.

SANDS CAPITAL PRIVATE GROWTH FUND-HC4, L.P.

By: Sands Capital Private Growth Fund-GP, L.P., its general partner

By: Sands Capital Private Growth Fund-GP, LLC, its general partner

By: /s/ Jonathan Goodman
Name: Jonathan Goodman
Title: General Counsel

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INVESTORS (CONTINUED):

TENAYA CAPITAL VI, LP

By: Tenaya Capital VI GP, LLC, its General Partner

By: /s/ Dorian Merritt

Name: Dorian Merritt

Its: Attorney-In-Fact

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INVESTORS (CONTINUED):

ZIONS SBIC LLC

By: /s/ Kent Madsen
Name: Kent Madsen
Its: Manager

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INVESTORS (CONTINUED):

**BRIGHAM YOUNG UNIVERSITY,
a Utah nonprofit corporation**

(in connection with its Cougar Capital program)

By: /s/ G P Williams

Name: _____
G P Williams

Title: _____
Faculty Advisor

Cougar Capital contact information:

Brigham Young University,
a Utah nonprofit corporation
c/o Cougar Capital Program
David Paul – Treasurer
A-153 ASB
Provo, UT 84602
Email: davidwpaul@byu.edu
Phone: 801-422-4887

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INVESTORS (CONTINUED):

UNIVERSITY GROWTH FUND I, L.P.

By: UGFIGP,LLC
Its: General Partner

By: /s/ Tom Stringham
Name: Tom Stringham
Its: Manager

By: /s/ Peter Harris
Name: Peter Harris
Its: Manager

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INVESTORS (CONTINUED):

UPMC

By: /s/ C. Talbot Heppenstall, Jr.

Name: C. Talbot Heppenstall, Jr.

Its: Treasurer

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INVESTORS (CONTINUED):

OSF HEALTHCARE SYSTEM,
an Illinois not for profit corporation

By: /s/ Robert C. Sehring
Name: Robert C. Sehring
Its: Chief Executive Officer

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INVESTORS (CONTINUED):

/s/ John A. Kane

John A. Kane

[Signature Page to Fifth Amended and Restated Stockholders Agreement]

INVESTORS (CONTINUED):

JOHN MUIR HEALTH

By: /s/ Chris Pass
Name: Chris Pass
Its: Chief Financial Officer

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INVESTORS (CONTINUED):

IOWA HEALTH SYSTEM D/B/A UNITYPOINT HEALTH

By: /s/ Matthew Kirschner

Name: Matthew Kirschner

Title: Vice President, Treasury

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INVESTORS (CONTINUED):

ORBIMED ROYALTY OPPORTUNITIES II, LP

By OrbiMed Advisors LLC,
its investment manager

By: /s/ W. Carter Neild

Name: W. Carter Neild

Its: Member

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INVESTORS (CONTINUED):

/s/ Brent C. James

Brent C. James

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INVESTORS (CONTINUED):

/s/ W. David Hemingway

W. David Hemingway

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KEYHOLDERS:

/s/ Steven C. Barlow

Steven C. Barlow

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KEYHOLDERS:

THOMAS DAVID BURTON AND PATRICIA CARDON

BURTON MULTI-GENERATIONAL TRUST II

By: /s/ Thomas D. Burton

Name: Thomas D. Burton

Its: Trustee

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KEYHOLDERS:

BURTON 2013 DESCENDANTS TRUST

By: /s/ Patricia Cardon Burton

Name:

Patricia Cardon Burton

Its: Trustee

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KEYHOLDERS:

CATALYST INVESTMENTS, LLC

By: /s/ Patricia Cardon Burton

Name: Patricia Cardon Burton, acting under Authority of the

General Partner of Burton Family Pavilions, L.P.

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SCHEDULE I**SCHEDULE OF INVESTORS**

Investor:	Notice Address:	With a copy to (which shall not constitute notice to such Investor):
Sequoia Capital U.S. Growth Fund V, L.P.	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977 Attention: Michael Dixon	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
SC US GF V Holdings, LTD.	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977 Attention: Michael Dixon	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Sequoia Capital USGF Principals Fund IV, L.P.	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977 Attention: Michael Dixon	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Sequoia Capital U.S. Growth Fund IV, L.P.	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977 Attention: Michael Dixon	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Norwest Venture Partners XI, LP	525 University Avenue, Suite 800 Palo Alto, CA 94301 Attention: Promod Haque and William Myers	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Norwest Venture Partners XII, LP	525 University Avenue, Suite 800 Palo Alto, CA 94301 Attention: Promod Haque and William Myers	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips

Schedule of Key Holders for Fifth Amended and Restated Stockholders Agreement

HQC Acquisition, LLC	c/o Sorenson Capital 3400 Ashton Blvd., Suite 400 Lehi, UT 84043 Telephone: (801) 407-8444 Telecopy: (801) 407-8410 Attention: Fraser Bullock	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Matoaka, LLC	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Todd Cozzens	c/o Sequoia Capital 2800 Sand Hill Road, Suite 101 Menlo Park, CA 94025 Telephone: (650) 854-3927 Telecopy: (650) 854-2977	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Kaiser Permanente Ventures, LLC -Series A	Sam E. Brasch One Kaiser Plaza, 22 nd Floor Oakland, CA 94612	
Kaiser Permanente Ventures, LLC -Series B	Sam E. Brasch One Kaiser Plaza, 22 nd Floor Oakland, CA 94612	
The Permanente Federation LLC -Series J	Sam E. Brasch One Kaiser Plaza, 22 nd Floor Oakland, CA 94612	
CHV Fund II, LLC	340 W. 10 th Street, Suite 2100 Indianapolis, IN 46202 Attention: John D. Huesing Telephone: (317) 963-1310	
Partners HealthCare System, Inc.	101 Huntington Avenue, 4 th Floor Boston, MA 02199 Attn: Roger Kitterman Telephone: (617) 954-9500 Fax: (917) 954-9356	
Sands Capital Private Growth Fund, L.P.	Jonathan Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	
Sands Capital Private Growth Fund-HC, L.P.	Jonathan Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	

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Sands Capital Private Growth Fund-HC2, L.P.	Jonathan P. Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	
Sands Capital Private Growth Fund-HC3, L.P.	Jonathan P. Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	
Sands Capital Private Growth Fund-HC4, L.P.	Jonathan P. Goodman, General Counsel 1000 Wilson Blvd., Suite 3000 Arlington, VA 22209 Phone: 703-562-5293 Email: jgoodman@sandscap.com	
Allina Health System	2925 Chicago Avenue Minneapolis, MN 55407 Telephone: (612) 262-5403 Facsimile: (612) 262-4264 Attention: General Counsel	Faegre Baker Daniels LLP 2200 Wells Fargo Center 90 South Seventh Street Minneapolis, MN 55402-3901 Telephone: (612) 766-7790 Telecopy: (612) 554-6467 Attention: Mark D. Pihlstrom
Tenaya Capital VI, LP	c/o Tenaya Capital, LLC 3280 Alpine Road Portola Valley, CA 94028 Phone: 650-687-6500 Attn: Stewart Gollmer and Dave Markland	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Zions SBIC LLC	15 West South Temple #500 Salt Lake City, UT 84111 Attn: Kent Madsen	Kirkland & Ellis LLP 3330 Hillview Avenue Palo Alto, CA 94304 Telephone: (650) 859-7050 Telecopy: (650) 859-7500 Attention: Adam D. Phillips
Leavitt Equity Partners I, L.P.	299 S. Main Street, Suite 2300 Salt Lake City, UT 84111 Attn: Taylor Leavitt	
Brigham Young University (Cougar Capital)	Brigham Young University, a Utah nonprofit corporation c/o Cougar Capital Program David Paul – Treasurer A-153 ASB Provo, UT 84602 Email: davidwpaul@byu.edu Phone: 801-422-4887	

Schedule of Investors for Fifth Amended and Restated Stockholders Agreement

University Growth Fund I, L.P.	University Growth Fund 299 South Main, Suite 357 Salt Lake City, UT 84111 Attn: Tom Stringham	
UPMC	UPMC U.S. Steel Tower, Suite 6071 600 Grant Street Pittsburgh, PA 15219 Attn: Senior Associate Counsel and Vice President	
OSF Healthcare System	Attn: Robert C. Sehring, CEO 800 NE Glen Oak Avenue Peoria, IL 61603. Fax: 309-655-6869	
Leerink Capital Investors I L.P.	One Federal Street Boston, MA 02110 Attn: Todd Cozzens	
Leerink Transformation Fund I L.P.	One Federal Street, 25 th Floor Boston, MA 02110 Attn: Todd Cozzens Phone: (617) 918-4821 Fax: (617) 918-4921 todd@LTPequity.com	
MultiCare Health System	MultiCare Health System 737 S. Fawcett Ave. MS: 737-4-CFO Tacoma, WA 98402 Attn: Judy Swain Phone: 253.459.8003 Fax: 253.459.7854 Judy.swain@multicare.org	
John A. Kane	18242 Via Caprini Drive Ft Myers, FL 33913 Fax: 239-689-8187 Cell: 802-999-6769 Email jackakane@gmail.com	
John Muir Health	1450 Treat Blvd Suite #350 Walnut Creek, CA 94597 Attn: Ravi Hundal M.D. or Taejoon Ahn M.D. MPH CPE Taejoon.Ahn_MD@johnmuirhealth.com	1400 Treat Boulevard Walnut Creek, CA 94597 Attn: General Counsel Phone: 925-941-2217 Fax: 925-952-2979 max.reynolds@johnmuirhealth.com

Schedule of Investors for Fifth Amended and Restated Stockholders Agreement

John Muir Medical Group, Inc.	1400 Treat Boulevard Walnut Creek, CA 94597 Attn: Chris Pass, CFO Phone: (925) 941-2622 Fax: (925) 952-2979 chris.pass@johnmuirhealth.com	
Omkara LLC	Omkara LLC c/o Anita Pramoda 6085 West Twain Ave., Suite 101 Las Vegas, NV 89103	
Ben Fatto Limited Partnership	Ben Fatto Limited Partnership Attn: Broc C. Hiatt and Craig D. Cardon 1223 S. Clearview Ave., Suite 103 Mesa, AZ 85209 bhiatt@cardonhiatt.com	
3M Company	3M Ventures 3M Company 3M Center, Building 220-9E-02 St. Paul, MN 55144-1000 bdwright2@mmm.com	
Iowa Health System D/B/A UnityPoint Health	UnityPoint Health 1776 West Lakes Parkway, Suite 400 West Des Moines, IA 50266-8239 matthew.kirschner@unitypoint.org	
Aetna Inc.	Aetna Inc. 151 Farmington Avenue, RC6A Hartford, CT 06156 Attention: General Counsel Fax: (860) 273-8430	Davis Polk & Wardwell LLP 450 Lexington Avenue New York, NY 10017 Attention: H. Oliver Smith And Harold Birnbaum Fax: (212) 701-5800
OrbiMed Royalty Opportunities II, LP	601 Lexington Avenue, 54th Floor New York, NY 10022 Attn: Mark Jelley jelley@orbimed.com cc: ROSCreditOps@OrbiMed.com Telephone: (212) 739-6461	Covington & Burling LLP The New York Times Building, 620 Eighth Avenue New York, NY 10018-1405 Attn: Peter Schwartz
Brent C. James	4 E. Knightsbridge Lane Salt Lake City, UT 84103-2241 Brent.james@qualityscience.pro	
W David Hemingway	1213 Canyon Oaks Way Salt Lake City, UT 84103 wdavid.hemingway@gmail.com	

Schedule of Investors for Fifth Amended and Restated Stockholders Agreement

SCHEDULE OF KEY HOLDERS

Thomas D. Burton
2827 Wayman View Court
Salt Lake City, UT 84117

Steven C. Barlow
1896 Browns Park Drive
Bountiful, UT 84010

David Burton
1040 Oak Hills Way
Salt Lake City, UT 84108

HB Ventures Consulting, LLC dba HB Strategy Group
5019 Old Oak Lane
Highland, UT 84003

Dale Sanders
2960 E. Juliet Way
Cottonwood Heights, UT 84121

Thomas David Burton, Trustee of the Thomas David Burton and Patricia Cardon Burton Multi-Generational Trust II
2827 Wayman View Court
Salt Lake City, UT 84117

Patricia Cardon Burton, Trustee of the Burton 2013 Descendants Trust
2827 Wayman View Court
Salt Lake City, UT 84117

Catalyst Investments, LLC
2827 Wayman View Court
Salt Lake City, UT 84117

Health Care DataWorks, Inc.
c/o MemorialCare Innovation Fund
320 Golden Shore Ave., Suite 120
Long Beach, CA 90802
Attention: Brant Heise
Fax No: 562-432-0091

Cedars-Sinai Medical Center
8700 Beverly Blvd.
Los Angeles, CA 90048

Next Wave Health, LLC
63B Sunset Lake Road
Huntsville, TX, 77340

MemorialCare Innovation Fund, L.P.
320 Golden Shore Ave., Suite 120
Long Beach, CA 90802

Brent James
4 E. Knightsbridge Lane
Salt Lake City, UT 84103

Stanford Health Care
300 Pasteur Dr.
Stanford, CA 94304

Schedule of Investors for Fifth Amended and Restated Stockholders Agreement

OFFICE LEASE

by and between

**EOS AT MILLROCK PARK, LLC,
a Delaware limited liability company**

(“Landlord”)

and

**HEALTHCARE QUALITY CATALYST, LLC
a Utah limited liability company**

(“Tenant”)

Dated as of

September 1, 2016

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LIST OF EXHIBITS

Exhibit A-1	Floor Plan(s)
Exhibit A-2	Legal Description of the Project
Exhibit A-3	Rentable Area
Exhibit B	Work Letter
Exhibit C	Utilities and Services
Exhibit D	Building Rules and Regulations
Exhibit E	Form Estoppel Certificate
Exhibit F	Tenant’s Initial Certificate
Exhibit G	ADA
Addendum One	One Renewal Option at Fixed Rate

OFFICE LEASE

THIS OFFICE LEASE (this "Lease") is made between EOS AT MILLROCK PARK, LLC, a Delaware limited liability company ("Landlord"), and the Tenant described in *Item 1* of the Basic Lease Provisions.

LEASE OF PREMISES

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, subject to all of the terms and conditions set forth herein, those certain premises (the "Premises") described in *Item 3* of the Basic Lease Provisions and as shown in the drawing attached hereto as Exhibit A-1. The Premises are located in the Building described in *Item 2* of the Basic Lease Provisions. The Building is located on that certain land (the "Land") more particularly described on Exhibit A-2 attached hereto, which is also improved with landscaping, parking facilities and other improvements (including other office buildings), fixtures and common areas and appurtenances now or hereafter placed, constructed or erected on the Land (sometimes referred to herein as the "Project").

BASIC LEASE PROVISIONS

1. **Tenant:** **HEALTHCARE QUALITY CATALYST, LLC**, a Utah limited liability company ("Tenant")
2. **Building:** 3165 E. Millrock Drive, Holladay, Utah
Project: Millrock Office Park
3. **Description of Premises:** Suites: 175, 200, 250, 400, 450, 475 and 495
Rentable Area: 60,358 square feet, consisting of (i) that certain 2,769 square feet of Rentable Area designated as Suite 175 in the Building (the "Suite 175 Space"), (ii) that certain 16,838 square feet of Rentable Area designated as Suite 200 in the Building (the "Suite 200 Space"), (iii) that certain 11,669 square feet of Rentable Area designated as Suite 250 in the Building (the "Suite 250 Space"), (iv) that certain 15,316 square feet of Rentable Area designated as Suite 400 in the Building (the "Suite 400 Space"), (v) that certain 7,480 square feet of Rentable Area designated as Suite 450 in the Building (the "Suite 450 Space"), and (vi) that certain 6,286 square feet of Rentable Area designated as Suite 475/495 in the Building (the "Suite 475/495 Space")
Building Size: 134,818 square feet (subject to Paragraph 18)
Project Size: 483,203 rsf
4. **(a) Tenant's Proportionate Share of Operating Costs of Building:** 44.77% (60,358 rsf / 134,818 rsf) (See Paragraph 3)
(b) Tenant's Proportionate Share of Operating Costs of Project: 12.4912% (60,358 rsf / 483,203 rsf) (See Paragraph 3)
5. **Basic Annual Rent:** (See Paragraph 2)
Months 1 to 12, inclusive:
Monthly Installment: \$155,924.83 (\$31.00/square foot of Rentable Area/annum)
Months 13 to 24, inclusive:
Monthly Installment: \$171,014.33 (\$34.00/square foot of Rentable Area/annum)
Months 25 to 30, inclusive:
Monthly Installment: \$188,618.75 (\$37.50/square foot of Rentable Area/annum)
6. **Intentionally Deleted**
7. **Security Deposit:** \$203,415.89 (See Paragraph 2(c))
8. **Base Year for Operating Costs:** 2016 (See Paragraph 3)

9. **Initial Term:** Thirty (30) months, commencing on the Commencement Date and ending on the last day of the calendar month immediately preceding the thirtieth (30th) full calendar month anniversary of the Commencement Date (See Paragraph 1)
10. **Commencement Date:** September 1, 2016
11. **Termination Date:** February 28, 2019
12. **Broker(s)** (See Paragraph 19(k)):
- Landlord's Broker:** CBRE, Inc.
222 South Main Street, 4th Floor
Salt Lake City, Utah 84101
- Tenant's Broker:** CBRE, Inc.
222 South Main Street, 4th Floor
Salt Lake City, Utah 84101
13. **Number of Parking Spaces:** A total of up to 221 unreserved parking spaces, at no additional charge to Tenant throughout the Initial Term (See Paragraph 18)
14. **Addresses for Notices:**
- To: TENANT:** Healthcare Quality Catalyst, LLC
3165 East Millrock Drive, Suite 400
Holladay, Utah 84121
Attn: General Counsel
- To: LANDLORD:** EOS at Millrock Park, LLC
c/o Property Management Office
6510 South Millrock Drive, Suite 250
Holladay, Utah 84121
- Project Management Office:**
- With a copy to:** KBS Realty Advisors, LLC
800 Newport Center Drive, Suite 700
Newport Beach, California 92660
Attn: Tim Helgeson, Senior Vice President
15. **Place of Payment** All payments payable under this Lease shall be sent to Landlord at the Project Management Office at the address specified in *Item 14* or to such other address as Landlord may designate in writing.
16. **Guarantor:** None
17. **Date of this Lease:** See cover page
18. **Landlord's Construction Allowance:** Up to \$801,790.00 (See Exhibit B)
19. **The "State" is the State of Utah.**

This Lease consists of the foregoing introductory paragraphs and Basic Lease Provisions, the provisions of the Standard Lease Provisions (the "Standard Lease Provisions") (consisting of Paragraphs 1 through Paragraph 19 which follow) and Exhibits A-1 through Exhibit A-3 and Exhibits B through Exhibit G, and the following Addenda: Addendum One: One Renewal Option at Fixed Rate, all of which are incorporated herein by this reference. In the event of any conflict between the provisions of the Basic Lease Provisions and the provisions of the Standard Lease Provisions, the Standard Lease Provisions shall control.

STANDARD LEASE PROVISIONS

1. TERM

(a) The Initial Term of this Lease and the Rent (defined below) shall commence on September 1, 2016 (the "Commencement Date"), and the Termination Date shall mean February 29, 2019 (the "Termination Date"). Unless earlier terminated in accordance with the provisions hereof, the Initial Term of this Lease shall be the period shown in *Item 9* of the Basic Lease Provisions. As used herein, "Lease Term" shall mean the Initial Term referred to in *Item 9* of the Basic Lease Provisions, subject to any extension of the Initial Term hereof exercised in accordance with the terms and conditions expressly set forth herein. This Lease shall be a binding contractual obligation effective upon execution hereof by Landlord and Tenant, notwithstanding the later commencement of the Initial Term of this Lease.

(b) Landlord and Tenant are currently parties to the following leases: (i) that certain Office Lease dated June 5, 2012 originally entered into by and between Landlord's predecessor-in-interest Millrock Park West, LLC ("MPW") and Tenant, as amended by that certain First Amendment to Office Lease dated effective July 1, 2015 pursuant to which Tenant is leasing from Landlord the Suite 400 Space and the Suite 450 Space (the "Suite 400/450 Lease"), (ii) that certain Office Lease dated December 27, 2013 originally entered into by and between MPW and Tenant, as amended by that certain First Amendment to Office Lease dated July 29, 2014 (collectively, the "Suite 175/250 First Amendment") pursuant to which Tenant is leasing from Landlord the Suite 250 Space and the Suite 175 Space (the "Suite 175/250 Lease"), and (iii) that certain Office Lease dated February 5, 2013 originally entered into by and between MPW and Tenant pursuant to which Tenant is leasing from Landlord the Suite 475/495 Space (the "Suite 475/495 Lease;" collectively the Suite 400/450 Lease, the Suite 175/250 Lease and Suite 475/495 Lease being referred to herein as the "Existing Leases"). Landlord is currently leasing the Suite 200 Space to IBFX, Inc. ("IBFX") pursuant to a lease agreement between Landlord and IBFX (the "IBFX Lease") and Tenant is currently subleasing the Suite 200 Space from IBFX pursuant to that certain Sublease Agreement dated December 19, 2014 by and between IBFX and Tenant (the "Suite 200 Sublease"). Concurrently with the execution of this Lease, Landlord is entering into a termination agreement with IBFX terminating the IBFX Lease effective as of the day immediately preceding the Commencement Date of this Lease (the "IBFX Termination Agreement"). The IBFX Termination Agreement will provide that the IBFX Sublease is also being terminated, with the effective date of such termination of the Suite 200 Sublease being the day immediately preceding the Commencement Date of this Lease, and that IBFX will return the security deposit in the amount of \$87,865.00 posted by Tenant with IBFX in connection with the Suite 200 Sublease. Tenant will join in execution of the IBFX Termination Agreement in order to document its consent as to the termination of the Suite 200 Sublease as set forth in the preceding sentence. Notwithstanding anything herein to the contrary, in no event shall Landlord be in default under this Lease nor shall Tenant be entitled to any damages in the event there is any delay in IBFX's surrender and delivery of the Suite 200 Space following the early termination of the IBFX Lease. Accordingly, Tenant is already in possession of the Premises as of the Date of this Lease. Tenant's occupancy of the Premises for the time period prior to the Commencement Date hereof shall be governed by the respective existing leases covering such portions of the Premises (other than the Suite 200 Space, which is governed by the IBFX Lease) and effective as of the Commencement Date hereof, the Suite 400/450 Lease, Suite 175/250 Lease and Suite 475/495 Lease shall each be terminated (except with respect to any provisions that expressly survive the termination or expiration of such leases) and, from and after the Commencement Date, Tenant's occupancy of the Premises shall be governed by the terms of this Lease.

(c) Following the Commencement Date hereof, Landlord may prepare and deliver to Tenant, Tenant's Initial Certificate in the form of Exhibit F attached hereto (the "Certificate") which Tenant shall acknowledge by executing a copy and returning it to Landlord. If Tenant fails to sign and return the Certificate to Landlord within ten (10) days of its receipt from Landlord, the Certificate as sent by Landlord shall be deemed to have correctly set forth the Commencement Date and the other matters addressed in the Certificate. Failure of Landlord to send the Certificate shall have no effect on the Commencement Date.

2. BASIC ANNUAL RENT AND SECURITY DEPOSIT

(a) Tenant agrees to pay during each month of the Lease Term as Basic Annual Rent ("Basic Annual Rent") for the Premises the sums shown for such periods in *Item 5* of the Basic Lease Provisions.

(b) Except as expressly provided to the contrary herein, Basic Annual Rent shall be payable in consecutive monthly installments, in advance, without demand, deduction or offset, commencing on the Commencement Date and continuing on the first day of each calendar month thereafter until the expiration of the Lease Term. The first full monthly installment of Basic Annual Rent shall be payable upon Tenant's execution of this Lease. The obligation of Tenant to pay Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. If the Commencement Date is a day other than the first day of a calendar month, or the Lease Term expires on a day other than the last day of a calendar month, then the Rent for such partial month shall be calculated on a per diem basis.

(c) Landlord is currently holding existing security deposits (including a signage deposit) under the Existing Leases (collectively, the "Existing Security Deposits") in the aggregate amount of \$115,550.89. Simultaneously with the execution of this Lease, Tenant shall deposit with Landlord an additional amount equal to \$87,865.00 (the "Additional Deposit"), which when added to the Existing Security Deposits shall equal the security deposit amount set forth in *Item 7* of the Basic Lease Provisions. Upon the Commencement Date hereof, Landlord shall continue to hold the Existing Security Deposits, plus the Additional Deposit being made by Tenant under the terms of this Paragraph 2(c), and the aggregate of both shall be held as the security deposit (the "Security Deposit") in *Item 7* of the Basic Lease Provisions as security for the performance of the provisions hereof by Tenant. Landlord shall not be required to keep the Security Deposit separate from its general funds and Tenant shall not be entitled to interest thereon.

If Tenant defaults with respect to any provision of this Lease, including, without limitation, the provisions relating to the payment of Rent or the cleaning of the Premises upon the termination of this Lease, or amounts which Landlord may be entitled to recover pursuant to the terms hereof, Landlord may, but shall not be required to, use, apply or retain all or any part of the Security Deposit (i) for the payment of any Rent or any other sum in default, (ii) for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default hereunder, or (iii) to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default hereunder, including, without limitation, costs and reasonable attorneys' fees incurred by Landlord to recover possession of the Premises following a default by Tenant hereunder. If any portion of the Security Deposit is so used or applied, Tenant shall, upon demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the appropriate amount, as determined hereunder. If Tenant shall fully perform every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within thirty (30) days following the expiration of the Lease Term; provided, however, that Landlord may retain the Security Deposit until such time as any amount due from Tenant in accordance with Paragraph 3 below has been determined and paid to Landlord in full.

(d) The parties agree that for all purposes hereunder the Premises shall be stipulated to contain the number of square feet of Rentable Area described in *Item 3* of the Basic Lease Provisions. Upon the request of Landlord, Landlord's Space Planner shall verify the exact number of square feet of Rentable Area in the Premises. In the event there is a variation of three percent (3%) or more from the number of square feet specified in *Item 3* of the Basic Lease Provisions, Landlord and Tenant shall execute an amendment to this Lease for the purpose of making appropriate adjustments to the Basic Annual Rent, the Security Deposit, Tenant's Proportionate Share and such other provisions hereof as shall be appropriate under the circumstances. Landlord calculated the Rentable Area described in *Item 3* of the Basic Lease Provisions using the definition of Rentable Area contained in Exhibit A-3 of this Lease.

3. ADDITIONAL RENT

(a) If Operating Costs (defined below) for the Project for any calendar year during the Lease Term exceed Base Operating Costs (defined below), Tenant shall pay to Landlord as additional rent ("Additional Rent") an amount equal to Tenant's Proportionate Share (which may be either the Tenant's Proportionate Share of the Building or the Tenant's Proportionate Share of the Project, as determined by Landlord and as defined below) of such excess.

(b) "Tenant's Proportionate Share of the Building" is, subject to the provisions of Paragraph 18, the percentage number described in *Item 4(a)* of the Basic Lease Provisions. "Tenant's Proportionate Share of the Project" is, subject to the provisions of Paragraph 18, the percentage number described in *Item 4(b)* of the Basic Lease Provisions. Tenant's Proportionate Share of the Building represents, subject to the provisions of Paragraph 18, a fraction, the numerator of which is the number of square feet of Rentable Area in the Premises and the denominator of which is the number of square feet of Rentable Area for lease to third parties in the Building, as determined by Landlord pursuant to Paragraph 18. Tenant's Proportionate Share of the Project represents, subject to the provisions of Paragraph 18, a fraction, the numerator of which is the number of square feet of Rentable Area in the Premises and the denominator of which is the number of square feet of Rentable Area for lease to third parties in the Project, as determined by Landlord pursuant to Paragraph 18.

(c) "Base Operating Costs" means all Operating Costs incurred or payable by Landlord during the calendar year specified as Tenant's Base Year in *Item 8* of the Basic Lease Provisions.

(d) "Operating Costs" means all costs, expenses and obligations incurred or payable by Landlord in connection with the operation, ownership, management, repair or maintenance of the Building and the Project during or allocable to the Lease Term, including without limitation, the following:

(i) All real property taxes, assessments, license fees, excises, levies, charges, assessments, both general and special assessments, or impositions and other similar governmental ad valorem or other charges levied on or attributable to the Project or its ownership, operation or transfer, and all taxes, charges, assessments or similar impositions imposed in lieu of the same (collectively, "Real Estate Taxes"). Real Estate Taxes shall also include all taxes, assessments, license fees, excises, levies, charges or similar impositions imposed by any governmental agency, district, authority or political subdivision (A) on any interest of Landlord, any mortgagee of Landlord or any interest of Tenant in the Project, the Premises, or on the occupancy or use of space in the Project or the Premises; (B) for the provision of amenities, services or rights of use, whether or not exclusive, public, quasi-public or otherwise made available on a shared use basis, including amenities, services or rights of use such as fire protection, police protection, street, sidewalk, lighting, sewer or road maintenance, refuse removal or janitorial services or for any other service, without regard to whether such services were formerly provided by governmental or quasi-governmental agencies to property owners or occupants at no cost or at minimal cost; (C) related to any transportation plan, fund or system instituted within the geographic area of the Project or otherwise applicable to the Premises, the Project or any portion thereof; and (D) the costs of consultants retained in an effort to lower taxes and all costs incurred in disputing any taxes or seeking to lower the tax valuation of the Project. Real Estate Taxes shall not include any estate, inheritance successor, transfer, gift, franchise, corporation, income or profit tax imposed by the State or federal government on Landlord unless such income, franchise, transfer or profit taxes are in substitution for any Real Estate Taxes payable hereunder; and

(ii) The cost of services and utilities (including taxes and other charges incurred in connection therewith) provided to the Premises, the Building or the Project, including, without limitation, water, power, gas, sewer, waste disposal, telephone and cable television facilities, fuel, supplies, equipment, tools, materials, service contracts, janitorial services, waste and refuse disposal, window cleaning, maintenance and repair of sidewalks and Building exterior and services areas, gardening and landscaping; insurance, including, but not

limited to, public liability, fire, property damage, wind, hurricane, earthquake, terrorism, flood, rental loss, rent continuation, boiler machinery, business interruption, contractual indemnification and All Risk, Causes of Loss - Special Form coverage insurance for up to the full replacement cost of the Project and such other insurance as is customarily carried by operators of other similar class office buildings in the city in which the Project is located, to the extent carried by Landlord in its discretion, and the deductible portion of any insured loss otherwise covered by such insurance; the cost of compensation, including employment, welfare and social security taxes, paid vacation days, disability, pension, medical and other fringe benefits of all persons (including independent contractors) who perform services connected with the operation, maintenance, repair or replacement of the Project; any association assessments, costs, dues and/or expenses relating to the Project, personal property taxes on and maintenance and repair of equipment and other personal property used in connection with the operation, maintenance or repair of the Project; repair and replacement of window coverings provided by Landlord in the premises of tenants in the Project; such reasonable auditors' fees and legal fees as are incurred in connection with the operation, maintenance or repair of the Project; administration fees; a property management fee (which fee may be imputed if Landlord has internalized management or otherwise acts as its own property manager); the maintenance of any easements or ground leases benefiting the Project, whether by Landlord or by an independent contractor; a reasonable allowance for depreciation of personal property used in the operation, maintenance or repair of the Project; license, permit and inspection fees; all costs and expenses required for any reason by any governmental or quasi-governmental authority or by applicable law; capital improvements and the cost of any capital improvements made to the Project by Landlord (i) required by any new (or change in) laws, rules or regulations of any governmental or quasi-governmental authority which are enacted or made applicable to the Project after the Date of this Lease, (ii) intended to improve life-safety systems, or (iii) to reduce operating expenses, but only to the extent that such operating expenses are actually reduced (such costs to be amortized over the reasonable life of the items in accordance with sound real estate practices, but not beyond the reasonable life of the Building, together with interest thereon at the rate of eight percent (8%) per annum or such other rate as may have been paid by Landlord on funds borrowed for the purpose of funding such improvements) (collectively, the "Permitted Capital Improvements"); the cost of air conditioning, heating, ventilating, plumbing, elevator maintenance and repair (to include the replacement of components) and other mechanical and electrical systems repair and maintenance; sign maintenance; and Common Area (defined below) repair, resurfacing, operation and maintenance; the reasonable cost for temporary lobby displays and events commensurate with the operation of a similar class building, and the cost of providing security services, if any, deemed appropriate by Landlord.

The following items shall be excluded from Operating Costs:

- (A) leasing commissions, attorneys' fees, costs and disbursements and other expenses incurred in connection with leasing, renovating or improving vacant space in the Project for tenants or prospective tenants of the Project;
- (B) costs (including permit, license and inspection fees) incurred in renovating or otherwise improving or decorating, painting or redecorating space for tenants or vacant space;
- (C) Landlord's costs of any services sold to tenants for which Landlord is entitled to be reimbursed by such tenants as an additional charge or rental over and above the Basic Annual Rent and Operating Costs payable under the lease with such tenant or other occupant;
- (D) any depreciation or amortization of the Project except as expressly permitted herein;
- (E) costs incurred due to a violation of Law (defined below) by Landlord relating to the Project;

- (F) interest on debt or amortization payments on any mortgages or deeds of trust or any other debt for borrowed money;
- (G) all items and services for which Tenant or other tenants reimburse Landlord outside of Operating Costs;
- (H) repairs or other work occasioned by fire, windstorm or other work paid for through insurance or condemnation proceeds (excluding any deductible);
- (I) repairs resulting from any defect in the original design or construction of the Project;
- (J) legal expenses incurred in enforcing the terms of any lease;
- (K) the cost of any item or service which Tenant separately reimburses Landlord or pays to third parties, or that Landlord provides selectively to one or more tenants of the Building whether or not Landlord is reimbursed by such other tenant(s);
- (L) legal fees relating to the ownership, construction, leasing or sale of the Building;
- (M) any interest or penalty incurred due to the late payment of any Operating Cost;
- (N) any amount paid to an entity or individual related to Landlord which exceeds the amount which would be paid for similar goods or services on an arms-length basis between unrelated parties;
- (O) management fees to the extent they exceed four percent (4%) of the gross receipts from the Project;
- (P) the cost of correcting any applicable building or fire code violation(s) or violation(s) of any other applicable law relating to the Building in effect on the Commencement Date (provided, however, the foregoing shall not preclude the inclusion in Operating Costs of any improvements, alterations or costs performed or incurred in connection with any applicable law that the Building is grandfathered under);
- (Q) any costs (including any damages or future claims asserted against Landlord in connection with the same) incurred to test, survey, cleanup, contain, abate, remove or otherwise remedy hazardous materials from the Building which were present at the Building prior to the Commencement Date or brought onto the Building after the Commencement Date by a party other than Tenant or by those for whom Tenant is responsible for under this Lease;
- (R) any personal property taxes of Landlord for equipment or items not used directly in the operation or maintenance of the Building;
- (S) rentals and other related expenses, if any, incurred in leasing items to the extent that the cost of the purchase of that item would not be included as a permitted capital expenditure hereunder;
- (T) any costs or expenses for sculpture, paintings, or other works of art, including costs incurred with respect to the purchase, ownership, leasing, repair and/or maintenance of such works of art;
- (U) contributions to Operating Cost reserves if such reserves will not be used during the calendar year in which such reserve is created;
- (V) all bad debt loss, rent loss or reserve for bad debt or rent loss;

(W) costs of capital improvements, except Permitted Capital Improvements as provided above;

(X) costs of advertising and public relations and promotional costs and attorneys' fees associated with the leasing of the Building;

(Y) costs incurred in connection with the sale, financing, refinancing, or mortgaging of the Building (provided, however, the foregoing shall not exclude increases in Real Estate Taxes in connection with a reassessment arising from any of the foregoing);

(Z) costs, fines, interest, penalties, legal fees or costs of litigation incurred due to the late payments of utility bills and other costs incurred by Landlord's failure to make such payments when due unless caused by Tenant's failure to pay on time;

(AA) costs arising from Landlord's charitable or political contributions;

(BB) expenditures paid to a related corporation, entity or persons which are in excess of the amount which would be paid in the absence of such relationship;

(CC) expenditures resulting from the relocation or moving of tenants in the Building to another location within the Building; and

(DD) costs incurred to remove Hazardous Materials (hereinafter defined), which Hazardous Materials are in existence in the Premises or on the Premises prior to the Commencement Date or are brought into the Premises or onto the Premises after the date hereof by Landlord or any other tenant of the Premises (excluding Tenant), and is of such a nature that a federal, state or municipal government governmental authority, if it had knowledge of the presence and levels of concentration of such Hazardous Material in the state and under the conditions that it then exists in the Premises or on the Premises, would require the removal of such Hazardous Material or would require other remedial or containment action with respect thereto pursuant to applicable laws in effect as of the Commencement Date.

(e) Operating Costs for any calendar year during which actual occupancy of the Project is less than ninety-five percent (95%) of the Rentable Area of the Project shall be appropriately adjusted to reflect ninety-five percent (95%) occupancy of the existing Rentable Area of the Project during such period. In determining Operating Costs, if any services or utilities are separately charged to tenants of the Project or others, Operating Costs shall be adjusted by Landlord to reflect the amount of expense which would have been incurred for such services or utilities on a full time basis for normal Project operating hours. Operating Costs for the Base Year (as defined in *Item 8* of the Basic Lease Provisions) shall not include Operating Costs attributable to temporary market-wide labor-rate increases and/or utility rate increases due to extraordinary circumstances, including, but not limited to Force Majeure, conservation surcharges, boycotts, embargoes, or other shortages. In no event shall the components of Operating Costs for any calendar year related to electrical costs be less than the components of Operating Costs related to electrical costs in the Base Year. In the event (i) the Commencement Date shall be a date other than January 1, (ii) the date fixed for the expiration of the Lease Term shall be a date other than December 31, (iii) of any early termination of this Lease, or (iv) of any increase or decrease in the size of the Premises, then in each such event, an appropriate adjustment in the application of this Paragraph 3 shall, subject to the provisions of this Lease, be made to reflect such event on a basis determined by Landlord to be consistent with the principles underlying the provisions of this Paragraph 3. In addition, Landlord shall have the right, from time to time, to equitably allocate and prorate some or all of the Operating Costs among different tenants and/or different buildings of the Project and/or on a building-by-building basis (the "Cost Pools"), adjusting Tenant's Proportionate Share as to each of the separately allocated costs based on the ratio of the

Rentable Area of the Premises to the Rentable Area of all of the premises to which such costs are allocated. Such Cost Pools may include, without limitation, the office space tenants and retail space tenants of the buildings in the Project.

(f) Prior to the commencement of each calendar year of the Lease Term following the Commencement Date, Landlord shall have the right to give to Tenant a written estimate of Tenant's Proportionate Share of the projected excess, if any, of the Operating Costs for the Project for the ensuing year over the Base Operating Costs. Tenant shall pay such estimated amount to Landlord in equal monthly installments, in advance on the first day of each month. Within a reasonable period after the end of each calendar year, Landlord shall furnish Tenant a statement indicating in reasonable detail the excess of Operating Costs over Base Operating Costs for such period, and the parties shall, within thirty (30) days thereafter, make any payment or allowance necessary to adjust Tenant's estimated payments to Tenant's actual share of such excess as indicated by such annual statement. Any payment due Landlord shall be payable by Tenant on demand from Landlord. Any amount due Tenant shall be credited against installments next becoming due under this Paragraph 3(f) or refunded to Tenant, if requested by Tenant.

(g) All capital levies or other taxes assessed or imposed on Landlord upon the rents payable to Landlord under this Lease and any excise, transaction, sales or privilege tax, assessment, levy or charge measured by or based, in whole or in part, upon such rents from the Premises and/or the Project or any portion thereof shall be paid by Tenant to Landlord monthly in estimated installments or upon demand, at the option of Landlord, as additional rent to be allocated to monthly Operating Costs.

(h) Tenant shall pay ten (10) days before delinquency, all taxes and assessments (i) levied against any personal property, tenant improvements or trade fixtures of Tenant in or about the Premises, (ii) based upon this Lease or any document to which Tenant is a party creating or transferring an interest in this Lease or an estate in all or any portion of the Premises, and (iii) levied for any business, professional, or occupational license fees. If any such taxes or assessments are levied against Landlord or Landlord's property or if the assessed value of the Project is increased by the inclusion therein of a value placed upon such personal property or trade fixtures, Tenant shall upon demand reimburse Landlord for the taxes and assessments so levied against Landlord, or such taxes, levies and assessments resulting from such increase in assessed value. To the extent that any such taxes are not separately assessed or billed to Tenant, Tenant shall pay the amount thereof as invoiced to Tenant by Landlord.

(i) Any delay or failure of Landlord in (i) delivering any estimate or statement described in this Paragraph 3, or (ii) computing or billing Tenant's Proportionate Share of excess Operating Costs shall not constitute a waiver of its right to require an increase in Rent, or in any way impair, the continuing obligations of Tenant under this Paragraph 3. In the event of any dispute as to any Additional Rent due under this Paragraph 3, Tenant, an officer of Tenant or Tenant's certified public accountant (but (a) in no event shall Tenant hire or employ an accounting firm of accountants or any person to audit Landlord as set forth under this Paragraph who is compensated or paid for such audit on a contingency basis and (b) in the event Tenant hires or employs an independent party to perform such audit, Tenant shall provide Landlord with a copy of the engagement letter (provided, however, Tenant may redact such engagement letter so long as the portions that are not redacted enable Landlord to confirm that the auditor is not being compensated on a contingency basis)) shall have the right after reasonable notice and at reasonable times to inspect Landlord's accounting records at Landlord's accounting office. If, after such inspection, Tenant still disputes such Additional Rent, upon Tenant's written request therefor, a certification as to the proper amount of Operating Costs and the amount due to or payable by Tenant shall be made by an independent certified public accountant mutually agreed to by Landlord and Tenant. If Landlord and Tenant cannot mutually agree to an independent certified public accountant, then the parties agree that Landlord shall choose an independent certified public accountant to conduct the certification as to the proper amount of Tenant's Proportionate Share of Operating Costs due by Tenant for the period in question; provided, however, such certified public accountant shall not be the accountant who conducted Landlord's initial calculation of Operating Costs to which Tenant is now objecting. Such certification shall be final and conclusive as to all parties. If the certification reflects that Tenant has overpaid Tenant's Proportionate Share of Operating Costs for the period in question, then Landlord shall credit such excess to Tenant's next payment of Operating Costs or, at the request of Tenant, promptly

refund such excess to Tenant and conversely, if Tenant has underpaid Tenant's Proportionate Share of Operating Costs, Tenant shall promptly pay such additional Operating Costs to Landlord. Tenant agrees to pay the cost of such certification and the investigation with respect thereto; provided, however, if it is determined that Landlord's original statement was in error in Landlord's favor by more than five percent (5%), then Landlord agrees to reimburse Tenant up to a maximum amount of \$5,000 towards Tenant's actual and reasonable out-of-pocket costs incurred in connection with such certification and investigation. Tenant waives the right to dispute any matter relating to the calculation of Operating Costs or Additional Rent under this Paragraph 3 if any claim or dispute is not asserted in writing to Landlord within one hundred eighty (180) days after delivery to Tenant of the original billing statement with respect thereto. Notwithstanding the foregoing, Tenant shall maintain strict confidentiality of all of Landlord's accounting records and shall not disclose the same to any other person or entity except for Tenant's professional advisory representatives (such as Tenant's employees, accountants, advisors, attorneys and consultants) with a need to know such accounting information, who agree to similarly maintain the confidentiality of such financial information.

(j) Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Proportionate Share of excess Operating Costs for the year in which this Lease terminates, Tenant shall immediately pay any increase due over the estimated Operating Costs paid, and conversely, any overpayment made by Tenant shall be promptly refunded to Tenant by Landlord.

(k) Tenant shall pay all sales and use tax levied or assessed against all Basic Annual Rent, Tenant's Proportionate Share of Operating Costs and any other payments due under this Lease simultaneously with each installment of Basic Annual Rent, Tenant's Proportionate Share of Operating Costs and any other payment required hereunder.

(l) The Basic Annual Rent, as adjusted pursuant to Paragraph 2, Paragraph 3 and Paragraph 7, and other amounts required to be paid by Tenant to Landlord hereunder, are sometimes collectively referred to as, and shall constitute, "Rent".

4. IMPROVEMENTS AND ALTERATIONS

(a) Except with respect to Landlord's repair and maintenance obligations set forth in Paragraph 5(a) below, Landlord shall deliver the Premises to Tenant, and Tenant agrees to accept the Premises from Landlord in its existing "AS-IS", "WHERE-IS" and "WITH ALL FAULTS" condition, and Landlord shall have no obligation to refurbish or otherwise improve the Premises throughout the Lease Term.

(b) Any alterations, additions, or improvements made by or on behalf of Tenant to the Premises ("Alterations") shall be subject to Landlord's prior written consent, such consent not to be unreasonably withheld or delayed. Notwithstanding the foregoing to the contrary, Tenant shall not make (i) any structural alterations, improvements or additions to the Premises, or (ii) any alterations, improvements or additions to the Premises which (a) will adversely impact the Building's mechanical, electrical or heating, ventilation or air conditioning systems, or (b) will adversely impact the structure of the Building, or (c) are visible from the exterior of the Premises, or (d) which will result in the penetration or puncturing of the roof or floor, without, in each case, first obtaining Landlord's prior written consent or approval to such Alterations (which consent or approval shall be in the Landlord's sole and absolute discretion) (items (i) and (ii) being a "Design Condition"). Tenant shall cause, at its sole cost and expense, all Alterations to comply with insurance requirements and with Laws and shall construct, at its sole cost and expense, any alteration or modification required by Laws as a result of any Alterations. All Alterations shall be constructed at Tenant's sole cost and expense and in a good and workmanlike manner by contractors reasonably acceptable to Landlord and only good grades of materials shall be used. All plans and specifications for any Alterations shall be submitted to Landlord for its approval, which shall not be unreasonably withheld, conditioned or delayed so long as a Design Condition is not created. Landlord may monitor construction of the Alterations. Tenant shall reimburse Landlord for all out-of-pocket sums, if any, paid by Landlord for third party examination of Tenant's plans and specifications for any Alterations.

In addition, Tenant shall be obligated to pay Landlord a coordination fee equal to five percent (5%) of the actual costs of any of such Alterations, which coordination fee shall be paid to Landlord promptly following the completion of the construction of the Alterations. Landlord's right to review plans and specifications and to monitor construction shall be solely for its own benefit, and Landlord shall have no duty to see that such plans and specifications or construction comply with applicable laws, codes, rules and regulations. Without limiting the other grounds upon which Landlord may refuse to approve any contractor or subcontractor, Landlord may take into account the desirability of maintaining harmonious labor relations at the Project. Landlord may also require that all life safety related work and all mechanical, electrical, plumbing and roof related work be performed by contractors designated by Landlord. Landlord shall have the right, in its sole discretion, to instruct Tenant to remove those improvements or Alterations from the Premises which (i) were not approved in advance by Landlord, (ii) were not built in conformance with the plans and specifications approved by Landlord, or (iii) Landlord specified during its review of plans and specifications for Alterations would need to be removed by Tenant upon the expiration of this Lease. Except as set forth in the preceding sentence, Tenant shall not be obligated to remove such Alterations at the expiration of this Lease. Landlord shall not unreasonably withhold or delay its approval with respect to what improvements or Alterations Landlord may require Tenant to remove at the expiration of the Lease. If, upon the termination of this Lease, Landlord requires Tenant to remove any or all of such Alterations from the Premises, then Tenant, at Tenant's sole cost and expense, shall promptly remove such Alterations and improvements and Tenant shall repair and restore the Premises to its original condition as of the Commencement Date, reasonable wear and tear excepted. Any Alterations remaining in the Premises following the expiration of the Lease Term or following the surrender of the Premises from Tenant to Landlord, shall become the property of Landlord unless Landlord notifies Tenant otherwise. Tenant shall provide Landlord with the identities and mailing addresses of all persons performing work or supplying materials, prior to beginning such construction, and Landlord may post on and about the Premises notices of non-responsibility pursuant to applicable law. Tenant shall assure payment for the completion of all work free and clear of liens and shall provide certificates of insurance for worker's compensation and other coverage in amounts and from an insurance company reasonably satisfactory to Landlord protecting Landlord against liability for bodily injury or property damage during construction. Upon completion of any Alterations and upon Landlord's reasonable request, Tenant shall deliver to Landlord sworn statements setting forth the names of all contractors and subcontractors who did work on the Alterations and final lien waivers from all such contractors and subcontractors. Notwithstanding anything herein to the contrary, Tenant, may, without Landlord's prior consent, but with prior written notice to Landlord and provided that Tenant complies with all Building rules and regulations affecting Alterations, install cosmetic, non-structural Alterations which do not affect the HVAC, plumbing or electrical systems of the Building, which are not visible from the exterior of the Premises, which do not require the issuance of a permit, and which cost \$50,000 or less in any calendar year.

(c) Tenant shall keep the Premises, the Building and the Project free from any and all liens arising out of any Alterations, work performed, materials furnished, or obligations incurred by or for Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause the same to be released of record by payment or posting of a bond in a form and issued by a surety acceptable to Landlord, Landlord shall have the right, but not the obligation, to cause such lien to be released by such means as it shall deem proper (including payment of or defense against the claim giving rise to such lien); in such case, Tenant shall reimburse Landlord for all amounts so paid by Landlord in connection therewith, together with all of Landlord's costs and expenses, with interest thereon at the Default Rate (defined below) and Tenant shall indemnify and defend each and all of the Landlord Parties (defined below) against any damages, losses or costs arising out of any such claim. Tenant's indemnification of Landlord contained in this Paragraph shall survive the expiration or earlier termination of this Lease. Such rights of Landlord shall be in addition to all other remedies provided herein or by law.

(d) NOTICE IS HEREBY GIVEN THAT LANDLORD SHALL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO TENANT, OR TO ANYONE HOLDING THE PREMISES THROUGH OR UNDER TENANT, AND THAT NO MECHANICS' OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF LANDLORD IN THE PREMISES.

5. REPAIRS

(a) Landlord shall keep the Common Areas of the Building and the Project in a clean and neat condition. Subject to subparagraph (b) below, Landlord shall make all necessary repairs, within a reasonable period following receipt of notice of the need therefor from Tenant, to the exterior walls, exterior doors, exterior locks on exterior doors and windows of the Building, and to the Common Areas and to public corridors and other public areas of the Project not constituting a portion of any tenant's premises and shall use reasonable efforts to keep all Building standard equipment used by Tenant in common with other tenants in good condition and repair and to replace same at the end of such equipment's normal and useful life, reasonable wear and tear and casualty loss excepted. Except as expressly provided in Paragraph 9 of this Lease, there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Premises, the Building or the Project. Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect.

(b) Tenant, at its expense, (i) shall keep the Premises and all fixtures contained therein in a safe, clean and neat condition, and (ii) shall bear the cost of maintenance and repair, by contractors selected by Landlord, of all facilities which are not expressly required to be maintained or repaired by Landlord and which are located in the Premises, including, without limitation, lavatory, shower, toilet, wash basin and kitchen facilities, and supplemental heating and air conditioning systems (including all plumbing connected to said facilities or systems installed by or on behalf of Tenant or existing in the Premises at the time of Landlord's delivery of the Premises to Tenant). Tenant shall make all repairs to the Premises not required to be made by Landlord under subparagraph (a) above with replacements of any materials to be made by use of materials of equal or better quality. Tenant shall do all decorating, remodeling, alteration and painting required by Tenant during the Lease Term. Tenant shall pay for the cost of any repairs to the Premises, the Building or the Project made necessary by any gross negligence or willful misconduct of Tenant or any of its assignees, subtenants, employees or their respective agents, representatives, contractors, or other persons permitted in or invited to the Premises or the Project by Tenant. If Tenant fails to make such repairs or replacements within thirty (30) days after written notice from Landlord, Landlord may at its option make such repairs or replacements, and Tenant shall upon demand pay Landlord for the cost thereof, together with an administration fee equal to five percent (5%) of such costs.

(c) Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Premises in a safe, clean and neat condition, normal wear and tear excepted. Prior to the expiration or earlier termination of this Lease, Tenant shall remove from the Premises (i) all trade fixtures, furnishings and other personal property of Tenant, except as otherwise set forth in Paragraph 4(b) of this Lease, and (ii) all computer and phone cabling and wiring installed by or on behalf of Tenant (including any computer and phone cabling and wiring installed under the terms of the Existing Leases), and Tenant shall repair all damage caused by such removal, and shall restore the Premises to its original condition, reasonable wear and tear excepted. Notwithstanding anything herein to the contrary, Landlord shall have the right to require the removal of any alterations or improvements to the extent Landlord would have had the right to require their removal under any of the Existing Leases. In addition to all other rights Landlord may have, in the event Tenant does not so remove any such fixtures, furnishings or personal property, Tenant shall be deemed to have abandoned the same, in which case Landlord may store or dispose of the same at Tenant's expense, appropriate the same for itself, and/or sell the same in its discretion.

6. USE OF PREMISES

(a) Tenant shall use the Premises only for general office uses and shall not use the Premises or permit the Premises to be used for any other purpose. Landlord shall have the right to deny its consent to any change in the permitted use of the Premises in its sole and absolute discretion.

(b) Tenant shall not at any time use or occupy the Premises, or permit any act or omission in or about the Premises in violation of any law, statute, ordinance or any governmental rule, regulation or order (collectively, "Law" or "Laws") and Tenant shall, upon written notice from Landlord, discontinue any use of the Premises which is declared by any governmental authority to be a violation of Law. If any Law shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to (i) modification or other maintenance of the Premises, the Building or the Project, or (ii) the use, alteration or occupancy thereof, Tenant shall comply with such Law at Tenant's sole cost and expense. This Lease shall be subject to and Tenant shall comply with all financing documents encumbering the Building or the Project and all covenants, conditions and restrictions affecting the Premises, the Building or the Project.

(c) Tenant shall not at any time use or occupy the Premises in violation of the certificates of occupancy issued for or restrictive covenants pertaining to the Building or the Premises, and in the event that any architectural control committee or department of the State or the city or county in which the Project is located shall at any time contend or declare that the Premises are used or occupied in violation of such certificate or certificates of occupancy or restrictive covenants, Tenant shall, upon five (5) days' notice from Landlord or any such governmental agency, immediately discontinue such use of the Premises (and otherwise remedy such violation). The failure by Tenant to discontinue such use shall be considered a default under this Lease and Landlord shall have the right to exercise any and all rights and remedies provided herein or by Law. Any statement in this Lease of the nature of the business to be conducted by Tenant in the Premises shall not be deemed or construed to constitute a representation or guaranty by Landlord that such business is or will continue to be lawful or permissible under any certificate of occupancy issued for the Building or the Premises, or otherwise permitted by Law.

(d) Tenant shall not do or permit to be done anything which may invalidate or increase the cost of any fire, All Risk, Causes of Loss - Special Form or other insurance policy covering the Building, the Project and/or property located therein and shall comply with all rules, orders, regulations and requirements of the appropriate fire codes and ordinances or any other organization performing a similar function. In addition to all other remedies of Landlord, Landlord may require Tenant, promptly upon demand, to reimburse Landlord for the full amount of any additional premiums charged for such policy or policies by reason of Tenant's failure to comply with the provisions of this Paragraph 6.

(e) Tenant shall not in any way interfere with the rights or quiet enjoyment of other tenants or occupants of the Premises, the Building or the Project. Tenant shall not use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain, or permit any nuisance in, on or about the Premises, the Building or the Project. Tenant shall not place weight upon any portion of the Premises exceeding the structural floor load (per square foot of area) which such area was designated (and is permitted by Law) to carry or otherwise use any Building system in excess of its capacity or in any other manner which may damage such system or the Building. Tenant shall not create within the Premises a working environment with a density of greater than five (5) persons per 1,000 square feet of Rentable Area. Business machines and mechanical equipment shall be placed and maintained by Tenant, at Tenant's expense, in locations and in settings sufficient in Landlord's reasonable judgment to absorb and prevent vibration, noise and annoyance. Tenant shall not commit or suffer to be committed any waste in, on, upon or about the Premises, the Building or the Project.

(f) Tenant shall take all reasonable steps necessary to adequately secure the Premises from unlawful intrusion, theft, fire and other hazards, and shall keep and maintain any and all security devices in or on the Premises in good working order, including, but not limited to, exterior door locks for the Premises and smoke detectors and burglar alarms located within the Premises and shall cooperate with Landlord and other tenants in the Project with respect to access control and other safety matters.

(g) As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State or the United States Government,

including, without limitation, any material or substance which is (A) defined or listed as a “hazardous waste,” “pollutant,” “extremely hazardous waste,” “restricted hazardous waste,” “hazardous substance” or “hazardous material” under any applicable federal, state or local Law or administrative code promulgated thereunder, (B) petroleum, or (C) asbestos.

(i) Tenant agrees that all operations or activities upon, or any use or occupancy of the Premises, or any portion thereof, by Tenant, its assignees, subtenants, and their respective agents, servants, employees, representatives and contractors (collectively referred to herein as “Tenant Affiliates”), throughout the Lease Term, shall be in all respects in compliance with all federal, state and local Laws then governing or in any way relating to the generation, handling, manufacturing, treatment, storage, use, transportation, release, spillage, leakage, dumping, discharge or disposal of any Hazardous Materials.

(ii) Tenant agrees to indemnify, defend and hold Landlord and its Landlord Parties (defined below) harmless for, from and against any and all claims, actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses, including reasonable attorneys’ fees and expenses, court costs, consultant fees, and expert fees, together with all other costs and expenses of any kind or nature that arise during or after the Lease Term directly or indirectly from or in connection with the presence, suspected presence, or release of any Hazardous Material in or into the air, soil, surface water or groundwater at, on, about, under or within the Premises, or any portion thereof caused by Tenant or Tenant Affiliates.

(iii) In the event any investigation or monitoring of site conditions or any clean-up, containment, restoration, removal or other remedial work (collectively, the “Remedial Work”) is required under any applicable federal, state or local Law, by any judicial order, or by any governmental entity as the result of operations or activities upon, or any use or occupancy of any portion of the Premises by Tenant or Tenant Affiliates, Landlord shall perform or cause to be performed the Remedial Work in compliance with such Law or order at Tenant’s sole cost and expense. All Remedial Work shall be performed by one or more contractors, selected and approved by Landlord, and under the supervision of a consulting engineer, selected by Tenant and approved in advance in writing by Landlord. All costs and expenses of such Remedial Work shall be paid by Tenant, including, without limitation, the charges of such contractor(s), the consulting engineer, and Landlord’s reasonable attorneys’ fees and costs incurred in connection with monitoring or review of such Remedial Work.

(iv) To Landlord’s knowledge and subject to all matters disclosed in the environmental reports obtained by Landlord in connection with Landlord’s acquisition of the Project, as of the Date of this Lease, Landlord has not received written notice of any violation of environmental Laws pertaining to the Premises and the Building. The term “to Landlord’s knowledge” shall mean the current actual knowledge of Tim Helgeson, the asset manager of Landlord’s managing agent that is the person primarily responsible for overseeing the management and operation of the Building, without any duty of inquiry or investigation.

(v) Each of the covenants and agreements of Tenant set forth in this Paragraph 6(g) shall survive the expiration or earlier termination of this Lease.

7. UTILITIES AND SERVICES

(a) Provided that Tenant is not in default hereunder, Landlord shall furnish, or cause to be furnished to the Premises, the utilities and services described in Exhibit C attached hereto, subject to the conditions and in accordance with the standards set forth therein and in this Lease.

(b) Tenant agrees to cooperate fully at all times with Landlord and to comply with all regulations and requirements which Landlord may from time to time prescribe for the use of the utilities and services described herein

and in Exhibit C. Landlord shall not be liable to Tenant for the failure of any other tenant, or its assignees, subtenants, employees, or their respective invitees, licensees, agents or other representatives to comply with such regulations and requirements.

(c) If Tenant requires utilities or services in quantities greater than or at times other than that generally furnished by Landlord pursuant to Exhibit C, Tenant shall pay to Landlord, upon receipt of a written statement therefor, Landlord's charge for such use. In the event that Tenant shall require additional electric current, water or gas for use in the Premises and if, in Landlord's judgment, such excess requirements cannot be furnished unless additional risers, conduits, feeders, switchboards and/or appurtenances are installed in the Building, subject to the conditions stated below, Landlord shall proceed to install the same at the sole cost of Tenant, payable upon demand in advance. The installation of such facilities shall be conditioned upon Landlord's consent, and a determination that the installation and use thereof (i) shall be permitted by applicable Law and insurance regulations, (ii) shall not cause permanent damage or injury to the Building or adversely affect the value of the Building or the Project, and (iii) shall not cause or create a dangerous or hazardous condition or interfere with or disturb other tenants in the Building. Subject to the foregoing, Landlord shall, upon reasonable prior notice by Tenant, furnish to the Premises additional elevator, heating, air conditioning and/or cleaning services upon such reasonable terms and conditions as shall be determined by Landlord, including payment of Landlord's charge therefor. In the case of any additional utilities or services to be provided hereunder, Landlord may require a switch and metering system to be installed so as to measure the amount of such additional utilities or services. The cost of installation, maintenance and repair thereof shall be paid by Tenant upon demand. Notwithstanding the foregoing, Landlord shall have the right to contract with any commercially reasonable utility provider it deems appropriate to provide utilities to the Project.

(d) Landlord shall not be liable for, and Tenant shall not be entitled to, any damages, abatement or reduction of Rent, or other liability by reason of any failure to furnish any services or utilities described herein or in Exhibit C for any reason (other than Landlord's gross negligence or willful misconduct), including, without limitation, when caused by accident, breakage, water leakage, flooding, repairs, Alterations or other improvements to the Project, strikes, lockouts or other labor disturbances or labor disputes of any character, governmental regulation, moratorium or other governmental action, inability to obtain electricity, water or fuel, or any other cause beyond Landlord's control. Landlord shall be entitled to cooperate with the energy conservation efforts of governmental agencies or utility suppliers. No such failure, stoppage or interruption of any such utility or service shall be construed as an eviction of Tenant, nor shall the same relieve Tenant from any obligation to perform any covenant or agreement under this Lease. In the event of any failure, stoppage or interruption thereof, Landlord shall use reasonable efforts to attempt to restore all services promptly. No representation is made by Landlord with respect to the adequacy or fitness of the Building's ventilating, air conditioning or other systems to maintain temperatures as may be required for the operation of any computer, data processing or other special equipment of Tenant. Notwithstanding anything in this Paragraph 7 to the contrary, if an interruption or cessation of a utility service to the Premises from a cause within the reasonable control of Landlord results in the Premises being unusable by Tenant for the conduct of Tenant's business, then Basic Annual Rent shall be abated commencing on that date which is five (5) consecutive business days following the date Tenant delivers written notice to Landlord of such interruption and continuing until either such utility service to the Premises is restored or the Premises is again usable for the conduct of Tenant's business. If, however, Tenant reoccupies any portion of the Premises during such abatement period, the Basic Annual Rent allocable to such reoccupied portion, based on the proportion that the Rentable Area of such reoccupied portion of the Premises bears to the total Rentable Area of the Premises, shall be payable by Tenant from the date Tenant reoccupies such portion of the Premises. Such right to abate Basic Annual Rent shall be Tenant's sole and exclusive remedy at law or in equity in the event of an interruption or cessation of a utility service to the Premises.

(e) Landlord reserves the right from time to time to make reasonable and nondiscriminatory modifications to the above standards (including, without limitation, those described in Exhibit C) for utilities and services.

8. NON-LIABILITY AND INDEMNIFICATION OF LANDLORD; INSURANCE

(a) Landlord shall not be liable for any injury, loss or damage suffered by Tenant or to any person or property occurring or incurred in or about the Premises, the Building or the Project from any cause, EVEN IF SUCH LIABILITIES ARE CAUSED SOLELY OR IN PART BY THE NEGLIGENCE OF ANY LANDLORD INDEMNITEE (DEFINED BELOW), BUT NOT TO THE EXTENT SUCH LIABILITIES ARE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY SUCH LANDLORD PARTY (DEFINED BELOW). Without limiting the foregoing, neither Landlord nor any of its partners, officers, trustees, affiliates, directors, employees, contractors, agents or representatives (collectively, "Landlord Parties") shall be liable for and there shall be no abatement of Rent (except in the event of a casualty loss or a condemnation as set forth in Paragraph 9 and Paragraph 10 of this Lease) for (i) any damage to Tenant's property stored with or entrusted to Landlord Parties, (ii) loss of or damage to any property by theft or any other wrongful or illegal act, or (iii) any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or the Project or from the pipes, appliances, appurtenances or plumbing works therein or from the roof, street or sub-surface or from any other place or resulting from dampness or any other cause whatsoever or from the acts or omissions of other tenants, occupants or other visitors to the Building or the Project or from any other cause whatsoever, (iv) any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to the Building, whether within or outside of the Project, or (v) any latent or other defect in the Premises, the Building or the Project. Tenant shall give prompt notice to Landlord in the event of (i) the occurrence of a fire or accident in the Premises or in the Building, or (ii) the discovery of a defect therein or in the fixtures or equipment thereof. This Paragraph 8(a) shall survive the expiration or earlier termination of this Lease.

(b) [Intentionally Deleted].

(c) [Intentionally Deleted].

(d) Insurance.

(i) Tenant at all times during the Lease Term shall, at its own expense, keep in full force and effect (A) commercial general liability insurance providing coverage against bodily injury and disease, including death resulting therefrom, bodily injury and property damage to a combined single limit of \$1,000,000 to one or more than one person as the result of any one accident or occurrence, which shall include provision for contractual liability coverage insuring Tenant for the performance of its indemnity obligations set forth in this Paragraph 8 and in Paragraph 6(g)(ii) of this Lease, with an Excess Limits (Umbrella) Policy in the amount of \$5,000,000; (B) worker's compensation insurance to the statutory limit, if any, and employer's liability insurance to the limit of \$1,000,000 per occurrence; and (C) All Risk, Causes of Loss - Special Form property insurance, including fire and extended coverage, sprinkler leakage (including earthquake, sprinkler leakage), vandalism, malicious mischief, wind and/or hurricane coverage, and earthquake and flood coverage. Landlord and its designated property management firm shall be named an additional insured on each of said policies (excluding the worker's compensation policy) and said policies shall be issued by an insurance company or companies authorized to do business in Utah and which have policyholder ratings not lower than "A-" and financial ratings not lower than "VII" in Best's Insurance Guide (latest edition in effect as of the Date of this Lease and subsequently in effect as of the date of renewal of the required policies). EACH OF SAID POLICIES SHALL ALSO INCLUDE A WAIVER OF SUBROGATION PROVISION OR ENDORSEMENT IN FAVOR OF LANDLORD, AND AN ENDORSEMENT PROVIDING THAT LANDLORD SHALL RECEIVE THIRTY (30) DAYS PRIOR WRITTEN NOTICE OF ANY CANCELLATION OF, NONRENEWAL OF, REDUCTION OF COVERAGE OR MATERIAL CHANGE IN COVERAGE ON SAID POLICIES. Tenant hereby waives its right of recovery against any Landlord Indemnitee of any amounts paid by Tenant or on Tenant's behalf to satisfy applicable worker's compensation laws. The policies or duly executed certificates showing the material terms for the same, together with satisfactory evidence of the payment of the premiums

therefor, shall be deposited with Landlord on the date Tenant first occupies the Premises and upon renewals of such policies not less than fifteen (15) days prior to the expiration of the term of such coverage. If certificates are supplied rather than the policies themselves, Tenant shall allow Landlord, at all reasonable times, to inspect the policies of insurance required herein.

(ii) It is expressly understood and agreed that the coverages required represent Landlord's minimum requirements and such are not to be construed to void or limit Tenant's obligations contained in this Lease, including without limitation Tenant's indemnity obligations hereunder. Neither shall (A) the insolvency, bankruptcy or failure of any insurance company carrying Tenant, (B) the failure of any insurance company to pay claims occurring nor (C) any exclusion from or insufficiency of coverage be held to affect, negate or waive any of Tenant's indemnity obligations under this Paragraph 8 and Paragraph 6(g)(ii) or any other provision of this Lease. With respect to insurance coverages, except worker's compensation, maintained hereunder by Tenant and insurance coverages separately obtained by Landlord, all insurance coverages afforded by policies of insurance maintained by Tenant shall be primary insurance as such coverages apply to Landlord, and such insurance coverages separately maintained by Landlord shall be excess, and Tenant shall have its insurance policies so endorsed. The amount of liability insurance under insurance policies maintained by Tenant shall not be reduced by the existence of insurance coverage under policies separately maintained by Landlord. Tenant shall be solely responsible for any premiums, assessments, penalties, deductible assumptions, retentions, audits, retrospective adjustments or any other kind of payment due under its policies. Tenant shall increase the amounts of insurance or the insurance coverages as Landlord may reasonably request from time to time, but not in excess of the requirements of prudent landlords or lenders for similar tenants occupying similar premises in the Holladay, Utah metropolitan area.

(iii) Tenant's occupancy of the Premises without delivering the certificates of insurance shall not constitute a waiver of Tenant's obligations to provide the required coverages. If Tenant provides to Landlord a certificate that does not evidence the coverages required herein, or that is faulty in any respect, such shall not constitute a waiver of Tenant's obligations to provide the proper insurance.

(iv) Throughout the Lease Term, Landlord agrees to maintain (i) fire and extended coverage insurance, and, at Landlord's option, earthquake damage coverage, terrorism coverage, wind and hurricane coverage, and such additional property insurance coverage as Landlord deems appropriate, on the insurable portions of Building and the remainder of the Project in an amount not less than the fair replacement value thereof, subject to reasonable deductibles (ii) boiler and machinery insurance amounts and with deductibles that would be considered standard for similar class office buildings in the Holladay, Utah metropolitan area and (iii) commercial general liability insurance with a combined single limit coverage of at least \$1,000,000.00 per occurrence. All such insurance shall be obtained from insurers Landlord reasonably believes to be financially responsible in light of the risks being insured. The premiums for any such insurance shall be a part of Operating Costs.

(e) Mutual Waivers of Recovery. Landlord, Tenant, and all parties claiming under them, each mutually release and discharge each other from responsibility for that portion of any loss or damage paid or reimbursed by an insurer of Landlord or Tenant under any fire, extended coverage or other property insurance policy maintained by Tenant with respect to its Premises or by Landlord with respect to the Building or the Project (or which would have been paid had the insurance required to be maintained hereunder been in full force and effect), no matter how caused, including negligence, and each waives any right of recovery from the other including, but not limited to, claims for contribution or indemnity, which might otherwise exist on account thereof. Any fire, extended coverage or property insurance policy maintained by Tenant with respect to the Premises, or Landlord with respect to the Building or the Project, shall contain, in the case of Tenant's policies, a waiver of subrogation provision or endorsement in favor of Landlord, and in the case of Landlord's policies, a waiver of subrogation provision or endorsement in favor of Tenant, or, in the event that such insurers cannot or shall not include or attach such waiver of subrogation provision or

endorsement, Tenant and Landlord shall obtain the approval and consent of their respective insurers, in writing, to the terms of this Lease. Tenant agrees to indemnify, protect, defend and hold harmless each and all of the Landlord Parties from and against any claim, suit or cause of action asserted or brought by Tenant's insurers for, on behalf of, or in the name of Tenant, including, but not limited to, claims for contribution, indemnity or subrogation, brought in contravention of this paragraph. The mutual releases, discharges and waivers contained in this provision shall apply EVEN IF THE LOSS OR DAMAGE TO WHICH THIS PROVISION APPLIES IS CAUSED SOLELY OR IN PART BY THE NEGLIGENCE OF LANDLORD OR TENANT.

(f) Business Interruption. Landlord shall not be responsible for, and Tenant releases and discharges Landlord from, and Tenant further waives any right of recovery from Landlord for, any loss for or from business interruption or loss of use of the Premises suffered by Tenant in connection with Tenant's use or occupancy of the Premises, EVEN IF SUCH LOSS IS CAUSED SOLELY OR IN PART BY THE NEGLIGENCE OF LANDLORD.

(g) Adjustment of Claims. Tenant shall cooperate with Landlord and Landlord's insurers in the adjustment of any insurance claim pertaining to the Building or the Project or Landlord's use thereof.

(h) Increase in Landlord's Insurance Costs. Tenant agrees to pay to Landlord any increase in premiums for Landlord's insurance policies resulting from Tenant's use or occupancy of the Premises.

(i) Failure to Maintain Insurance. Any failure of Tenant to obtain and maintain the insurance policies and coverages required hereunder or failure by Tenant to meet any of the insurance requirements of this Lease shall constitute an event of default hereunder, and such failure shall entitle Landlord to pursue, exercise or obtain any of the remedies provided for in Paragraph 12(b), and Tenant shall be solely responsible for any loss suffered by Landlord as a result of such failure. In the event of failure by Tenant to maintain the insurance policies and coverages required by this Lease or to meet any of the insurance requirements of this Lease, Landlord, at its option, and without relieving Tenant of its obligations hereunder, may obtain said insurance policies and coverages or perform any other insurance obligation of Tenant, but all costs and expenses incurred by Landlord in obtaining such insurance or performing Tenant's insurance obligations shall be reimbursed by Tenant to Landlord, together with interest on same from the date any such cost or expense was paid by Landlord until reimbursed by Tenant, at the rate of interest provided to be paid on judgments, by the law of the jurisdiction to which the interpretation of this Lease is subject.

9. FIRE OR CASUALTY

(a) Subject to the provisions of this Paragraph 9, in the event the Premises, or access thereto, is wholly or partially destroyed by fire or other casualty, Landlord shall (to the extent permitted by Law and covenants, conditions and restrictions then applicable to the Project) rebuild, repair or restore the Premises and access thereto substantially the same condition as existing immediately prior to such destruction (excluding Tenant's Alterations, trade fixtures, equipment and personal property, which Tenant shall be required to restore) and this Lease shall continue in full force and effect. Notwithstanding the foregoing, (i) Landlord's obligation to rebuild, repair or restore the Premises shall not apply to any personal property, above-standard tenant improvements or other items installed or contained in the Premises, and (ii) Landlord shall have no obligation whatsoever to rebuild, repair or restore the Premises with respect to any damage or destruction occurring during the last twelve (12) months of the Lease Term or any extension of the Lease Term.

(b) Landlord may elect to terminate this Lease in any of the following cases of damage or destruction to the Premises, the Building or the Project: (i) where the cost of rebuilding, repairing and restoring (collectively, "Restoration") of the Building or the Project, would, regardless of the lack of damage to the Premises or access thereto, in the reasonable opinion of Landlord, exceed twenty percent (20%) of the then replacement cost of the Building; (ii) where, in the case of any damage or destruction to any portion of the Building or the Project by uninsured casualty, the cost of Restoration of the Building or the Project, in the reasonable opinion of Landlord, exceeds \$500,000; or (iii)

where, in the case of any damage or destruction to the Premises or access thereto by uninsured casualty, the cost of Restoration of the Premises or access thereto, in the reasonable opinion of Landlord, exceeds twenty percent (20%) of the replacement cost of the Premises; or (iv) if Landlord has not obtained appropriate zoning approvals for reconstruction of the Project, Building or Premises. Any such termination shall be made by thirty (30) days' prior written notice to Tenant given within ninety (90) days of the date of such damage or destruction. If this Lease is not terminated by Landlord and as the result of any damage or destruction, the Premises, or a portion thereof, are rendered untenable, the Basic Annual Rent shall abate reasonably during the period of Restoration (based upon the extent to which such damage and Restoration materially interfere with Tenant's business in the Premises). This Lease shall be considered an express agreement governing any case of damage to or destruction of the Premises, the Building or the Project. This Lease sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction.

(c) Within ninety (90) days of the date of damage or destruction affecting the Premises, Landlord shall provide Tenant with a good faith estimate (the "Landlord's Restoration Notice") of the time period in which the Premises shall be restored. In the event the estimate provides that the Premises will not be restored within two hundred seventy (270) days following the date of the damage or destruction, then Tenant shall be permitted to terminate the Lease by providing written notice to Landlord no later than thirty (30) days following receipt of Landlord's Restoration Notice. Tenant's failure to timely deliver its termination notice shall waive Tenant's right to terminate the Lease due to any damage or destruction.

10. EMINENT DOMAIN

In the event the whole of the Premises, the Building or the Project shall be taken under the power of eminent domain, or sold to prevent the exercise thereof (collectively, a "Taking"), this Lease shall automatically terminate as of the date of such Taking. In the event a Taking of a portion of the Project, the Building or the Premises shall, in the reasonable opinion of Landlord, substantially interfere with Landlord's operation thereof, Landlord may terminate this Lease upon thirty (30) days' written notice to Tenant given at any time within sixty (60) days following the date of such Taking. For purposes of this Lease, the date of Taking shall be the earlier of the date of transfer of title resulting from such Taking or the date of transfer of possession resulting from such Taking. In the event that a portion of the Premises is so taken and this Lease is not terminated, Landlord shall, to the extent of proceeds paid to Landlord as a result of the Taking, with reasonable diligence, use commercially reasonable efforts to proceed to restore (to the extent permitted by Law and covenants, conditions and restrictions then applicable to the Project) the Premises (other than Tenant's personal property and fixtures, and above-standard tenant improvements) to a complete, functioning unit. In such case, the Basic Annual Rent shall be reduced proportionately based on the portion of the Premises so taken. If all or any portion of the Premises is the subject of a temporary Taking, this Lease shall remain in full force and effect and Tenant shall continue to perform each of its obligations under this Lease; in such case, Tenant shall be entitled to receive the entire award allocable to the temporary Taking of the Premises. Except as provided herein, Tenant shall not assert any claim against Landlord or the condemning authority for, and hereby assigns to Landlord, any compensation in connection with any such Taking, and Landlord shall be entitled to receive the entire amount of any award therefor, without deduction for any estate or interest of Tenant. Nothing contained in this Paragraph 10 shall be deemed to give Landlord any interest in, or prevent Tenant from seeking any award against the condemning authority for the Taking of personal property, fixtures, above standard tenant improvements of Tenant or for relocation or moving expenses recoverable by Tenant from the condemning authority. This Paragraph 10 shall be Tenant's sole and exclusive remedy in the event of a Taking. This Lease sets forth the terms and conditions upon which this Lease may terminate in the event of a Taking. Accordingly, the parties waive any statutes permitting the parties to terminate this Lease as a result of a Taking.

11. ASSIGNMENT AND SUBLETTING

(a) Tenant shall not directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, assign, sublet, mortgage, hypothecate or otherwise encumber all or any portion of its interest in this Lease or in the Premises or grant any license in or suffer any person other than Tenant or its employees to use or occupy the Premises

or any part thereof without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld. Any such attempted assignment, subletting, license, mortgage, hypothecation, other encumbrance or other use or occupancy without the consent of Landlord shall be null and void and of no effect. Any mortgage, hypothecation or encumbrance of all or any portion of Tenant's interest in this Lease or in the Premises and any grant of a license or sufferance of any person other than Tenant or its employees to use or occupy the Premises or any part thereof shall be deemed to be an "assignment" of this Lease. In addition, as used in this Paragraph 11, the term "Tenant" shall also mean any entity that has guaranteed Tenant's obligations under this Lease, and the restrictions applicable to Tenant contained herein shall also be applicable to such guarantor. Provided no event of default has occurred and is continuing under this Lease, upon thirty (30) days prior written notice to Landlord, Tenant may, without Landlord's prior written consent, assign this Lease to an entity into which Tenant is merged or consolidated or assign this Lease or sublease the Premises to an entity to which substantially all of Tenant's assets are transferred or to an entity controlled by or is commonly controlled with Tenant, provided (i) such merger, consolidation, or transfer of assets is for a good faith business purpose and not principally for the purpose of transferring Tenant's leasehold estate, and (ii) the assignee or successor entity has a tangible net worth, calculated in accordance with generally accepted accounting principles (and evidenced by financial statements in form reasonably satisfactory to Landlord) at least equal to the tangible net worth of Tenant immediately prior to such merger, consolidation, or transfer. The term "controlled by" or "commonly controlled with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such controlled person or entity; the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, at least fifty-one percent (51%) of the voting interest in, any person or entity shall be presumed to constitute such control.

(b) No assignment or subletting shall relieve Tenant of its obligation to pay the Rent and to perform all of the other obligations to be performed by Tenant hereunder. The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any subletting or assignment. Consent by Landlord to one subletting or assignment shall not be deemed to constitute a consent to any other or subsequent attempted subletting or assignment. If Tenant desires at any time to assign this Lease or to sublet the Premises or any portion thereof, it shall first notify Landlord of its desire to do so and shall submit in writing to Landlord all pertinent information relating to the proposed assignee or sublessee, all pertinent information relating to the proposed assignment or sublease, and all such financial information as Landlord may reasonably request concerning Tenant and the proposed assignee or subtenant. Any assignment or sublease shall be expressly subject to the terms and conditions of this Lease.

(c) At any time within thirty (30) days after Landlord's receipt of the information specified in subparagraph (b) above, Landlord may by written notice to Tenant elect to terminate this Lease as to the portion of the Premises so proposed to be subleased (but only to the extent the portion proposed to be subleased is at least fifty percent (50%) of the Premises then being leased by Tenant) or assigned (which may include all of the Premises), with a proportionate abatement in the Rent payable hereunder.

(d) Tenant acknowledges that it shall be reasonable for Landlord to withhold its consent to a proposed assignment or sublease in any of the following instances:

- (i) The assignee or sublessee (or any affiliate of the assignee or sublessee) is not, in Landlord's reasonable opinion, sufficiently creditworthy to perform the obligations such assignee or sublessee will have under this Lease;
- (ii) The intended use of the Premises by the assignee or sublessee is not for general office use;
- (iii) The intended use of the Premises by the assignee or sublessee would materially increase the pedestrian or vehicular traffic to the Premises or the Building;

(iv) Occupancy of the Premises by the assignee or sublessee would, in the good faith judgment of Landlord, violate any agreement binding upon Landlord, the Building or the Project with regard to the identity of tenants, usage in the Building, or similar matters;

(v) The assignee or sublessee (or any affiliate of the assignee or sublessee) is then negotiating with Landlord or has negotiated with Landlord within the previous six (6) months, or is a current tenant or subtenant within the Building or Project;

(vi) The identity or business reputation of the assignee or sublessee will, in the good faith judgment of Landlord, tend to damage the goodwill or reputation of the Building or Project; or

(vii) In the case of a sublease, the subtenant has not acknowledged that the Lease controls over any inconsistent provision in the sublease.

The foregoing criteria shall not exclude any other reasonable basis for Landlord to refuse its consent to such assignment or sublease. Notwithstanding any contrary provision of this Lease, if Tenant or any proposed assignee or sublessee claims that Landlord has unreasonably withheld its consent to a proposed assignment or sublease or otherwise has breached its obligations under this Paragraph 11, their sole remedy shall be to seek a declaratory judgment and/or injunctive relief without any monetary damages, and, with respect thereto, Tenant, on behalf of itself and, to the extent permitted by law, such proposed assignee/sublessee, hereby waives all other remedies against Landlord, including, without limitation, the right to seek monetary damages or to terminate this Lease.

(e) Notwithstanding any assignment or subletting, Tenant and any guarantor or surety of Tenant's obligations under this Lease shall at all times during the Initial Term and any subsequent renewals or extensions remain fully responsible and liable for the payment of the rent and for compliance with all of Tenant's other obligations under this Lease. In the event that the Rent due and payable by a sublessee or assignee (or a combination of the rental payable under such sublease or assignment, plus any bonus or other consideration therefor or incident thereto) exceeds the Rent payable under this Lease, then Tenant shall be bound and obligated to pay Landlord, as additional rent hereunder, one-half (1/2) of all such excess Rent and other excess consideration within ten (10) days following receipt thereof by Tenant, after Tenant's recovery of its actual and reasonable attorney's fees, brokerage commissions and improvements allowances or improvement costs incurred directly in connection with such assignment or subletting. .

(f) If this Lease is assigned or if the Premises is subleased (whether in whole or in part), or in the event of the mortgage, pledge, or hypothecation of Tenant's leasehold interest, or grant of any concession or license within the Premises, or if the Premises are occupied in whole or in part by anyone other than Tenant, then upon a default by Tenant hereunder Landlord may collect Rent from the assignee, sublessee, mortgagee, pledgee, party to whom the leasehold interest was hypothecated, concessionee or licensee or other occupant and, except to the extent set forth in the preceding paragraph, apply the amount collected to the next Rent payable hereunder; and all such Rent collected by Tenant shall be held in deposit for Landlord and immediately forwarded to Landlord. No such transaction or collection of Rent or application thereof by Landlord, however, shall be deemed a waiver of these provisions or a release of Tenant from the further performance by Tenant of its covenants, duties, or obligations hereunder.

(g) If Tenant effects an assignment or sublease or requests the consent of Landlord to any proposed assignment or sublease, then Tenant shall, upon demand, pay Landlord a non-refundable administrative fee of One Thousand Dollars (\$1,000.00), plus any reasonable attorneys' and paralegal fees and costs incurred by Landlord in connection with such assignment or sublease or request for consent.

(h) Notwithstanding any provision of this Lease to the contrary, in the event this Lease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, any and all monies or other consideration payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Landlord, shall

be and remain the exclusive property of Landlord and shall not constitute the property of Tenant or Tenant's estate within the meaning of the Bankruptcy Code. All such money and other consideration not paid or delivered to Landlord shall be held in trust for the benefit of Landlord and shall be promptly paid or delivered to Landlord.

12. DEFAULT

(a) Events of Default. The occurrence of any one or more of the following events shall constitute an "event of default" or "default" (herein so called) under this Lease by Tenant: (i) Tenant shall fail to pay Rent or any other rental or sums payable by Tenant within five (5) days from written notice to Tenant that such payment is due, **provided, however**, that if during the immediately preceding twelve (12) month period Landlord has already given Tenant a written notice of Tenant's failure to pay an installment of Rent on two (2) occasions, no notice shall be required for a Rent delinquency to become an event of default; (ii) Tenant shall fail to comply with or observe any other provision of this Lease and such failure shall continue for thirty (30) days after written notice to Tenant (or, in the case of Tenant's failure to comply with or observe any other single provision of this Lease more than two (2) times during the Lease Term, upon the occurrence of the third and all subsequent such failures, without notice from Landlord); (iii) Tenant or any guarantor of Tenant's obligations hereunder shall make a general assignment for the benefit of creditors; (iv) any petition shall be filed by or against Tenant or any guarantor of Tenant's obligations hereunder under the United States Bankruptcy Code, as amended, or under any similar law or statute of the United States or any state thereof, and such petition shall not be dismissed within sixty (60) days of filing, or Tenant or any guarantor of Tenant's obligations hereunder shall be adjudged bankrupt or insolvent in proceedings filed thereunder; (v) a receiver or trustee shall be appointed for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations hereunder, and such appointment shall not be vacated or otherwise terminated, and the action in which such appointment was ordered dismissed, within sixty (60) days of filing; (vi) Tenant shall fail to take possession of or shall desert, abandon or vacate the Premises; (vii) the death of any guarantor; or (viii) the occurrence of an event described in clause (iv) or (v) of this Paragraph (without regard to any cure periods contained therein), and the failure thereafter of Tenant (A) to timely and fully make any payment of Rent or any other sum of money due hereunder or (B) to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder.

(b) Remedies. Upon the occurrence of any event of default specified in this Lease, Landlord shall have the option to pursue any (i) one or more of the following remedies without any notice or demand whatsoever and without releasing Tenant from any obligation under this Lease; or (ii) other remedy offered Landlord in law or in equity:

(i) Landlord may enter the Premises without terminating this Lease and perform any covenant or agreement or cure any condition creating or giving rise to an event of default under this Lease and Tenant shall pay to Landlord on demand, as additional rent, the amount expended by Landlord in performing such covenants or agreements or satisfying or observing such condition. Landlord, or its agents or employees, shall have the right to enter the Premises, and such entry and such performance shall not terminate this Lease or constitute an eviction of Tenant.

(ii) Landlord may terminate this Lease by written notice to Tenant (and not otherwise) or Landlord may terminate Tenant's right of possession without terminating this Lease. In either of such events Tenant shall surrender possession of and vacate the Premises immediately and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter the Premises, in whole or in part, with or without process of law and to expel or remove Tenant and any other person, firm or entity who may be occupying the Premises or any part thereof and remove any and all property therefrom, using such lawful force as may be necessary.

(iii) In the event Landlord elects to re-enter or take possession of the Premises after Tenant's default, with or without terminating this Lease, Landlord may change locks or alter security devices and lock

out, expel or remove Tenant and any other person who may be occupying all or any part of the Premises without being liable for any claim for damages.

(iv) Should Landlord elect to terminate this Lease or Tenant's right to possession under the provisions above, Landlord may recover the following damages from Tenant:

(A) The worth at the time of the award of any unpaid Rent that had been earned at the time of termination; plus

(B) The worth at the time of the award of the unpaid Rent that would have been earned after termination, until the time of award; plus

(C) The worth at the time of the award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of the rental loss that Tenant proves could have been reasonably avoided, if any; plus

(D) Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, including, but not limited to, any reasonable costs or expenses (including, without limitation, reasonable attorneys' fees), incurred by Landlord in (a) retaking possession of the Premises; (b) maintaining the Premises after default; (c) preparing the Premises or any portion thereof for reletting to a new tenant, including, without limitation, any reasonable repairs or alterations, whether for the same or a different use; (d) reletting the Premises, including but not limited to, advertising expenses, brokers' commissions and fees; and (e) any special concessions made to obtain a new tenant.

(E) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

As used in sub-subparagraphs (A) and (B) above, the phrase "worth at the time of the award" shall be computed by adding interest on all such sums from the date when originally due at the Interest Rate. As used in sub-subparagraph (C) above, the phrase "worth at the time of the award" shall be computed by discounting the sum in question at the Federal Reserve rate promulgated by the Federal Reserve office for the district in which the Project is located, plus one percent (1%).

(v) Tenant specifically acknowledges and agrees that Landlord shall have the right to continue to collect Rent after any termination (whether said termination occurs through eviction proceedings or as a result of some other early termination pursuant to this Lease) for the remainder of the Lease Term, less any amounts collected by Landlord from the reletting of the Premises, but in no event shall Tenant be entitled to receive any excess of any such rents collected over the Rent.

(vi) A termination of this Lease by Landlord or the recovery of possession of the Premises by Landlord or any voluntary or other surrender of this Lease by Tenant or a mutual cancellation thereof, shall not work a merger and shall at the option of Landlord, terminate all or any existing franchises or concessions, licenses, permits, subleases, subtenancies or the like between Tenant and any third party with respect to the Premises, or may, at the option of Landlord, operate as an assignment to Landlord of Tenant's interest in same. Following an event of default, Landlord shall have the right to require any subtenants to pay all sums due under their subleases directly to Landlord.

(vii) All demands for Rent and all other demands, notices and entries, whether provided for under common law or otherwise, that are not expressly required by the terms hereof, are hereby waived by Tenant.

(viii) Tenant hereby waives for Tenant and for all those claiming under Tenant all right now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

(ix) If it is necessary for Landlord to bring suit in order to collect any deficiency, Landlord shall have the right to allow such deficiencies to accumulate and to bring an action on several or all of the accrued deficiencies at one time. Any such suit shall not prejudice in any way the right of Landlord to bring a similar action for any subsequent deficiency or deficiencies.

(x) Notwithstanding any prior election by Landlord to not terminate this Lease, Landlord may at any time, including subsequent to any re-entry or taking of possession of the Premises as allowed hereinabove, elect to terminate this Lease.

(xi) Landlord may apply Tenant's Security Deposit to the extent necessary to make good any rent arrearage, to pay the cost of remedying Tenant's default or to reimburse Landlord for expenditures made or damages suffered as a consequence of Tenant's default, without prejudice to any other remedies Landlord may have under this Lease. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount.

(c) Mitigation of Damages.

(i) In the event of a default under the Lease, Landlord and Tenant shall each use commercially reasonable efforts to mitigate any damages resulting from a default of the other party under this Lease.

(ii) Landlord's obligation to mitigate damages after a default by Tenant shall be satisfied in full if Landlord undertakes to lease the Premises to another tenant (a "Substitute Tenant") in accordance with the following criteria:

(A) Landlord shall have no obligation to solicit or entertain negotiations with any other prospective tenant for the Premises until Landlord obtains full and complete possession of the Premises including, without limitation, the final and unappealable legal right to relet the Premises free of any claim of Tenant.

(B) Landlord shall not be obligated to offer the Premises to a Substitute Tenant when other premises in the Project suitable for that prospective tenant's use are (or soon will be) available.

(C) Landlord shall not be obligated to lease the Premises to a Substitute Tenant for a rental less than the current fair market rental then prevailing for similar space, nor shall Landlord be obligated to enter into a new lease under other terms and conditions that are unacceptable to Landlord under Landlord's then current leasing policies for comparable space.

(D) Landlord shall not be obligated to enter into a lease with any proposed tenant whose

use would:

- a. Disrupt the tenant mix or balance of the Project;
- b. Violate any restriction, covenant, or requirement contained in the lease of another tenant of the Project;
- c. Adversely affect the reputation of the Project; or

d. Be incompatible with the operation of the Project.

(E) Landlord shall not be obligated to enter into a lease with any proposed Substitute Tenant (a "Substitute Lease") which does not have, in Landlord's reasonable opinion, sufficient financial resources or operating experience to operate the Premises in a first-class manner.

(F) Landlord shall not be required to expend any amount of money to alter, remodel, or otherwise make the Premises suitable for use by a proposed Substitute Tenant unless:

- a. Tenant pays any such sum to Landlord in advance of Landlord's execution of a Substitute Lease with such Substitute Tenant (which payment shall not be in lieu of any damages or other sums to which Landlord may be entitled as a result of Tenant's default under this Lease); or
- b. Landlord, in Landlord's sole discretion, determines that any such expenditure is financially justified in connection with entering into any such Substitute Lease.

(iii) Upon compliance with the above criteria regarding the releasing of the Premises after a default by Tenant, Landlord shall be deemed to have fully satisfied Landlord's obligation to mitigate damages under this Lease and under any law or judicial ruling in effect on the date of this Lease or at the time of Tenant's default, and Tenant waives and releases, to the fullest extent legally permissible, any right to assert in any action by Landlord to enforce the terms of this Lease, any defense, counterclaim, or rights of setoff or recoupment respecting the mitigation of damages by Landlord, unless and to the extent Landlord maliciously or in bad faith fails to act in accordance with the requirements of this Paragraph 12(c).

(iv) Tenant's right to seek damages from Landlord as a result of a default by Landlord under this Lease shall be conditioned on Tenant taking all actions reasonably required, under the circumstances, to minimize any loss or damage to Tenant's property or business, or to any of Tenant's officers, employees, agents, invitees, or other third parties that may be caused by any such default of Landlord.

(d) Effect of Suit or Partial Collection. Institution of a forcible detainer action to re-enter the Premises shall not be construed to be an election by Landlord to terminate this Lease. Landlord may collect and receive any Rent due from Tenant and the payment thereof shall not constitute a waiver of or affect any notice or demand given, suit instituted or judgment obtained by Landlord, or be held to waive or alter the rights or remedies which Landlord may have at law or in equity or by virtue of this Lease at the time of such payment.

(e) Remedies Cumulative. All rights and remedies of Landlord herein or existing at law or in equity are cumulative and the exercise of one or more rights or remedies shall not be taken to exclude or waive the right to the exercise of any other.

(f) Late Payment Charge and Interest Payable. Landlord may, without further notice to Tenant, impose a late payment charge equal to five percent (5%) of any amount due if any amount due under this Lease is not paid within five (5) days from the date required to be paid hereunder; provided, however, with respect to the first late payment in any consecutive twelve (12) month period, no such late charge shall accrue unless Tenant fails to pay such sum within five (5) days after receipt of written notice from Landlord of Tenant's failure to timely pay such sum (it being agreed that with respect to the second and any subsequent late payments in such consecutive twelve (12) month period no such written notice shall be required). In addition, any payment due under this Lease not paid within ten (10) days after the date herein specified to be paid shall bear interest from the date such payment is due to the date of actual

payment at the rate of twelve percent (12%) per annum or the highest lawful rate of interest permitted by Utah or federal law, whichever rate of interest is lower.

13. ACCESS; CONSTRUCTION

Landlord reserves from the leasehold estate hereunder, in addition to all other rights reserved by Landlord under this Lease, the right to use the roof and exterior walls of the Premises and the area beneath, adjacent to and above the Premises, Landlord also reserves the right to install, use, maintain, repair, replace and relocate equipment, machinery, meters, pipes, ducts, plumbing, conduits and wiring through the Premises, which serve other portions of the Building or the Project in a manner and in locations which do not unreasonably interfere with Tenant's use of the Premises. In addition, Landlord shall have free access to any and all mechanical installations of Landlord or Tenant, including, without limitation, machine rooms, telephone rooms and electrical closets. Tenant agrees that there shall be no construction of partitions or other obstructions which materially interfere with or which threaten to materially interfere with Landlord's free access thereto, or materially interfere with the moving of Landlord's equipment to or from the enclosures containing said installations. Upon at least twenty-four (24) hours' prior notice (except in the event of an emergency, when no notice shall be necessary), Landlord reserves and shall at any time and all times have the right to enter the Premises to inspect the same, to supply janitorial service and any other service to be provided by Landlord to Tenant hereunder, to exhibit the Premises to prospective purchasers, lenders or tenants (provided, however, with respect to prospective tenants, only during the last nine (9) months of the Lease Term), to post notices of non-responsibility, to alter, improve, restore, rebuild or repair the Premises or any other portion of the Building, or to do any other act permitted or contemplated to be done by Landlord hereunder, all without being deemed guilty of an eviction of Tenant and without liability for abatement of Rent or otherwise. For such purposes, Landlord may also erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed. Landlord shall conduct all such inspections and/or improvements, alterations and repairs so as to minimize, to the extent reasonably practical and without additional expense to Landlord, any interruption of or interference with the business of Tenant. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of such purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises (excluding Tenant's vaults and safes, access to which shall be provided by Tenant upon Landlord's reasonable request). Landlord shall have the right to use any and all means which Landlord may deem proper in an emergency in order to obtain entry to the Premises or any portion thereof, and Landlord shall have the right, at any time during the Lease Term, to provide whatever access control measures it deems reasonably necessary to the Project, without any interruption or abatement in the payment of Rent by Tenant. Any entry into the Premises obtained by Landlord by any of such means shall not under any circumstances be construed to be a forcible or unlawful entry into, or a detainer of, the Premises, or any eviction of Tenant from the Premises or any portion thereof. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, Alterations or decorations to the Premises or the Project except as otherwise expressly agreed to be performed by Landlord pursuant to the provisions of this Lease.

14. BANKRUPTCY

(a) If at any time on or before the Commencement Date there shall be filed by or against Tenant in any court, tribunal, administrative agency or any other forum having jurisdiction, pursuant to any applicable law, either of the United States or of any state, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver, trustee or conservator of all or a portion of Tenant's property, or if Tenant makes an assignment for the benefit of creditors, this Lease shall ipso facto be canceled and terminated and in such event neither Tenant nor any person claiming through or under Tenant or by virtue of any applicable law or by an order of any court, tribunal, administrative agency or any other forum having jurisdiction, shall be entitled to possession of the Premises and Landlord, in addition to the other rights and remedies given by Paragraph 12 hereof or by virtue of any other provision contained in this Lease or by virtue of any applicable law, may retain as damages any Rent, Security Deposit or moneys received by it from Tenant or others on behalf of Tenant.

(b) If, after the Commencement Date, or if at any time during the Lease Term, there shall be filed against Tenant in any court, tribunal, administrative agency or any other forum having jurisdiction, pursuant to any applicable law, either of the United States or of any state, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver, trustee or conservator of all or a portion of Tenant's property, and the same is not dismissed after sixty (60) calendar days, or if Tenant makes an assignment for the benefit of creditors, this Lease, at the option of Landlord exercised within a reasonable time after notice of the happening of any one or more of such events, may be canceled and terminated and in such event neither Tenant nor any person claiming through or under Tenant or by virtue of any statute or of an order of any court shall be entitled to possession or to remain in possession of the Premises, but shall forthwith quit and surrender the Premises, and Landlord, in addition to the other rights and remedies granted by Paragraph 12 hereof or by virtue of any other provision contained in this Lease or by virtue of any applicable law, may retain as damages any Rent, Security Deposit or moneys received by it from Tenant or others on behalf of Tenant.

(c) In the event of the occurrence of any of those events specified in this Paragraph 14, if Landlord shall not choose to exercise, or by applicable law, shall not be able to exercise, its rights hereunder to terminate this Lease upon the occurrence of such events, then, in addition to any other rights of Landlord hereunder or by virtue of applicable law, (i) Landlord shall not be obligated to provide Tenant with any of the utilities or services specified in Paragraph 7, unless Landlord has received compensation in advance for such utilities or services, and the parties agree that Landlord's reasonable estimate of the compensation required with respect to such services shall control, and (ii) neither Tenant, as debtor-in-possession, nor any trustee or other person (hereinafter collectively referred to as the "Assuming Tenant") shall be entitled to assume this Lease unless on or before the date of such assumption, the Assuming Tenant (x) cures, or provides adequate assurance that the latter will promptly cure, any existing default under this Lease, (y) compensates, or provides adequate assurance that the Assuming Tenant will promptly compensate Landlord for any pecuniary loss (including, without limitation, attorneys' fees and disbursements) resulting from such default, and (z) provides adequate assurance of future performance under this Lease, it being covenanted and agreed by the parties that, for such purposes, any cure or compensation shall be effected by the immediate payment of any monetary default or any required compensation, or the immediate correction or bonding of any nonmonetary default. For purposes of this Lease, (i) any "adequate assurance" of such cure or compensation shall be effected by the establishment of an escrow fund for the amount at issue or by the issuance of a bond, and (ii) "adequate assurance" of future performance shall be effected by the establishment of an escrow fund for the amount at issue or by the issuance of a bond.

15. INTENTIONALLY DELETED

16. SUBORDINATION; ATTORNMENT; ESTOPPEL CERTIFICATES

(a) Tenant agrees that this Lease and the rights of Tenant hereunder shall be subject and subordinate to any and all deeds to secure debt, deeds of trust, security interests, mortgages, master leases, ground leases or other security documents and any and all modifications, renewals, extensions, consolidations and replacements thereof (collectively, "Security Documents") which now or hereafter constitute a lien upon or affect the Project, the Building or the Premises. Such subordination shall be effective without the necessity of the execution by Tenant of any additional document for the purpose of evidencing or effecting such subordination. In addition, Landlord shall have the right to subordinate or cause to be subordinated any such Security Documents to this Lease and in such case, in the event of the termination or transfer of Landlord's estate or interest in the Project by reason of any termination or foreclosure of any such Security Documents, Tenant shall, notwithstanding such subordination, attorn to and become the Tenant of the successor-in-interest to Landlord at the option of such successor-in-interest. Furthermore, Tenant shall within ten (10) days of demand therefor execute any commercially reasonable instruments or other documents which may be reasonably required by Landlord or the holder of any Security Document and specifically shall execute, acknowledge and deliver within ten (10) days of demand therefor a subordination of lease or subordination of deed of trust or mortgage, in the form required by the holder of the Security Document requesting the document; the failure to do so by Tenant within such time period shall be a material default hereunder if not cured within five (5) days after receipt of a second written notice advising Tenant of its failure to timely execute such documents; provided, however, the new landlord or

the holder of any Security Document shall agree that Tenant's quiet enjoyment of the Premises shall not be disturbed as long as Tenant is not in default under this Lease.

Notwithstanding anything to the contrary contained herein, Tenant's subordination of this Lease to any future security devices entered into by Landlord and any attornment obligations in connection therewith shall be subject to receiving a non-disturbance agreement (a "Non-Disturbance Agreement") from the lender on the lender's then current form, which such Non-Disturbance Agreement shall provide that Tenant's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Tenant is not in breach hereof and attorns to the record owner of the Premises.

(b) If any proceeding is brought for default under any ground or master lease to which this Lease is subject or in the event of foreclosure or the exercise of the power of sale under any mortgage, deed of trust or other Security Document made by Landlord covering the Premises, at the election of such ground lessor, master lessor or purchaser at foreclosure, Tenant shall attorn to and recognize the same as Landlord under this Lease, provided such successor expressly agrees in writing to be bound to all future obligations by the terms of this Lease, and if so requested, Tenant shall enter into a new lease with that successor on the same terms and conditions as are contained in this Lease (for the unexpired Lease Term then remaining). Tenant hereby waives its rights under any current or future law which gives or purports to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any such foreclosure proceeding or sale.

(c) [Intentionally Deleted].

(d) Tenant shall, upon not less than ten (10) days' prior notice by Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying to those facts for which certification has been requested by Landlord or any current or prospective purchaser, holder of any Security Document, ground lessor or master lessor, including, but without limitation, that (i) this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (ii) the dates to which the Basic Annual Rent, Additional Rent and other charges hereunder have been paid, if any, and (iii) whether or not to the best knowledge of Tenant, Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which Tenant may have knowledge. The form of the statement attached hereto as Exhibit E is hereby approved by Tenant for use pursuant to this (e) subparagraph (d); however, at Landlord's option, Landlord shall have the right to use other forms for such purpose. Tenant's failure to execute and deliver such statement within such time shall, at the option of Landlord, constitute a material default under this Lease and, in any event, shall be conclusive upon Tenant that this Lease is in full force and effect without modification except as may be represented by Landlord in any such certificate prepared by Landlord and delivered to Tenant for execution. Any statement delivered pursuant to this Paragraph 16 may be relied upon by any prospective purchaser of the fee of the Building or the Project or any mortgagee, ground lessor or other like encumbrancer thereof or any assignee of any such encumbrance upon the Building or the Project.

17. SALE BY LANDLORD; TENANT'S REMEDIES; NONRECOURSE LIABILITY

(a) In the event of a sale or conveyance by Landlord of the Building or the Project, Landlord shall be released from any and all liability under this Lease; provided the new owner of the Building assumes in writing the obligations of Landlord under this Lease. If the Security Deposit has been deposited by Tenant to Landlord prior to such sale or conveyance, Landlord shall transfer the Security Deposit to the purchaser, and upon delivery to Tenant of notice thereof, Landlord shall be discharged from any further liability in reference thereto.

(b) Landlord shall not be in default of any obligation of Landlord hereunder unless Landlord fails to perform any of its obligations under this Lease within thirty (30) days after receipt of written notice of such failure from Tenant; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, Landlord shall not be in default if Landlord commences to cure such default within the

thirty (30) day period and thereafter diligently prosecutes the same to completion. All obligations of Landlord under this Lease will be binding upon Landlord only during the period of its ownership of the Project and not thereafter. All obligations of Landlord hereunder shall be construed as covenants, not conditions; and, except as may be otherwise expressly provided in this Lease, Tenant may not terminate this Lease for breach of Landlord's obligations hereunder. The foregoing shall not limit any right that Tenant might have to obtain specific performance of Landlord's obligations hereunder.

(c) Notwithstanding anything contained in this Lease to the contrary, the obligations of Landlord under this Lease (including any actual or alleged breach or default by Landlord) do not constitute personal obligations of the individual partners, directors, officers, trustees, members or shareholders of Landlord or Landlord's members or partners, and Tenant shall not seek recourse against the individual partners, directors, officers, trustees, members or shareholders of Landlord or against Landlord's members or partners or against any other persons or entities having any interest in Landlord, or against any of their personal assets for satisfaction of any liability with respect to this Lease. Any liability of Landlord for a default by Landlord under this Lease, or a breach by Landlord of any of its obligations under the Lease, shall be limited solely to its interest in the Project, and in no event shall any personal liability be asserted against Landlord and/or any Landlord Indemnitee in connection with this Lease nor shall any recourse be had to any other property or assets of Landlord, its partners, directors, officers, trustees, members, shareholders or any other persons or entities having any interest in Landlord. Tenant's sole and exclusive remedy for a default or breach of this Lease by Landlord shall be either (i) an action for damages, or (ii) an action for injunctive relief; Tenant hereby waiving and agreeing that Tenant shall have no offset rights or right to terminate this Lease on account of any breach or default by Landlord under this Lease. Under no circumstances whatsoever shall Landlord ever be liable for punitive, consequential or special damages or loss of profits under this Lease and Tenant waives any rights it may have to such damages under this Lease in the event of a breach or default by Landlord under this Lease. Except in connection with damages arising from any holding over by Tenant as set forth in Paragraph 19(f) below, under no circumstances whatsoever shall Tenant ever be liable for punitive, consequential or special damages or loss of profits under this Lease and, except in connection with holdover damages arising under Paragraph 19(f) below, Landlord waives any rights it may have to such damages under this Lease in the event of a breach or default by Tenant under this Lease.

(d) As a condition to the effectiveness of any notice of default given by Tenant to Landlord, Tenant shall also concurrently give such notice under the provisions of Paragraph 17(b) to each beneficiary under a Security Document encumbering the Project of whom Tenant has received written notice (such notice to specify the address of the beneficiary). In the event Landlord shall fail to cure any breach or default within the time period specified in subparagraph (b), then prior to the pursuit of any remedy therefor by Tenant, each such beneficiary shall have an additional thirty (30) days within which to cure such default, or if such default cannot reasonably be cured within

(e) such period, then each such beneficiary shall have such additional time as shall be necessary to cure such default, provided that within such thirty (30) day period, such beneficiary has commenced and is diligently pursuing the remedies available to it which are necessary to cure such default (including, without limitation, as appropriate, commencement of foreclosure proceedings).

18. PARKING; COMMON AREAS

(a) Tenant shall have the right to the nonexclusive use of the number of parking spaces located in the parking areas of the Project specified in *Item 13* of the Basic Lease Provisions for the parking of operational motor vehicles used by Tenant, its officers and employees only. Landlord reserves the right, at any time upon written notice to Tenant, to designate the location of Tenant's parking spaces as determined by Landlord in its reasonable discretion; provided that if Landlord desires to change the location of the parking from the area that Tenant is currently using as of the Date of this Lease, then such new location shall be in reasonable proximity to the Building. The use of such spaces shall be subject to the rules and regulations adopted by Landlord from time to time for the use of the parking areas, provided that such rules and regulations shall not materially adversely affect Tenant's rights hereunder. Landlord

further reserves the right to make such changes to the parking system as Landlord may deem necessary or reasonable from time to time; i.e., Landlord may provide for one or a combination of parking systems, including, without limitation, self-parking, single or double stall parking spaces, and valet assisted parking. Except as otherwise expressly agreed to in this Lease, Tenant agrees that Tenant, its officers and employees shall not be entitled to park in any reserved or specially assigned areas designated by Landlord from time to time in the Project's parking areas. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's officers, employees, suppliers, shippers, customers or invitees to be loaded, unloaded or parked in areas other than those designated by Landlord for such activities. If Tenant permits or allows any of the prohibited activities described in this Paragraph, then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Tenant, which cost shall be immediately payable upon demand by Landlord.

(b) Subject to subparagraph (c) below and the remaining provisions of this Lease, Tenant shall have the nonexclusive right, in common with others, to the use of such entrances, lobbies, restrooms, elevators, ramps, drives, stairs, and similar access ways and service ways and other common areas and facilities in and adjacent to the Building and the Project as are designated from time to time by Landlord for the general nonexclusive use of Landlord, Tenant and the other tenants of the Project and their respective employees, agents, representatives, licensees and invitees ("Common Areas"). The use of such Common Areas shall be subject to the rules and regulations contained herein and the provisions of any covenants, conditions and restrictions affecting the Building or the Project. Tenant shall keep all of the Common Areas free and clear of any obstructions created or permitted by Tenant or resulting from Tenant's operations, and shall use the Common Areas only for normal activities, parking and ingress and egress by Tenant and its employees, agents, representatives, licensees and invitees to and from the Premises, the Building or the Project. If, in the reasonable opinion of Landlord, unauthorized persons are using the Common Areas by reason of the presence of Tenant in the Premises, Tenant, upon demand of Landlord, shall correct such situation by appropriate action or proceedings against all such unauthorized persons. Nothing herein shall affect the rights of Landlord at any time to remove any such unauthorized persons from said areas or to prevent the use of any of said areas by unauthorized persons. Landlord reserves the right to make such changes, alterations, additions, deletions, improvements, repairs or replacements in or to the Building, the Project (including the Premises) and the Common Areas as Landlord may reasonably deem necessary or desirable, including, without limitation, constructing new buildings and making changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading areas, landscaped areas and walkways; provided, however, that (i) there shall be no unreasonable permanent obstruction of access to or use of the Premises resulting therefrom, and (ii) Landlord shall use commercially reasonable efforts to minimize any interruption with Tenant's use of the Premises. In the event that the Project is not completed on the date of execution of this Lease, Landlord shall have the sole judgment and discretion to determine the architecture, design, appearance, construction, workmanship, materials and equipment with respect to construction of the Project. Notwithstanding any provision of this Lease to the contrary, the Common Areas shall not in any event be deemed to be a portion of or included within the Premises leased to Tenant and the Premises shall not be deemed to be a portion of the Common Areas. This Lease is granted subject to the terms hereof, the rights and interests of third parties under existing liens, ground leases, easements and encumbrances affecting such property, all zoning regulations, rules, ordinances, building restrictions and other laws (iii) and regulations now in effect or hereafter adopted by any governmental authority having jurisdiction over the Project or any part thereof.

(c) Notwithstanding any provision of this Lease to the contrary, Landlord specifically reserves the right to redefine the term "Project" for purposes of allocating and calculating Operating Costs so as to include or exclude areas as Landlord shall from time to time determine or specify (and any such determination or specification shall be without prejudice to Landlord's right to revise thereafter such determination or specification). In addition, Landlord shall have the right to contract or otherwise arrange for amenities, services or utilities (the cost of which is included within Operating Costs) to be on a common or shared basis to both the Project (i.e., the area with respect to which Operating Costs are determined) and adjacent areas not included within the Project, so long as the basis on which the cost of such amenities, services or utilities is allocated to the Project is determined on an arms-length basis or some other basis reasonably determined by Landlord. In the case where the definition of the Project is revised for purposes

of the allocation or determination of Operating Costs, (i) Tenant's Proportionate Share of the Building shall be appropriately revised to equal the percentage share of all Rentable Area contained within the Building (as then defined) represented by the Premises, and (ii) Tenant's Proportionate Share of the Project shall be appropriately revised to equal the percentage share of all Rentable Area contained within the Project (as then defined) represented by the Premises. The Rentable Area of the Project is subject to adjustment by Landlord from time to time to reflect any re-measurement thereof by Landlord's architect, at Landlord's request, and/or as a result of any additions or deletions to any of the buildings in the Project as designated by Landlord. Notwithstanding the foregoing, Landlord agrees that in no event shall Tenant's Proportionate Share of Operating Costs increase due to Landlord redefining the term "Project." Landlord shall have the sole right to determine which portions of the Project and other areas, if any, shall be served by common management, operation, maintenance and repair. Landlord shall also have the right, in its sole discretion, to allocate and prorate any portion or portions of the Operating Costs on a building-by-building basis, on an aggregate basis of all buildings in the Project, or any other reasonable manner, and if allocated on a building-by-building basis, then Tenant's Proportionate Share shall, as to the portion of the Operating Costs so allocated, be based on the ratio of the Rentable Area of the Premises to the Rentable Area of the Building. Landlord shall have the exclusive rights to the airspace above and around, and the subsurface below, the Premises and other portions of the Building and Project.

19. MISCELLANEOUS

(a) Attorneys' Fees. In the event of any legal action or proceeding brought by either party against the other arising out of this Lease, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs (including, without limitation, court costs and expert witness fees) incurred in such action. Such amounts shall be included in any judgment rendered in any such action or proceeding.

(b) Waiver. No waiver by Landlord of any provision of this Lease or of any breach by Tenant hereunder shall be deemed to be a waiver of any other provision hereof, or of any subsequent breach by Tenant. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval under this Lease shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant. No act or thing done by Landlord or Landlord's agents during the Lease Term shall be deemed an acceptance of a surrender of the Premises, unless in writing signed by Landlord. The delivery of the keys to any employee or agent of Landlord shall not operate as a termination of the Lease or a surrender of the Premises. The acceptance of any Rent by Landlord following a breach of this Lease by Tenant shall not constitute a waiver by Landlord of such breach or any other breach unless such waiver is expressly stated in a writing signed by Landlord.

(c) Notices. Any notice, demand, request, consent, approval, disapproval or certificate ("Notice") required or desired to be given under this Lease shall be in writing and given by certified mail, return receipt requested, by personal delivery or by a nationally recognized overnight delivery service (such as Federal Express or UPS) providing a receipt for delivery. Notices may not be given by facsimile. The date of giving any Notice shall be deemed to be the date upon which delivery is actually made by one of the methods described in this Section 19(c) (or attempted if said delivery is refused or rejected). If a Notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day. All notices, demands, requests, consents, approvals, disapprovals, or certificates shall be addressed at the address specified in *Item 14* of the Basic Lease Provisions or to such other addresses as may be specified by written notice from Landlord to Tenant and if to Tenant, at the Premises. Either party may change its address by giving reasonable advance written Notice of its new address in accordance with the methods described in this Paragraph; provided, however, no notice of either party's change of address shall be effective until fifteen (15) days after the addressee's actual receipt thereof. For the purpose of this Lease, Landlord's counsel may provide Notices to Tenant on behalf of Landlord and such notices shall be binding on Tenant as if such notices have been provided directly by Landlord.

(d) Access Control. Landlord shall be the sole determinant of the type and amount of any access control or courtesy guard services to be provided to the Project, if any. IN ALL EVENTS OTHER THAN THE WILLFUL

MISCONDUCT OF LANDLORD, LANDLORD SHALL NOT BE LIABLE TO TENANT, AND TENANT HEREBY WAIVES ANY CLAIM AGAINST LANDLORD, FOR (I) ANY UNAUTHORIZED OR CRIMINAL ENTRY OF THIRD PARTIES INTO THE PREMISES, THE BUILDING OR THE PROJECT, (II) ANY DAMAGE TO PERSONS, OR (III) ANY LOSS OF PROPERTY IN AND ABOUT THE PREMISES, THE BUILDING OR THE PROJECT, BY OR FROM ANY UNAUTHORIZED OR CRIMINAL ACTS OF THIRD PARTIES, REGARDLESS OF ANY ACTION, INACTION, FAILURE, BREAKDOWN, MALFUNCTION AND/OR INSUFFICIENCY OF THE ACCESS CONTROL OR COURTESY GUARD SERVICES PROVIDED BY LANDLORD, IF ANY. Tenant shall provide such supplemental security services and shall install within the Premises such supplemental security equipment, systems and procedures as may reasonably be required for the protection of its employees and invitees, provided that Tenant shall coordinate such services and equipment with any security provided by Landlord. The determination of the extent to which such supplemental security equipment, systems and procedures are reasonably required shall be made in the sole judgment, and shall be the sole responsibility, of Tenant. Tenant acknowledges that it has neither received nor relied upon any representation or warranty made by or on behalf of Landlord with respect to the safety or security of the Premises or the Project or any part thereof or the extent or effectiveness of any security measures or procedures now or hereafter provided by Landlord, and further acknowledges that Tenant has made its own independent determinations with respect to all such matters.

(e) Storage. Any storage space at any time leased to Tenant hereunder shall be used exclusively for storage. Notwithstanding any other provision of this Lease to the contrary, (i) Landlord shall have no obligation to provide heating, cleaning, water or air conditioning therefor, and (ii) Landlord shall be obligated to provide to such storage space only such electricity as will, in Landlord's judgment, be adequate to light said space as storage space.

(f) Holding Over. If Tenant retains possession of the Premises after the termination or expiration of the Lease Term, then Tenant shall, at Landlord's election, become a tenant at sufferance (and not a tenant at will), such possession shall be subject to immediate termination by Landlord at any time, and all of the other terms and provisions of this Lease (excluding any expansion or renewal option or other similar right or option) shall be applicable during such holdover period, except that Tenant shall pay Landlord from time to time, upon demand, as Basic Annual Rent for the holdover period, an amount equal to one hundred fifty percent (150%) of the Basic Annual Rent in effect on the termination date, computed on a monthly basis for each month or part thereof during such holding over. All other payments (including payments of Additional Rent) shall continue under the terms of this Lease. In addition, Tenant shall be liable for all damages incurred by Landlord as a result of such holding over. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease except as otherwise expressly provided, and this Paragraph shall not be construed as consent for Tenant to retain possession of the Premises.

(g) Condition of Premises. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS LEASE, LANDLORD HEREBY DISCLAIMS ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY THAT THE PREMISES ARE SUITABLE FOR TENANT'S INTENDED PURPOSE OR USE, WHICH DISCLAIMER IS HEREBY ACKNOWLEDGED BY TENANT. THE TAKING OF POSSESSION BY TENANT SHALL BE CONCLUSIVE EVIDENCE THAT TENANT:

(i) ACCEPTS THE PREMISES, THE BUILDING AND LEASEHOLD IMPROVEMENTS AS SUITABLE FOR THE PURPOSES FOR WHICH THE PREMISES WERE LEASED;

(ii) ACCEPTS THE PREMISES AND PROJECT AS BEING IN GOOD AND SATISFACTORY CONDITION;

(iii) WAIVES ANY DEFECTS IN THE PREMISES AND ITS APPURTENANCES EXISTING NOW OR IN THE FUTURE, EXCEPT THAT TENANT'S TAKING OF POSSESSION SHALL NOT BE DEEMED TO WAIVE LANDLORD'S COMPLETION OF MINOR FINISH WORK ITEMS THAT DO NOT INTERFERE WITH TENANT'S OCCUPANCY OF THE PREMISES; AND

(iv) WAIVES ALL CLAIMS BASED ON ANY IMPLIED WARRANTY OF SUITABILITY OR HABITABILITY.

(h) Quiet Possession. Upon Tenant's paying the Rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the term hereof without hindrance or ejection by any person lawfully claiming under Landlord, subject to the provisions of this Lease and to the provisions of any (i) covenants, conditions and restrictions, or (ii) Security Documents to which this Lease is subordinate or may be subordinated.

(i) Matters of Record. Except as otherwise provided herein, this Lease and Tenant's rights hereunder are subject and subordinate to all matters affecting Landlord's title to the Project recorded in the Real Property Records of the County in which the Project is located, prior to and subsequent to the date hereof, including, without limitation, all covenants, conditions and restrictions. Tenant agrees for itself and all persons in possession or holding under it that it will comply with and not violate any such covenants, conditions and restrictions or other matters of record. Landlord reserves the right, from time to time, to grant such easements, rights and dedications as Landlord deems necessary or desirable, and to cause the recordation of parcel maps and covenants, conditions and restrictions affecting the Premises, the Building or the Project, as long as such easements, rights, dedications, maps, and covenants, conditions and restrictions do not materially interfere with the use of the Premises by Tenant. At Landlord's request, Tenant shall join in the execution of any of the aforementioned documents.

(j) Successors and Assigns. Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns. Tenant shall attorn to each purchaser, successor or assignee of Landlord.

(k) Brokers. Tenant warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the brokers named in *Item 12* of the Basic Lease Provisions and that it knows of no other real estate broker or agent who is or might be entitled to a commission in connection with this Lease. Tenant hereby agrees to indemnify, defend and hold Landlord harmless for, from and against all claims for any brokerage commissions, finders' fees or similar payments by any persons, other than those listed in *Item 12* of the Basic Lease Provisions, claiming to have represented Tenant in connection with this Lease and all costs, expenses and liabilities incurred in connection with such claims, including reasonable attorneys' fees and costs. Landlord warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the brokers named in *Item 12* of the Basic Lease Provisions and that it knows of no other real estate broker or agent who is or might be entitled to a commission in connection with this Lease. Landlord hereby agrees to indemnify, defend and hold Tenant harmless for, from and against all claims for any brokerage commissions, finders' fees or similar payments by any persons, other than those listed in *Item 12* of the Basic Lease Provisions, claiming to have represented Landlord in connection with this Lease and all costs, expenses and liabilities incurred in connection with such claims, including reasonable attorneys' fees and costs.

(l) Project or Building Name and Signage. Landlord shall have the right at any time to change the name of the Project or Building and to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord. Additionally, Landlord shall have the exclusive right at all times during the Lease Term to change, modify, add to or otherwise alter the name, number, or designation of the Building and/or the Project, and Landlord shall not be liable for claims or damages of any kind which may be attributed thereto or result therefrom.

- (m) Examination of Lease. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.
- (n) Time. Time is of the essence of this Lease and each and all of its provisions.
- (o) Defined Terms and Marginal Headings. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular and for purposes of Article 5, Article 7, Article 13 and Article 18, the term Landlord shall include Landlord, its employees, contractors and agents. If more than one person is named as Tenant the obligations of such persons are joint and several. The marginal headings and titles to the articles of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.
- (p) Conflict of Laws; Prior Agreements; Separability. This Lease shall be governed by and construed pursuant to the laws of the State of Utah. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease. No prior agreement, understanding or representation pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. The illegality, invalidity or unenforceability of any provision of this Lease shall in no way impair or invalidate any other provision of this Lease, and such remaining provisions shall remain in full force and effect.
- (q) Authority. If Tenant is a corporation or limited liability company, each individual executing this Lease on behalf of Tenant hereby covenants and warrants that Tenant is a duly authorized and existing corporation or limited liability company, that Tenant has and is qualified to do business in the State, that the corporation or limited liability company has full right and authority to enter into this Lease, and that each person signing on behalf of the corporation is authorized to do so. If Tenant is a partnership or trust, each individual executing this Lease on behalf of Tenant hereby covenants and warrants that he is duly authorized to execute and deliver this Lease on behalf of Tenant in accordance with the terms of such entity's partnership or trust agreement. This Lease shall not be construed to create a partnership, joint venture or similar relationship or arrangement between Landlord and Tenant hereunder.
- (r) Joint and Several Liability. If two or more individuals, corporations, partnerships or other business associations (or any combination of two or more thereof) shall sign this Lease as Tenant, the liability of each such individual, corporation, partnership or other business association to pay Rent and perform all other obligations hereunder shall be deemed to be joint and several, and all notices, payments and agreements given or made by, with or to any one of such individuals, corporations, partnerships or other business associations shall be deemed to have been given or made by, with or to all of them. In like manner, if Tenant shall be a partnership or other business association, the members of which are, by virtue of statute or federal law, subject to personal liability, then the liability of each such member shall be joint and several.
- (s) Rental Allocation. For purposes of Section 467 of the Internal Revenue Code of 1986, as amended from time to time, Landlord and Tenant hereby agree to allocate all Rent to the period in which payment is due, or if later, the period in which Rent is paid.
- (t) Rules and Regulations. Tenant agrees to comply with all rules and regulations of the Building and the Project imposed by Landlord as set forth on Exhibit D attached hereto, as the same may be changed from time to time upon reasonable notice to Tenant, provided such changes shall not materially adversely affect Tenant's rights hereunder. Landlord shall not be liable to Tenant for the failure of any other tenant or any of its assignees, subtenants, or their respective agents, employees, representatives, invitees or licensees to conform to such rules and regulations.

(u) Joint Product. This Lease is the result of arms-length negotiations between Landlord and Tenant and their respective attorneys. Accordingly, neither party shall be deemed to be the author of this Lease and this Lease shall not be construed against either party.

(v) Financial Statements. Upon Landlord's written request, Tenant shall promptly furnish Landlord, from time to time, with the most current audited financial statements prepared in accordance with generally accepted accounting principles, certified by Tenant and an independent auditor to be true and correct, reflecting Tenant's then current financial condition.

(w) Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, terrorism, terrorist activities, inability to obtain services, labor, or materials or reasonable substitutes therefore, governmental actions, civil commotions, fire, flood, earthquake or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease and except as to Tenant's obligations under Article 6 and Article 8 of this Lease and Section 19(f) of this Lease and any extension of the Construction Termination Date as set forth in Paragraph (d) of Exhibit B to this Lease (collectively, a "Force Majeure"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

(x) Counterparts. This Lease may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

(y) WAIVER OF JURY TRIAL. LANDLORD AND TENANT WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY OF ANY CONTRACT OR TORT CLAIM, COUNTERCLAIM, CROSS-COMPLAINT, OR CAUSE OF ACTION IN ANY ACTION, PROCEEDING, OR HEARING BROUGHT BY EITHER PARTY AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, OR TENANT'S USE OR OCCUPANCY OF THE LEASED PREMISES, INCLUDING WITHOUT LIMITATION ANY CLAIM OF INJURY OR DAMAGE OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY CURRENT OR FUTURE LAW, STATUTE, REGULATION, CODE, OR ORDINANCE.

(z) Building Access Cards. Prior to the Commencement Date, Tenant shall submit to Landlord a list of employees needing Building Access Cards. Based upon such list, Landlord will provide Tenant a maximum of one (1) Building Access Card per employee. After the Commencement Date, any replacement or additional cards will be furnished at a cost to Tenant of Twenty-Five Dollars (\$25.00) per card.

(aa) Anti-Terrorism Representations. Tenant is not, and shall not during the Lease Term become, a person or entity with whom Landlord is restricted from doing business under the United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56 (commonly known as the "USA Patriot Act" and Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001 and regulations promulgated pursuant thereto (collectively, "Anti-Terrorism Laws"), including without limitation, persons and entities named on the Office of Foreign Asset Control Specially Designated nationals and Blocked Persons List (collectively, "Prohibited Persons"). To the best of its knowledge, Tenant is not currently engaged in any transactions or dealings, or otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the Premises. Tenant will not in the future during the Lease Term engage in any transactions or dealings, or be otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the Premises. Breach of these representations constitutes a material breach of this Lease and shall entitle Landlord to any and all remedies thereunder, or at law or in equity.

(bb) Office and Communications Services. Landlord has advised Tenant that certain office and communications services may be offered to tenants of the Building by a concessionaire under contract to Landlord (the "Provider"). Tenant shall be permitted to contract with Provider for the provision of any or all of such services on such terms and conditions as Tenant and Provider may agree. Tenant acknowledges and agrees that: (i) Landlord has made no warranty or representation to Tenant with respect to the availability of any such services, or the quality, reliability or suitability thereof; (ii) the Provider is not acting as the agent or representative of Landlord in the provision of such services, and Landlord shall have no liability or responsibility for any failure or inadequacy of such services, or any equipment or facilities used in the furnishing thereof, or any act or omission of Provider, or its agents, employees, representatives, officers or contractors; (iii) Landlord shall have no responsibility or liability for the installation, alteration, repair, maintenance, furnishing, operation, adjustment or removal of any such services, equipment or facilities; and (iv) any contract or other agreement between Tenant and Provider shall be independent of this Lease; the obligations of Tenant hereunder, and the rights of Landlord hereunder, and, without limiting the foregoing, no default or failure of Provider with respect to any such services, equipment or facilities, or under any contract or agreement relating thereto, shall have any effect on this Lease or give to Tenant any offset or defense to the full and timely performance of its obligations hereunder, or entitle Tenant to any abatement of Basic Annual Rent or Additional Rent or any other payment required to be made by Tenant hereunder, or constitute any accrual or constructive eviction of Tenant, or otherwise give rise to any other claim of any nature against Landlord.

(cc) Credit Amount. As of the Date of this Lease Tenant is currently considered in holdover with respect to the Suite 175 Space, Suite 250 Space and Suite 450 Space and Tenant has been paying rent on such spaces under the respective leases at a holdover rate. As consideration for entering into this Lease, Landlord hereby agrees to provide Tenant with a credit in the amount of \$182,750.94 (the "Credit Amount"), which such Credit Amount shall, at Tenant's option, either be applied towards abatement of Basic Annual Rent due hereunder until such amount is exhausted or be added to the Landlord's Construction Allowance and applied towards the costs of construction of the Tenant Improvements being constructed pursuant to Exhibit B attached hereto. No later than sixty (60) days following the Commencement Date of this Lease Tenant shall provide written notice (the "Credit Amount Election Notice") to Landlord advising it whether it will elect to apply the Credit Amount towards Basic Annual Rent abatement or as additional Landlord's Construction Allowance. In the event Tenant fails to deliver a Credit Amount Election Notice, then Tenant shall be deemed to have elected to add the Credit Amount to the Landlord's Construction Allowance to be used in accordance with Exhibit B hereof towards costs of Tenant Improvements. To the extent Tenant does timely deliver a Credit Amount Election Notice and in such notice elects to apply the Credit Amount towards Basic Annual Rent abatement, then such Credit Amount shall be applied towards the next installments of Basic Annual Rent becoming due under the Lease until such Credit Amount is fully exhausted.

(dd) Fascia Sign. Tenant currently has a sign installed on the upper fascia of the building pursuant to the Existing Leases (the "Fascia Sign"). Provided that (x) Tenant is the Tenant originally named herein, (y) Tenant is leasing and actually occupies a minimum of one (1) full floor of the Building, and (z) no event of material default or event which but for the passage of time or the giving of notice, or both, would constitute a material event of default has occurred and is continuing, then Tenant shall continue to be able to maintain such Fascia Sign. Tenant's right to maintain such Fascia Sign are subject to the further terms of this paragraph and all applicable laws, ordinances, restrictions, rules and regulations, as well as all applicable covenants, restrictions or deed restrictions affecting the Project (collectively, the "Applicable Rules and Restrictions"). Tenant's right to maintain the Fascia Sign is a nonexclusive right. The engineering, manufacture, installation, maintenance and removal of, and the procurement of all required approvals for, the Fascia Sign shall be at Tenant's sole cost and expense. The installation of the Fascia Sign shall be in compliance with all Applicable Rules and Restrictions. Prior to any changes to the Fascia Sign, Tenant shall submit to Landlord, for Landlord's approval which shall not be unreasonably withheld, delayed or, except as expressly provided herein, conditioned, (i) a report from a structural engineer reasonably acceptable to Landlord providing that (A) the Building can adequately support the installation of the Fascia Sign, and (B) the Fascia Sign can and will be installed in a manner that will not damage, or otherwise affect or diminish the structural integrity of, the Building, and (ii) a detailed drawing indicating the size, layout, design, configuration, lettering and/or graphics and color of the proposed Fascia Sign,

together with the proposed location where the Fascia Sign is to be installed. In the event Landlord approves the structural report and any changes to the Fascia Sign, Landlord shall evidence such approval in writing. Tenant shall install, repair, maintain, and remove the Fascia Sign with contractors approved by Landlord. Any such contractors shall satisfy Landlord's insurance and indemnification requirements prior to performing any work. Tenant agrees that the installation, maintenance, repair and removal of the Fascia Sign shall be at Tenant's sole risk. Tenant agrees to maintain the Fascia Sign in good condition and repair and, prior to the expiration of the Lease Term or the earlier termination of this Lease or Tenant's right of possession under this Lease, Tenant shall remove the Fascia Sign and restore the Building to the condition immediately prior to the installation of the Fascia Sign, at Tenant's sole cost and expense. In the event Tenant fails to repair or remove the Fascia Sign, Landlord shall have the right to repair or remove the Fascia Sign, as the case may be, and Tenant shall reimburse Landlord on demand for all costs incurred by Landlord in connection therewith, plus an additional charge equal to ten percent (10%) of such costs incurred by Landlord as a coordination fee, and upon any such removal Landlord shall have the right to dispose of the same in any manner Landlord so desires without any liability to Tenant therefor. TENANT AGREES TO INDEMNIFY AND HOLD LANDLORD HARMLESS FROM AND AGAINST ANY AND ALL LIENS, CLAIMS, DEMANDS, LIABILITIES, AND EXPENSES (INCLUDING REASONABLE ATTORNEY'S FEES) INCURRED OR SUFFERED BY LANDLORD AND EXISTING OUT OF OR IN ANY WAY RELATED TO THE INSTALLATION, MAINTENANCE, REPAIR OR REMOVAL OF THE FASCIA SIGN, EVEN IF THE SAME IS CAUSED IN PART (BUT NOT SOLELY) BY THE NEGLIGENCE OF LANDLORD, ITS EMPLOYEES, AGENTS OR REPRESENTATIVES. Notwithstanding anything herein to the contrary, Landlord shall have the right to terminate Tenant's rights under this Paragraph 19(dd) by providing written notice of termination to Tenant if, at any time, Tenant (1) assigns this Lease, (2) subleases any portion of the Premises, or (3) suffers an event of default of any term or condition of this Lease. In the event Landlord terminates Tenant's rights under this Paragraph 19(dd) as provided for in the immediately preceding sentence, Tenant shall remove the Fascia Sign from the Building and repair any damage to the Building caused by the installation, maintenance and/or removal thereof within thirty (30) days following receipt of Landlord's written notice of termination, and, in the event Tenant fails to timely remove the Fascia Sign and/or repair such damage, Landlord shall have the right to do the same and Tenant shall reimburse Landlord on demand for all costs incurred by Landlord in connection therewith, plus an additional charge equal to ten percent (10%) of such costs incurred by Landlord as a coordination fee (and Tenant shall be deemed to have abandoned the Fascia Sign and Landlord shall have the right to dispose of the Fascia Sign in any manner Landlord shall choose in its sole discretion without any liability whatsoever to Tenant with respect thereto).

(ee) Restoration Payment. Pursuant to the terms of the Suite 175/250 Lease, Tenant paid to Landlord a Restoration Payment (as defined in the Suite 175/250 First Amendment) in the amount of \$72,251.00. The Restoration Payment shall be retained by Landlord pursuant to the terms of this Paragraph 19(ee). Accordingly, Landlord shall have no obligation to actually restore the "Additional Space" (as defined in the Suite 175/250 First Amendment) to its original condition prior to the improvements constructed by Tenant in accordance the Suite 175/250 First Amendment, provided, however, that in the event Landlord elects not to restore the Additional Space within twelve (12) months from the expiration or earlier termination of this Lease (as the Lease Term may be extended from time to time), then the Restoration Payment shall be refundable to Tenant and Landlord shall remit the Restoration Payment to Tenant within fifteen (15) days from the end of the above referenced twelve (12) month period.

[SIGNATURE PAGE TO FOLLOW]

SIGNATURE PAGE TO OFFICE LEASE
BY AND BETWEEN EOS AT MILLROCK PARK, LLC, AS LANDLORD,
AND HEALTHCARE QUALITY CATALYST, LLC, AS TENANT

IN WITNESS WHEREOF, intended to be legally bound hereby, the parties hereto, by their duly authorized representatives, have executed and scaled this Lease with the intention that this Lease constitutes an instrument under seal, and that the parties have executed this Lease to be effective as of the Date of this Lease.

“LANDLORD”

“TENANT”

**EOS AT MILLROCK PARK, LLC,
a Delaware limited liability company**

**HEALTHCARE QUALITY CATALYST, LLC,
a Utah limited liability company**

**By: KBS Realty Advisors, LLC,
a Delaware limited liability company
as its authorized agent**

**By: /s/ Tim Helgeson
Tim Helgeson, Senior Vice President**

**By: /s/ Jeff Selander
Name: Jeff Selander
Title: Chief People Officer**

ADDENDUM ONE
ONE RENEWAL OPTION AT FIXED RATE
ATTACHED TO AND A PART OF THE LEASE AGREEMENT

BY AND BETWEEN

EOS AT MILLROCK PARK, LLC

and

HEALTHCARE QUALITY CATALYST, LLC

(a) Provided that as of the time of the giving of the Extension Notice and the Commencement Date of the Extension Term, (i) Tenant is the Tenant originally named herein, (ii) Tenant actually occupies all of the Premises initially demised under this Lease and any space added to the Premises, and (iii) no event of default exists or would exist but for the passage of time or the giving of notice, or both; then Tenant shall have the right to extend the Lease Term for an additional term of twelve (12) months (such additional term is hereinafter called the "Extension Term") commencing on the day following the expiration of the Lease Term (hereinafter referred to as the "Commencement Date of the Extension Term"). Tenant must give Landlord notice (hereinafter called the "Extension Notice") of its election to extend the term of the Lease Term at least nine (9) months, but not more than fifteen (15) months, prior to the scheduled expiration date of the Lease Term.

(b) The Basic Annual Rent payable by Tenant to Landlord during the Extension Term shall be the sum of \$181,426.09 per month (which is equal to \$36.07 per square foot of Rentable Area).

(c) The payment of Basic Annual Rent does not reduce the Tenant's obligation to pay or reimburse Landlord for Operating Costs and other reimbursable items as set forth in the Lease, and Tenant shall reimburse and pay Landlord as set forth in the Lease with respect to such Operating Costs and other items with respect to the Premises during the Extension Term (it being acknowledged and agreed that during the Extension Term the Base Year shall continue to be the calendar year 2016).

(d) Except for the Basic Annual Rent during the Extension Term as specified above, Tenant's occupancy of the Premises during the Extension Term shall be on the same terms and conditions as are in effect immediately prior to the expiration of the initial Lease Term; provided, however, Tenant shall have no further right to any allowances, credits or abatements or any options to expand, contract, renew or extend the Lease.

(e) If Tenant does not give the Extension Notice within the period set forth in paragraph (a) above, Tenant's right to extend the Lease Term for the Extension Term shall automatically terminate. Time is of the essence as to the giving of the Extension Notice.

(f) Landlord shall have no obligation to refurbish or otherwise improve the Premises for the Extension Term. The Premises shall be tendered on the Commencement Date of the Extension Term in "as-is", "where-is" and "with all faults" condition.

(g) If the Lease is extended for the Extension Term, then Landlord shall prepare and Tenant shall execute an amendment to the Lease confirming the extension of the Lease Term and the other provisions applicable thereto (the "Amendment").

(h) If Tenant exercises its right to extend the term of the Lease for the Extension Term pursuant to this Addendum One, the term "Lease Term" as used in the Lease, shall be construed to include, when practicable, the Extension Term, as applicable, except as provided in (d) above.

Addendum One-1

FIRST AMENDMENT TO OFFICE LEASE

This First Amendment to Office Lease (this "First Amendment") is made and entered into by and between **EOS AT MILLROCK PARK, LLC**, a Delaware limited liability company ("Landlord"), and **HEALTH CATALYST, INC.**, a Delaware corporation ("Tenant"), formerly known as Healthcare Quality Catalyst, LLC, a Utah limited liability company ("Original Tenant"), effective on and as of the date that Landlord executes this First Amendment as set forth on the signature page below (the "Effective Date").

WITNESSETH

WHEREAS, Landlord and Tenant are parties to that certain Office Lease, dated as of September 1, 2016 (the "Lease"), pursuant to which Tenant leases certain premises containing approximately 60,358 square feet of Rentable Area, designated as Suites 175, 200, 250, 400, 450, 475 and 495 (the "Premises") in the building commonly known as 3165 E. Millrock Drive, Holladay, Utah (the "Building"), all as more particularly described in the Lease;

WHEREAS, Tenant succeeded to all of Original Tenant's right, tide and interest in and to the Lease;

WHEREAS, the Initial Term of the Lease is scheduled to expire on February 28, 2019; and

WHEREAS, Landlord and Tenant desire to amend the terms of the Lease to, among other things, extend the Lease Term, all as more particularly provided below.

NOW, THEREFORE, for and in consideration of the premises contained herein, and other good and valuable consideration paid by each of Landlord and Tenant to the other, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree that the Lease is hereby ratified and amended as follows:

1. Definitions/Ratification of Lease. All capitalized terms used herein shall have the same meaning as defined in the Lease, unless otherwise defined in this First Amendment. Tenant hereby represents and warrants to Landlord that it succeeded to all of Original Tenant's right, tide and interest in and to the Lease (including any Security Deposits or other sums made by such Original Tenant). Tenant hereby ratifies the Lease as if it originally executed the same. Tenant hereby agrees to defend, indemnify and hold Landlord harmless from any liabilities, costs, claims or losses arising from the Original Tenant asserting that Tenant did not succeed Original Tenant's interests in and to the Lease.

2. Extension of Lease Term. The parties hereby agree to extend the Lease Term for an additional period of twenty-two (22) months (such period, the "Extension Term") commencing on March 1, 2019 (the "Extension Term Commencement Date") and continuing through and expiring on December 31, 2020, upon and subject to all of the existing terms of the Lease, except as otherwise hereinafter provided.

3. Basic Annual Rent. Tenant shall continue to pay Basic Annual Rent in accordance with the terms and provisions of the Lease applicable thereto; provided, however, commencing on the Extension Term Commencement Date and continuing throughout the Extension Term the amounts of Basic Annual Rent due under the Lease shall be in the following amounts:

Period	Annual Rate Per SF	Monthly Installment
March 1, 2019 - February 29, 2020	\$33.00	\$165,984.50
March 1, 2020 - December 31, 2020	\$34.00	\$171,014.33

4. Additional Rent. In addition to the Basic Annual Rent as provided above, Tenant shall continue to pay Tenant's Proportionate Share of Operating Costs, and all other sums due under the Lease, in accordance with the existing terms and provisions of the Lease applicable thereto throughout the Lease Term, as extended hereby.

5. Condition of Premises. Notwithstanding anything in the Lease to the contrary, Tenant is in possession of the Premises, and Tenant has and hereby agrees to accept the Premises in its existing "AS-IS," "WHERE-IS," and "WITH ALL FAULTS" condition, and Landlord shall have no obligation whatsoever to refurbish or otherwise improve the Premises at any time through the expiration of the Extension Term; provided, however, notwithstanding the foregoing, Landlord shall provide Tenant with an allowance of up to (but not to exceed) a total of \$51,305.00 (equal to \$1.00 per usable square foot in the Premises) ("Allowance"), which Allowance shall be disbursed to Tenant as a reimbursement of Tenant's expenses paid by Tenant to third-parties in connection with leasehold improvements made by Tenant to the Premises, which leasehold improvements shall be constructed in accordance with and subject to all of the existing terms and provisions of the Lease, including, without limitation, Paragraph 4(b) of the Lease. In the event Tenant desires any such reimbursement of the Allowance, Tenant shall notify Landlord of the amounts that Tenant wants reimbursed (and such request shall include actual copies of paid invoices reflecting amounts Tenant desires to have reimbursed) within sixty (60) days following the Extension Term Commencement Date, and, notwithstanding anything herein to the contrary, if Tenant fails to so notify Landlord in writing of such amounts Tenant desires to have reimbursed within said sixty (60) day period, Tenant shall not be entitled to any such reimbursement and all such Allowance shall belong to Landlord and Tenant shall have no rights thereto. Landlord's payment of the Allowance, or such portion thereof as Tenant may be entitled to, shall be made within thirty (30) days after each and all of the following conditions shall have been satisfied: (a) the improvements shall have been completed in accordance with the plans submitted to and approved by Landlord in accordance with Paragraph 4(b) of the Lease; (b) Tenant shall have delivered to Landlord satisfactory evidence that all mechanics' lien rights of all contractors, suppliers, subcontractors, or materialmen furnishing labor, supplies or materials in the construction or installation of the leasehold improvements have been unconditionally waived, released, or extinguished; (c) Tenant shall have delivered to Landlord paid receipts or other written evidence satisfactorily substantiating the actual amount of the construction costs of the leasehold improvements; and (d) Tenant shall not then be in default of any of the provisions of the Lease. Tenant acknowledges and agrees that any obligations of Landlord originally existing in the Lease to complete leasehold improvements and/or furnish allowance with respect to the Premises, if any, have been completed and/or satisfied in their entirety, and any provisions in the Lease providing for such obligations are hereby null and void and of no further force or effect.

6. Renewal Option. The renewal option originally attached to the Lease as Addendum One is hereby deleted in its entirety and of no further force or effect. Landlord hereby grants to Tenant an option to extend the Lease Term for an additional twelve (12) month period in accordance with the terms and conditions of Exhibit A attached hereto and incorporated herein for all purposes.

7. Right of First Offer. Landlord hereby grants to Tenant a right of first offer on certain space as more particularly described in and subject to the terms of Exhibit B attached hereto and incorporated herein for all purposes.

8. No Preferential Rights or Options. Notwithstanding anything contained in the Lease to the contrary, except for (i) the renewal option described in Paragraph 6 and Exhibit A attached hereto and (ii) the right of first offer described in Paragraph 7 and Exhibit B attached hereto, Landlord and Tenant stipulate and agree that Tenant has no surviving preferential rights or options under the Lease, as herein amended, such as any rights of renewal, expansion, reduction, refusal, offer, purchase, termination, relocation or any

other such preferential rights or options (including, the Renewal Option in Addendum One of the Lease), such rights originally set forth in the Lease being hereby null and void in their entirety and of no further force or effect.

9. Brokers. Tenant warrants that it has had no dealings with any broker or agent other than CBRE, Inc., representing the Tenant, and Colliers International, representing Landlord (collectively, the "Brokers") in connection with the negotiation or execution of this First Amendment, and Tenant agrees to indemnify Landlord and hold Landlord harmless from and against any and all costs, expenses or liability for commissions or other compensations or charges claimed by any broker or agent, other than the Brokers, with respect to this First Amendment or the transactions evidenced hereby.

10. QFAC Compliance. Tenant certifies, represents, warrants and covenants that: (i) it is not acting and will not act, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person", or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control; and (ii) it is not engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity or nation. Tenant hereby agrees to defend (with counsel reasonably acceptable to Landlord), indemnify and hold harmless Landlord and its designated property management company, and their respective partners, members, affiliates and subsidiaries, and all of their respective officers, directors, shareholders, employees, servants, partners, representatives, insurers and agents from and against any and all claims or damages arising from or related to any such breach of the foregoing certifications, representations, warranties and covenants.

11. Miscellaneous. With the exception of those terms and conditions specifically modified and amended herein, the herein referenced Lease shall remain in full force and effect in accordance with all its terms and conditions. In the event of any conflict between the terms and provisions of this First Amendment and the terms and provisions of the Lease, the terms and provisions of this First Amendment shall supersede and control.

12. Counterparts. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts shall constitute one agreement. To facilitate execution of this First Amendment, the parties may execute and exchange facsimile or e-mailed counterparts of the signature pages and such facsimile or e-mailed counterparts shall serve as originals.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, Landlord and Tenant, acting herein by duly authorized individuals, have caused these presents to be executed as of the Effective Date set forth herein.

LANDLORD:

EOS AT MILLROCK PARK, LLC,

a Delaware limited liability company,

**By: KBS Realty Advisors LLC,
a Delaware limited liability
company, as agent**

By: /s/ Tim Helgeson

Tim Helgeson,

Senior Vice President

Date: July 30, 2018

TENANT:

HEALTH CATALYST, INC.,

a Delaware corporation

By: /s/ James Patrick Nelli Jr.

Name: James Patrick Nelli Jr

Title: CFO

Date: July 17, 2018

[End of signatures]

EXHIBIT A

ONE RENEWAL OPTION

(a) Provided that as of the rime of the giving of the Renewal Notice and the Commencement Date of the Renewal Term, (i) Tenant is the Tenant originally named herein, (ii) Tenant actually occupies all of the Premises initially demised under this Lease and any space added to the Premises, and (iii) no event of default exists or would exist but for the passage of time or the giving of notice, or both; then Tenant shall have the right to extend the Lease Term for an additional term of twelve (12) months (such additional term is hereinafter called the "Renewal Term") commencing on the day following the expiration of the Extension Term (hereinafter referred to as the "Commencement Date of the Renewal Term"). Tenant must give Landlord notice (hereinafter called the "Renewal Notice") of its election to extend the term of the Lease Term at least nine (9) months, but not more than twelve (12) months, prior to the scheduled expiration date of the Lease Term.

(b) The Basic Annual Rent payable by Tenant to Landlord during the Renewal Term shall be the sum of \$181,074.00 per month (which is equal to \$36.00 per square foot of Rentable Area); provided, however, in the event the Premises have been expanded (including pursuant to the Right of First Offer under Exhibit B hereof), then the monthly installment for the Renewal Term shall be adjusted accordingly in order to reflect the additional Rentable Area then being included in the Premises.

(c) The payment of Basic Annual Rent does not reduce the Tenant's obligation to pay or reimburse Landlord for Operating Costs and other reimbursable items as set forth in the Lease, and Tenant shall reimburse and pay Landlord as set forth in the Lease with respect to such Operating Costs and other items with respect to the Premises during the Renewal Term (it being acknowledged and agreed that during the Renewal Term the Base Year shall continue to be the calendar year 2016).

(d) Except for the Basic Annual Rent during the Renewal Term as specified above, Tenant's occupancy of the Premises during the Renewal Term shall be on the same terms and conditions as are in effect immediately prior to the expiration of the initial Lease Term; provided, however, Tenant shall have no further right to any allowances, credits or abatements or any options to expand, contract, renew or extend the Lease.

(e) If Tenant does not give the Renewal Notice within the period set forth in paragraph (a) above, Tenant's right to extend the Lease Term for the Renewal Term shall automatically terminate. Time is of the essence as to the giving of the Renewal Notice.

(f) Landlord shall have no obligation to refurbish or otherwise improve the Premises for the Renewal Term. The Premises shall be tendered on the Commencement Date of the Renewal Term in "as-is", "where-is" and "with all faults" condition.

(g) If the Lease is extended for the Renewal Term, then Landlord shall prepare and Tenant shall execute an amendment to the Lease confirming the extension of the Lease Term and the other provisions applicable thereto (the "Amendment").

(h) If Tenant exercises its right to extend the term of the Lease for the Renewal Term pursuant to this Addendum One, the term "Lease Term" as used in the Lease, shall be construed to include, when practicable, the Renewal Term, as applicable, except as provided in (d) above.

EXHIBIT B

RIGHT OF FIRST OFFER

(a) “Offered Space” shall mean the following suites: (i) that certain 16,824 square feet of Rentable Area designated as Suite 100 and 150 in the Building (which such Suite 100 contains 3,614 usable square feet and such Suite 150 contains 5,395 usable square feet) (the “Suite 100/150 Spaces”), (ii) that certain 6,230 square feet of Rentable Area (5,395 usable square feet) designated as Suite 190 in the Building (being the “Suite 190 Offered Space,” collectively with the Suite 100/150 Spaces being the “First Floor Offered Space”), (iii) that certain 26,982 square feet of Rentable Area designated as Suite 500 in the Building, (iv) that certain 11,181 square feet of Rentable Area designated as Suite 300 in the Building, (v) that certain 8,227 square feet of Rentable Area designated as Suite 340 in the Building, (vi) that certain 4,298 square feet of Rentable Area designated as Suite 325 in the Building, and (vii) that certain 5,850 square feet of Rentable Area designated as Suite 330 in the Building. The location of the First Floor Offered Space is shown in Exhibit B-1 attached hereto and incorporated herein for all purposes.

(b) Provided that as of the date of the giving of the First Offer Notice, (i) Tenant is the Tenant originally named herein, (ii) Tenant actually occupies all of the Premises originally demised under this Lease and any premises added to the Premises, and (iii) no event of default or event which but for the passage of time or the giving of notice, or both, would constitute an event of default has occurred and is continuing, if at any time during the Lease Term any portion of the Offered Space is vacant and unencumbered by any rights of any third party, then Landlord, before offering such Offered Space to anyone, other than the tenant then occupying such space (or its affiliates), shall offer to Tenant the right to include the Offered Space within the Premises on the same terms and conditions upon which Landlord intends to offer the Offered Space for lease. Notwithstanding anything to the contrary in the Lease, the right of first offer granted to Tenant under this Exhibit B shall be subject and subordinate to (i) the rights of all tenants at the Project under existing leases, and (ii) the herein reserved right of Landlord to renew or extend the term of any lease with the tenant then occupying such space (or any of its affiliates), whether pursuant to a renewal or extension option in such lease or otherwise.

(c) Such offer shall be made by Landlord to Tenant in a written notice (hereinafter called the “First Offer Notice”) which offer shall designate the space being offered and shall specify the terms which Landlord intends to offer with respect to any such Offered Space. Tenant may accept the offer set forth in the First Offer Notice by delivering to Landlord an unconditional acceptance (hereinafter called “Tenant’s Notice”) of such offer within five (5) business days after delivery by Landlord of the First Offer Notice to Tenant. Time shall be of the essence with respect to the giving of Tenant’s Notice. If Tenant does not accept (or fails to timely accept) an offer made by Landlord pursuant to the provisions of this Exhibit B with respect to the Offered Space designated in the First Offer Notice and execute the Amendment (defined below) within thirty (30) days after the delivery of the First Offer Notice, then Landlord shall be under no further obligation with respect to such space by reason of this Exhibit B.

(d) Tenant must accept all Offered Space offered by Landlord at any one time if it desires to accept any of such Offered Space and may not exercise its right with respect to only part of such space. In addition, if Landlord desires to lease more than just the Offered Space to one tenant, Landlord may offer to Tenant pursuant to the terms hereof all such space which Landlord desires to lease, and Tenant must exercise its rights hereunder with respect to all such space and may not insist on receiving an offer for just the Offered Space.

(e) If Tenant does not accept (or fails to timely accept) an offer made by Landlord pursuant to the provisions of this Exhibit B with respect to the Offered Space designated in the First Offer Notice, then Landlord shall be under no further obligation with respect to such space by reason of this Exhibit B. Additionally, if Tenant timely accepts such offer and fails to execute the ROFO Amendment (defined below) within thirty (30) days after the delivery of the First Offer Notice, then, at Landlord's sole option, Landlord shall be under no further obligation with respect to such space by reason of this Exhibit B.

(f) In the event that Tenant exercises its rights to any Offered Space pursuant to this Exhibit B, then Landlord shall prepare, and Tenant shall execute, an amendment to the Lease which confirms such expansion of the Premises and the other provisions applicable thereto (the "ROFO Amendment").

(g) Notwithstanding the foregoing, in the event that any portion of the First Floor Offered Space is vacant and unencumbered by any prior rights and provided that (i) Landlord has not already delivered a First Offer Notice with respect to such First Floor Offered Space and (ii) Tenant has delivered the Expansion Notice by June 30, 2019, then Tenant shall have the right to deliver to Landlord a written notice (the "Expansion Notice") requesting the ability to expand into all or a portion of such First Floor Offered Space (however, Tenant must take the entirety of any separately demised suite and cannot insist on splitting a currently existing demised suite). In no event shall Tenant be permitted to deliver an Expansion Notice prior to November 1, 2018 or after June 30, 2019. In the event Tenant timely delivers such Expansion Notice (and provided that the First Floor Offered Space identified in such Expansion Notice is vacant and unencumbered by the rights of any third party), then Tenant shall lease the First Floor Offered Space designated in such Expansion Notice (it being agreed that Tenant must identify fully-demised suites and cannot require Landlord to separate or subdivide an existing demised suite) (such First Floor Offered Space designated in the Expansion Notice being the "Expansion Space"), then (w) the commencement date with respect to such Expansion Space shall occur on the date that Landlord delivers the Expansion Space to Tenant (it being agreed that such Expansion Space shall be delivered in its as-is condition), (x) the term of the Lease with respect to the Expansion Space shall be coterminous with the then-existing Lease Term, (y) the Basic Annual Rent payable with respect to such Offered Space shall be equal to the same amounts (based on per square foot of Rentable Area basis) required to be paid pursuant to Paragraph 3 of this First Amendment (and, if the Expansion Space commences prior to the Extension Term Commencement Date, then the applicable rental rate up to the Extension Term Commencement Date shall be as set forth in Item 5 of the Basic Lease Provisions of the Lease), and (z) Tenant shall receive a tenant improvement allowance with respect to the Expansion Space equal to \$10.00 per usable square feet of the Expansion Space to be utilized towards tenant improvements to be constructed in the Expansion Space pursuant to the terms and conditions of Paragraph 4(b) of the Lease.

MEZZANINE LOAN AND SECURITY AGREEMENT

THIS MEZZANINE LOAN AND SECURITY AGREEMENT (this “**Agreement**”) dated as of October 6, 2017 (the “**Effective Date**”) between **SILICON VALLEY BANK**, a California corporation (“**Bank**”), and **HEALTH CATALYST, INC.**, f/k/a HQC Holdings, Inc., a Delaware corporation (“**Borrower**”), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank. The parties agree as follows:

1. ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP (except for noncompliance with FASB ASC Topic 718 and other non-cash items in the monthly reporting); provided that if at any time any change in GAAP would affect the computation of any financial covenant or requirement set forth in any Loan Document, and either Borrower or Bank shall so request, Borrower and Bank shall negotiate in good faith to amend such financial covenant or requirement to preserve the original intent thereof in light of such change in GAAP; provided, further, that until so amended, (a) such financial covenant or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) Borrower shall provide Bank financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such financial covenant or requirement made before and after giving effect to such change in GAAP. Notwithstanding the foregoing, all financial covenants (if any) and other financial calculations shall be computed with respect to Borrower only, and not on a consolidated basis. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein.

2. LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay Bank the outstanding principal amount of all Credit Extensions and accrued and unpaid interest thereon as and when due in accordance with this Agreement.

2.1.1 Term Loan Advances.

(a) **Availability.** Subject to the terms and conditions of this Agreement, during Draw Period A, upon Borrower’s request, Bank shall make advances (each a “**Term A Loan Advance**” and collectively, the “**Term A Loan Advances**”) to Borrower in an aggregate original principal amount not to exceed Ten Million Dollars (\$10,000,000.00). Subject to the terms and conditions of this Agreement, during Draw Period B, upon Borrower’s request, Bank shall make advances (each a “**Term B Loan Advance**” and collectively, the “**Term B Loan Advances**”) to Borrower in the aggregate original principal amount not to exceed Ten Million Dollars (\$10,000,000.00). The Term A Loan Advances and the Term B Loan Advances are hereinafter referred to singly as the “**Term Loan Advance**” and collectively as the “**Term Loan Advances.**” Each Term Loan Advance must be in an original principal amount equal to at least Two Million Five Hundred Thousand Dollars (\$2,500,000.00). After repayment thereof, no Term Loan Advance (or any portion thereof) may be reborrowed.

(b) **Interest Payments.** With respect to each Term Loan Advance, commencing on the first (1st) Payment Date following the Funding Date of such Term Loan Advance and continuing on the Payment Date of each month thereafter, Borrower shall make monthly payments of interest, in arrears, on the outstanding principal amount of such Term Loan Advance at the rate set forth in Section 2.2(a).

(c) **Repayment.** All outstanding principal and accrued and unpaid interest with respect to the Term Loan Advances, and all other outstanding Obligations with respect to the Term Loan Advances, are due and payable in full on the Term Loan Maturity Date.

(d) Permitted Prepayment. Borrower shall have the option to prepay all, but not less than all, of the outstanding Term Loan Advances, provided Borrower (i) delivers written notice to Bank of its election to prepay the Term Loan Advances at least ten (10) days prior to such prepayment, and (ii) pays, on the date of such prepayment (A) all outstanding principal plus accrued and unpaid interest with respect to the Term Loan Advances, (B) the Prepayment Fee, and (C) all other sums, if any, that shall have become due and payable with respect to the Term Loan Advances, including interest at the Default Rate with respect to any past due amounts.

(e) Mandatory Prepayment Upon an Acceleration. If the Term Loan Advances are accelerated by Bank following the occurrence and during the continuance of an Event of Default, Borrower shall immediately pay to Bank an amount equal to the sum of (i) all outstanding principal plus accrued and unpaid interest with respect to the Term Loan Advances, (ii) the Prepayment Fee, and (iii) all other sums, if any, that shall have become due and payable with respect to the Term Loan Advances, including interest at the Default Rate with respect to any past due amounts.

2.2 Payment of Interest on the Credit Extensions.

(a) Interest Rate. Subject to Section 2.2(b), the principal amount outstanding under each Term Loan Advance shall accrue interest at a floating per annum rate equal to six and one-quarter of one percent (6.25%) above the Prime Rate, which interest shall be payable monthly in accordance with Section 2.2(d) below.

(b) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is five percent (5.0%) above the rate that is otherwise applicable thereto (the “**Default Rate**”). Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents (including, without limitation, Bank Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.2(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Bank.

(c) Adjustment to Interest Rate. Changes to the interest rate of any Credit Extension based on changes to the Prime Rate shall be effective on the effective date of any change to the Prime Rate and to the extent of any such change.

(d) Payment: Interest Computation. Interest is payable monthly on the Payment Date and shall be computed on the basis of a 360-day year for the actual number of days elapsed. In computing interest, (i) all payments received after 12:00 p.m. Pacific time on any day shall be deemed received at the opening of business on the next Business Day, and (ii) the date of the making of any Credit Extension shall be included and the date of payment shall be excluded; provided, however, that if any Credit Extension is repaid on the same day on which it is made, such day shall be included in computing interest on such Credit Extension.

2.3 Fees, Borrower shall pay to Bank:

(a) Term Loan Commitment Fee. A fully earned, non-refundable commitment fee of One Hundred Thousand Dollars (\$100,000.00), on the Effective Date;

(b) Additional Commitment Fees. A non-refundable commitment fee (the “**Additional Commitment Fee**”) in an amount equal to the product of (i) One Hundred Thousand Dollars (\$100,000.00) multiplied by (ii) a percentage equal to the original principal amount of the Term Loan Advance drawn on the applicable Funding Date divided by Twenty Million Dollars (\$20,000,000.00), shall be due and payable on the Funding Date of each Term Loan Advance;

(c) Prepayment Premium. The Prepayment Premium, when due hereunder; and

(d) **Bank Expenses.** All Bank Expenses (including reasonable attorneys' fees and expenses for documentation and negotiation of this Agreement) incurred through and after the Effective Date, when due (or, if no stated due date, upon demand by Bank).

Unless otherwise provided in this Agreement or in a separate writing by Bank, Borrower shall not be entitled to any credit, rebate, or repayment of any fees earned by Bank pursuant to this Agreement notwithstanding any termination of this Agreement or the suspension or termination of Bank's obligation to make loans and advances hereunder. Bank may deduct amounts owing by Borrower under the clauses of this Section 2.3 pursuant to the terms of Section 2.4(c). Bank shall provide Borrower written notice of deductions made from the Designated Deposit Account pursuant to the terms of the clauses of this Section 2.3.

2.4 Payments; Application of Payments; Debit of Accounts.

(a) All payments to be made by Borrower under any Loan Document shall be made in immediately available funds in Dollars, without setoff or counterclaim, before 12:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid.

(b) Prior to the occurrence of an Event of Default, payments shall be applied as directed by Borrower. Upon and during the continuance of an Event of Default, Bank has the exclusive right to determine the order and manner in which all payments with respect to the Obligations may be applied. Borrower shall have no right to specify the order or the accounts to which Bank shall allocate or apply any payments required to be made by Borrower to Bank or otherwise received by Bank under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

(c) Bank may debit Borrower's Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes Bank when due. These debits shall not constitute a set-off.

2.5 Withholding. Payments received by Bank from Borrower under this Agreement will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto, but excluding, for the avoidance of doubt, taxes based on the net income of Bank). Specifically, however, if at any time any Governmental Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to Bank, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, Bank receives a net sum equal to the sum which it would have received had no withholding or deduction been required, and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, upon request, furnish Bank with proof reasonably satisfactory to Bank indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. The agreements and obligations of Borrower contained in this Section 2.5 shall survive the termination of this Agreement.

3. CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Credit Extension. Bank's obligation to make the initial Credit Extension is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, such documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate, including, without limitation:

(a) duly executed signatures to the Senior Loan Agreement and satisfaction of all conditions precedent thereto;

(b) duly executed signatures to the Loan Documents;

(c) the Operating Documents and long-form good standing certificates of Borrower certified by the Secretary of State of Delaware and each jurisdiction in which Borrower is qualified to conduct business, each as of a date no earlier than thirty (30) days prior to the Effective Date;

(d) a secretary's certificate of Borrower with respect to Borrower's Operating Documents, incumbency, specimen signatures and resolutions authorizing the execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(e) duly executed pdf signatures to the completed Borrowing Resolutions for Borrower;

(f) certified copies, dated as of a recent date, of financing statement searches, as Bank may request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;

(g) the Perfection Certificate of Borrower, together with the duly executed signature thereto;

(h) except as to Excluded Sites, a bailee's waiver in favor of Bank for each location where Borrower maintains property with a third party, by each such third party, together with the duly executed signatures thereto;

(i) a legal opinion (authority and enforceability) of Borrower's counsel dated as of the Effective Date together with the duly executed pdf signature thereto;

(j) evidence satisfactory to Bank that the insurance policies and endorsements required by Section 6.5 hereof are in full force and effect, together with appropriate evidence showing lender loss payable and/or additional insured clauses or endorsements in favor of Bank; and

(k) payment of the fees and Bank Expenses then due as specified in Section 2.3 hereof.

3.2 Conditions Precedent to all Credit Extensions. Bank's obligations to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

(a) except as otherwise provided in Section 3.4, timely receipt of an executed Payment/Advance Form;

(b) the representations and warranties in this Agreement shall be true, accurate, and complete in all material respects on the date of the proposed Credit Extension and on the Funding Date of each Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in this Agreement remain true, accurate, and complete in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in

the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date;

(c) Bank determines to its reasonable satisfaction that there has not been any material impairment in the general affairs, management, results of operation, financial condition or the prospect of repayment of the Obligations, nor any material adverse deviation by Borrower from the most recent business plan of Borrower presented to and accepted by Bank; and

(d) for any Term B Loan Advance made after April 6, 2018, (i) delivery of financial statements, including Annual Recurring Revenue reports, acceptable to Bank in Bank's sole discretion, and (ii) confirmation by Bank that Borrower has delivered to Bank evidence satisfactory to Bank in its sole discretion that Borrower has achieved the Milestone Event.

3.3 Covenant to Deliver. Borrower agrees to deliver to Bank each item required to be delivered to Bank under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Bank of any such item shall not constitute a waiver by Bank of Borrower's obligation to deliver such item, and the making of any Credit Extension in the absence of a required item shall be in Bank's sole discretion.

3.4 Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of a Credit Extension set forth in this Agreement, to obtain a Credit Extension, Borrower shall notify Bank (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 12:00 p.m. Pacific time at least two (2) Business Days before the proposed Funding Date of such Credit Extension. Together with any such electronic or facsimile notification, Borrower shall deliver to Bank by electronic mail or facsimile a completed Payment/Advance Form executed by a Responsible Officer or his or her designee. Bank shall credit the Credit Extensions to the Designated Deposit Account. Bank may rely on any telephone notice given by a person whom Bank believes is a Responsible Officer or designee. Bank may make Credit Extensions under this Agreement based on instructions from a Responsible Officer or his or her designee or without instructions if the Credit Extensions are necessary to meet Obligations which have become due.

4. CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. In the event (x) all Obligations (other than inchoate indemnity obligations) are repaid in full in cash, and (y) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its good faith business judgment for Bank Services (as defined under the Senior Loan Agreement), if any.

If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as Bank's obligation to make Credit Extensions has terminated, Bank shall, at the sole cost and expense of Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower.

Bank's security interest in the assets of Borrower securing the Obligations of Borrower to Bank under this Agreement shall be junior and subordinate to Bank's security interest in the assets of Borrower securing the Obligations of Borrower to Bank under the Senior Loan Agreement.

4.2 Priority of Security Interest. Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral. The

Collateral may also be subject to Permitted Liens. If Borrower shall acquire a commercial tort claim with a value exceeding One Hundred Thousand Dollars (\$100,000.00) (which limitation shall not apply if an Event of Default has occurred and is continuing), Borrower shall promptly notify Bank in a writing signed by Borrower of the general details thereof and grant to Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Bank.

4.3 Authorization to File Financing Statements. Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Bank's interest or rights hereunder. Such financing statements may indicate the Collateral as "all assets of the Debtor" or words of similar effect, or as being of an equal or lesser scope, or with greater detail, all in Bank's discretion.

5. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization, Authorization; Power and Authority. Borrower is duly existing and in good standing as a Registered Organization in its jurisdiction of formation and is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business. In connection with this Agreement, Borrower has delivered to Bank a completed certificate signed by Borrower, entitled "Perfection Certificate" (the "**Perfection Certificate**"). Borrower represents and warrants to Bank that (a) Borrower's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof; (b) Borrower is an organization of the type and is organized in the jurisdiction set forth in the Perfection Certificate; (c) the Perfection Certificate accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; (d) the Perfection Certificate (as updated from time to time pursuant to the terms hereof) accurately sets forth, as of the date thereof, Borrower's place of business, or, if more than one, its chief executive office as well as Borrower's mailing address (if different than its chief executive office); (e) except as set forth in the Perfection Certificate, Borrower (and each of its predecessors) has not, in the past five (5) years, changed its jurisdiction of formation, organizational structure or type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificate (as updated from time to time pursuant to the terms hereof) pertaining to Borrower and each of its Subsidiaries is accurate and complete in all material respects as of the date thereof (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate after the Effective Date by delivering a new Perfection Certificate or by disclosing such updates on a monthly Compliance Certificate to the extent such updates result from actions, transactions or circumstances that are not prohibited by this Agreement and all references to "Perfection Certificate" shall hereinafter be deemed to be a reference to the updated Perfection Certificate). If Borrower is not now a Registered Organization but later becomes one, Borrower shall promptly notify Bank of such occurrence and provide Bank with Borrower's organizational identification number.

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict or violate in any material respect any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its Subsidiaries or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect and filings to perfect the security interests created by the Loan Documents), or (v) conflict with, contravene, constitute a default or breach under, or result in or permit the termination or acceleration of, any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business.

5.2 Collateral. Borrower has good title to, rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder, free and clear of any and all Liens except Permitted Liens. Borrower has no Collateral Accounts at or with any bank or financial institution other than Bank or Bank's Affiliates except for Excluded Deposit Accounts and the Collateral Accounts described in the Perfection Certificate delivered to Bank in connection herewith and which Borrower has taken such actions as are necessary to give Bank a perfected security interest therein, subject to the terms of Section 6.6(b). The Accounts are bona fide, existing obligations of the Account Debtors.

The Collateral is not in the possession of any third party bailee (such as a warehouse) except as otherwise provided in the Perfection Certificate (as updated from time to time pursuant to the terms of Section 5.1) and except as permitted by Section 7.2. None of the components of the Collateral shall be maintained at locations other than as provided in the Perfection Certificate (as updated from time to time pursuant to the terms of Section 5.1) or as permitted pursuant to Section 7.2.

All Inventory is in all material respects of good and marketable quality, free from material defects.

Borrower is the sole owner of the Intellectual Property which it owns or purports to own except for (a) nonexclusive licenses granted to its customers in the ordinary course of business, (b) over-the-counter software that is commercially available to the public, (c) material Intellectual Property licensed to Borrower and noted on the Perfection Certificate (as updated from time to time subject to the terms of Section 5.1) and (d) non-material Intellectual Property of *de minimis* value to Borrower and which has been abandoned or terminated in the exercise of Borrower's reasonable business judgment and in accordance with the terms of this Agreement. Each Patent which it owns or purports to own and which is material to Borrower's business is valid and enforceable, and no part of the Intellectual Property which Borrower owns or purports to own and which is material to Borrower's business has been judged by the United States Patent and Trademark Office, the United States Copyright Office, or any court of competent jurisdiction to be invalid or unenforceable, in whole or in part. To the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to have a material adverse effect on Borrower's business.

Except as noted on the Perfection Certificate (as updated from time subject to the terms of Section 5.1) or as disclosed to Bank pursuant to Section 6.7(b) from time to time, Borrower is not a party to, nor is it bound by, any Restricted License.

5.3 Litigation. There are no actions or proceedings pending or, to the knowledge of any Responsible Officer, threatened in writing by or against Borrower or any of its Subsidiaries involving more than, individually or in the aggregate, Two Hundred Fifty Thousand Dollars (\$250,000.00).

5.4 Financial Statements; Financial Condition. All consolidated financial statements for Borrower and any of its Subsidiaries delivered to Bank fairly present in all material respects Borrower's consolidated financial condition and Borrower's consolidated results of operations, in each case as of the respective dates thereof, all in accordance with GAAP, subject, in the case of interim financial statements, to the absence of footnotes and normal year-end adjustments. There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to Bank.

5.5 Solvency. The fair salable value of Borrower's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of Borrower's liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

5.6 Regulatory Compliance. Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower (a) has complied in all material respects with all Requirements of Law, and (b) has

not violated any Requirements of Law the violation of which could reasonably be expected to have a material adverse effect on its business. None of Borrower's or any of its Subsidiaries' properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted, except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business.

5.7 Subsidiaries; Investments. Borrower does not own any stock, partnership, or other ownership interest or other equity securities except for Permitted Investments.

5.8 Tax Returns and Payments; Pension Contributions. Borrower has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except (a) to the extent such taxes are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor, or (b) if such taxes, assessments, deposits and contributions do not, individually or in the aggregate, exceed Twenty-Five Thousand Dollars (\$25,000.00).

To the extent Borrower defers payment of any contested taxes, Borrower shall (i) notify Bank in writing of the commencement of, and any material development in, the proceedings, and (ii) post bonds or take any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a Permitted Lien. Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower. Borrower has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

5.9 Use of Proceeds. Borrower shall use the proceeds of the Credit Extensions as working capital and to fund its general business requirements and not for personal, family, household or agricultural purposes.

5.10 Full Disclosure. No written representation, warranty or other statement of Borrower in any certificate or written statement given to Bank, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Bank, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized by Bank that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

5.11 Definition of "Knowledge." For purposes of the Loan Documents, whenever a representation or warranty is made to Borrower's knowledge or awareness, to the "best of Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of any Responsible Officer.

6. AFFIRMATIVE COVENANTS

Borrower shall do all of the following:

6.1 Government Compliance.

(a) Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply, and have each Subsidiary comply, in all material respects, with all laws, ordinances and regulations to which it is subject.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower of its obligations under the Loan Documents to which it is a party and the grant of a security interest to Bank in all of its property. Borrower shall promptly provide copies of any such obtained Governmental Approvals to Bank.

6.2 Financial Statements, Reports, Certificates. Provide Bank with the following:

(a) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated balance sheet and income statement covering Borrower's consolidated operations for such month certified by a Responsible Officer and in a form of presentation reasonably acceptable to Bank (and it being understood that such financial statements shall not include footnotes and normal year-end adjustments) (the "**Monthly Financial Statements**");

(b) within thirty (30) days after the last day of each month and together with the Monthly Financial Statements, a duly completed Compliance Certificate signed by a Responsible Officer, certifying that as of the end of such month, Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth calculations showing compliance with the financial covenant (if any) set forth in this Agreement and such other information as Bank may reasonably request, including, without limitation, a statement that at the end of such month there were no held checks;

(c) within thirty (30) days after the last day of Borrower's fiscal year and promptly upon Board approval of any material updates or changes thereto, annual Board-approved operating budgets and financial projections, in a form of presentation reasonably acceptable to Bank;

(d) as soon as available, and in any event within one hundred eighty (180) days following the end of Borrower's fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm reasonably acceptable to Bank;

(e) in the event that Borrower becomes subject to the reporting requirements under the Exchange Act, within five (5) days of filing, copies of all periodic and other reports, proxy statements and other materials (in each case to the extent material) filed by Borrower with the SEC, any Governmental Authority succeeding to any or all of the functions of the SEC or with any national securities exchange, or distributed to its shareholders, as the case may be. Documents required to be delivered pursuant to the terms hereof (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto, on Borrower's website on the Internet at Borrower's website address; provided, however, Borrower shall promptly notify Bank in writing (which may be by electronic mail) of the posting of any such documents;

(f) within five (5) days of delivery, copies of all material statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt, in each case to the extent same have not been separately furnished to Bank;

(g) prompt report of any legal actions pending or threatened in writing against Borrower or any of its Subsidiaries that could result in damages or costs to Borrower or any of its Subsidiaries of, individually or in the aggregate, Two Hundred Fifty Thousand Dollars (\$250,000.00) or more;

(h) at least annually, within thirty (30) days after approval by the Board, any 409A valuation report prepared by or at the direction of Borrower; and

(i) other financial information reasonably requested by Bank.

6.3 Taxes; Pensions. Timely file, and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower and each of its Subsidiaries, except for deferred payment of any taxes contested and pursuant to the terms of Section 5.9 hereof, and shall deliver to Bank, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

6.4 Access to Collateral; Books and Records. At reasonable times, on three (3) Business Days' notice (provided no notice is required if an Event of Default has occurred and is continuing), Bank, or its agents, shall have the right to inspect the Collateral and the right to audit and copy Borrower's Books. The foregoing inspections and audits shall be conducted at Borrower's expense and no more often than once every twelve (12) months (or more frequently as Bank determines in good faith that conditions warrant), unless an Event of Default has occurred and is continuing in which case such inspections and audits shall occur as often as Bank shall determine is necessary. The charge therefor shall be One Thousand Dollars (\$1,000.00) per person per day (or such higher amount as shall represent Bank's then-current standard charge for the same), plus reasonable out-of-pocket expenses. In the event Borrower and Bank schedule an audit more than ten (10) days in advance, and Borrower cancels or seeks to or reschedules the audit with less than ten (10) days written notice to Bank, then (without limiting any of Bank's rights or remedies) Borrower shall pay Bank a fee of One Thousand Dollars (\$1,000.00) plus any documented out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling.

6.5 Insurance.

(a) Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Bank may reasonably request. Insurance policies shall be in a form, with financially sound and reputable insurance companies that are not Affiliates of Borrower, and in amounts that are reasonably satisfactory to Bank. All property policies shall have a lender's loss payable endorsement showing Bank as lender's loss payee. All liability policies shall show, or have endorsements showing, Bank as an additional insured. Bank shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral.

(b) Ensure that proceeds payable under any property policy are, at Bank's option, payable to Bank on account of the Obligations. Notwithstanding the foregoing, (a) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy up to One Hundred Thousand Dollars (\$100,000.00) with respect to any loss, but not exceeding Five Hundred Thousand Dollars (\$500,000.00) in the aggregate for all losses under all casualty policies in any one year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (i) shall be of equal or like value as the replaced or repaired Collateral and (ii) shall be deemed Collateral in which Bank has been granted a first priority security interest, and (b) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Bank, be payable to Bank on account of the Obligations.

(c) At Bank's request, Borrower shall deliver certified copies of insurance policies and evidence of all premium payments. Each provider of any such insurance required under this Section 6.5 shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to Bank, that it will give Bank thirty (30) days (or ten (10) days for non-payment of premium) prior (or, if such insurance company does not customarily agree to give such prior written notice, concurrent) written notice if any such policy or policies shall be

materially altered or canceled. If Borrower fails to obtain insurance as required under this Section 6.5 or to pay any amount or furnish any required proof of payment to third persons and Bank, Bank may make all or part of such payment or obtain such insurance policies required in this Section 6.5, and take any action under the policies Bank deems prudent.

6.6 Accounts.

(a) Maintain all and all of its Subsidiaries' operating, depository, and securities accounts (other than Excluded Deposit Accounts) with Bank and Bank's Affiliates or, as to securities accounts, with a securities intermediary reasonably selected by Bank.

(b) In addition to and without limiting the restrictions in (a), provide Bank five (5) days prior written notice before establishing any Collateral Account at or with any bank or financial institution other than Bank or Bank's Affiliates or, as to securities accounts, a securities intermediary reasonably selected by Bank. For each Collateral Account that Borrower at any time maintains, Borrower shall cause the applicable bank or financial institution (other than Bank) at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Bank's Lien in such Collateral Account in accordance with the terms hereunder which Control Agreement may not be terminated without the prior written consent of Bank. The provisions of the previous sentence shall not apply to the Excluded Deposit Accounts.

6.7 Protection of Intellectual Property Rights.

(a) (i) Except as provided in Section 5.2, protect, defend and maintain the validity and enforceability of its Intellectual Property; (ii) promptly advise Bank in writing of material infringements or any other event that could reasonably be expected to materially and adversely affect the value of its Intellectual Property; and (iii) except as provided in Section 5.2, not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Bank's written consent.

(b) Provide written notice to Bank within the later of (A) thirty (30) days of entering or becoming bound by any Restricted License (other than over-the-counter software that is commercially available to the public) or (B) on the then-next Compliance Certificate required to be delivered hereunder. Borrower shall take such commercially reasonable steps as Bank requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (i) any Restricted License to be deemed Collateral and for Bank to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such Restricted License, whether now existing or entered into in the future, and (ii) Bank to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Bank's rights and remedies under this Agreement and the other Loan Documents.

6.8 Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Bank, without expense to Bank, Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Bank may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Bank with respect to any Collateral or relating to Borrower.

6.9 Formation or Acquisition of Subsidiaries. Notwithstanding and without limiting the negative covenants contained in Sections 7.3 and 7.7 hereof, at the time that Borrower forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary after the Effective Date, Borrower shall (a) notify Bank in writing of the formation or acquisition of such Subsidiary; (b) promptly upon Bank's request in Bank's sole and absolute discretion, cause such new Subsidiary that is a Domestic Subsidiary to provide to Bank a joinder to the Loan Agreement to cause such Domestic Subsidiary to become a co-borrower hereunder, together with such appropriate financing statements and/or Control Agreements, all in form and substance satisfactory to Bank in its reasonable discretion (including being sufficient to grant Bank a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Domestic Subsidiary), (c) provide to Bank appropriate certificates and powers and financing statements,

pledging all of the direct or beneficial ownership interest in any such new Domestic Subsidiary or Foreign Subsidiary, as applicable, in form and substance satisfactory to Bank in its reasonable discretion (provided that in no event shall more than 65% of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter be pledged if the pledge of a greater amount would cause Borrower adverse tax consequences under Internal Revenue Code Section 956 or any successor statute during the subject fiscal year), and (d) provide to Bank all other documentation in form and substance satisfactory to Bank in its reasonable discretion, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 6.9 shall be a Loan Document.

6.10 Further Assurances. Execute any further instruments and take further action as Bank reasonably requests to perfect or continue Bank's Lien in the Collateral or to effect the purposes of this Agreement. Deliver to Bank, within five (5) days after the same are sent or received, copies of all correspondence, reports, documents and other filings with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Requirements of Law or that could reasonably be expected to have a material effect on any of the Governmental Approvals or otherwise on the operations of Borrower or any of its Subsidiaries.

7. NEGATIVE COVENANTS

Borrower shall not do any of the following without Bank's prior written consent:

7.1 Dispositions. Convey, sell, lease, transfer, assign, or otherwise dispose of (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out, surplus or obsolete Equipment that is, in the reasonable judgment of Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Borrower; (c) consisting of Permitted Liens and Permitted Investments; (d) consisting of the sale or issuance of any stock of Borrower permitted under Section 7.2 of this Agreement; (e) consisting of Borrower's use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (f) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business; (g) transfers of assets from any Subsidiary of Borrower directly to Borrower; and (h) so long as no Event of Default has occurred and is continuing, other dispositions of assets (other than Intellectual Property) not otherwise permitted by this Section 7.1 with a fair market value not to exceed Two Hundred Thousand Dollars (\$200,000.00) in the aggregate in any fiscal year.

7.2 Changes in Business, Management, Control or Business Locations, (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower and such Subsidiary, as applicable, or reasonably related thereto; (b) liquidate or dissolve; (c) fail to provide notice to Bank of any Key Person departing from or ceasing to be employed by Borrower within fifteen (15) days after his or her departure from Borrower; or (d) permit or suffer any Change in Control.

Borrower shall not, without at least thirty (30) days prior written notice to Bank: (1) add any new offices or business locations, including warehouses (except as to Excluded Sites) or, except as to Excluded Sites, deliver any portion of the Collateral to a bailee at a location other than to a bailee and at a location already disclosed in the Perfection Certificate (as updated from time to time subject to Section 5.1), (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization. Except as to any Excluded Site, if Borrower intends to deliver any portion of the Collateral to a bailee, and Bank and such bailee are not already parties to a bailee agreement governing both the Collateral and the location to which Borrower intends to deliver the Collateral, then Borrower will first receive the written consent of Bank, and such bailee shall execute and deliver a bailee agreement in form and substance satisfactory to Bank in its reasonable discretion. Notwithstanding anything to the contrary, for the avoidance of doubt, it is acknowledged that,

for purposes of this Agreement, a bailee is a third party (such as a warehouseman) that stores Collateral on behalf of the Borrower (and a bailee does not include any lessor of real estate leased to and occupied by Borrower).

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person (including, without limitation, by the formation of any Subsidiary) except for Permitted Acquisitions. Notwithstanding anything to the contrary, a Subsidiary may merge or consolidate into another Subsidiary or into Borrower.

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance. (a) Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, in each case except for Permitted Liens, or (b) permit any Collateral not to be subject to the first priority security interest granted herein (which Collateral may be subject to Permitted Liens), or enter into any agreement, document, instrument or other arrangement (except with or in favor of Bank) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower or any of its Subsidiaries from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or any Subsidiary's Intellectual Property, except as is otherwise permitted in Section 7.1 hereof and the definition of Permitted Liens herein.

7.6 Maintenance of Collateral Accounts. Maintain any Collateral Account except pursuant to the terms of Section 6.6(b) hereof.

7.7 Distributions; Investments. (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock; provided that (i) Borrower may convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (ii) Borrower may pay dividends solely in common stock; and (iii) Borrower may repurchase the stock of former employees or consultants pursuant to stock repurchase agreements so long as an Event of Default does not exist at the time of such repurchase and would not exist after giving effect to such repurchase, provided that the aggregate amount of all such repurchases does not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00) per fiscal year; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except (a) for transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person (b) bona fide equity financings with Borrower's investors; (c) transactions with Affiliates that are borrowers or secured guarantors hereunder; (d) Investments described in clauses (f) and (g) of the definition of Permitted Investments and (e) reasonable and customary director and officer compensation (including bonuses and stock option programs), benefits and indemnification arrangements, in the ordinary course of business and approved by the Board (or a committee thereof).

7.9 Subordinated Debt. (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof, provide for earlier or greater principal, interest, or other payments thereon, or adversely affect the subordination thereof to Obligations owed to Bank (except as otherwise provided for by the terms of the subordination agreement, intercreditor or similar agreement relating to such Subordinated Debt).

7.10 Compliance. Become an “investment company” or a company controlled by an “investment company”, under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower’s business, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

8. EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an “**Event of Default**”) under this Agreement:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension when due, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Term Loan Maturity Date). During the cure period, the failure to make or pay any payment specified under clause (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default.

(a) Borrower fails or neglects to perform any obligation in Sections 6.2, 6.3, 6.4, 6.5, 6.6, 6.7(b), 6.8, or 6.9, or violates any covenant in Section 7; or

(b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Cure periods provided under this section shall not apply, among other things, to financial covenants or any other covenants set forth in clause (a) above;

8.3 Material Adverse Change. A Material Adverse Change occurs;

8.4 Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or of any entity under the control of Borrower (including a Subsidiary), or (ii) a notice of lien or levy is filed against any of Borrower’s assets with a fair market value of Two Hundred Fifty Thousand Dollars (\$250,000.00) or more by any Governmental Authority, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any ten (10) day cure period; or

(b) (i) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower from conducting all or any material part of its business;

8.5 Insolvency. (a) Borrower is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (b) Borrower begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower and is not dismissed or stayed within forty-five (45) days (but no Credit Extensions shall be made while any of the conditions described in clause (a) exist and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements. There is, under any agreement to which Borrower is a party with a third party or parties, (a) any default resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness of Borrower in an amount individually or in the aggregate in excess of Five Hundred Thousand Dollars (\$500,000.00); or (b) any breach or default by Borrower, the result of which could have a material adverse effect on Borrower's business;

8.7 Judgments; Penalties. One or more fines, penalties or final judgments, orders or decrees for the payment of money in an amount, individually or in the aggregate, of at least Five Hundred Thousand Dollars (\$500,000.00) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower by any Governmental Authority, and the same are not, within ten (10) days after the entry, assessment or issuance thereof, discharged, satisfied, or paid, or after execution thereof, stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Credit Extensions will be made prior to the satisfaction, payment, discharge, stay, or bonding of such fine, penalty, judgment, order or decree);

8.8 Misrepresentations. Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Bank or to induce Bank to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

8.9 Subordinated Debt. Any document, instrument, or agreement evidencing any Subordinated Debt shall for any reason be revoked or invalidated or otherwise cease to be in full force and effect, any Person shall be in breach thereof or contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder, or the Obligations shall for any reason be subordinated or shall not have the priority contemplated by this Agreement;

8.10 Governmental Approvals. Any Governmental Approval required pursuant to any Loan Document or the operation of Borrower's or any Subsidiary's business shall have been (a) revoked, rescinded, suspended, modified in an adverse manner or not renewed in the ordinary course for a full term or (b) subject to any decision by a Governmental Authority that designates a hearing with respect to any applications for renewal of any of such Governmental Approval or that could result in the Governmental Authority taking any of the actions described in clause (a) above, and such decision or such revocation, rescission, suspension, modification or nonrenewal (i) cause, or could reasonably be expected to cause, a Material Adverse Change, or (ii) adversely affects the legal qualifications of Borrower or any of its Subsidiaries to hold such Governmental Approval in any applicable jurisdiction and such revocation, rescission, suspension, modification or non-renewal could reasonably be expected to affect the status of or legal qualifications of Borrower or any of its Subsidiaries to hold any Governmental Approval in any other jurisdiction; or

8.11 Senior Loan Agreement. The occurrence of an Event of Default (as defined in the Senior Loan Agreement) under the Senior Loan Agreement (other than a default solely resulting from Borrower's failure to comply with the financial covenant set forth in Section 6.9 of the Senior Loan Agreement).

9. BANK'S RIGHTS AND REMEDIES

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Bank may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank);

(b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) verify the amount of, demand payment of and performance under, and collect any Accounts and General Intangibles, settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Bank considers advisable, and notify any Person owing Borrower money of Bank's security interest in such funds;

(d) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Bank requests and make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(e) apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) amount held by Bank owing to or for the credit or the account of Borrower;

(f) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right to, upon and during the continuation of an Event of Default, use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section, Borrower's rights under all licenses and all franchise agreements inure to Bank's benefit;

(g) place a "hold" on any account maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(h) demand and receive possession of Borrower's Books; and

(i) exercise all rights and remedies available to Bank under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

Bank's right of payment, lien priority and ability to exercise rights and remedies, in each case under this Agreement, shall be subordinate to its right of payment, lien priority and ability to exercise rights and remedies, in each case under the Senior Loan Agreement. Notwithstanding the foregoing, so long as there is no "Event of Default" (as defined in the Senior Loan Agreement) continuing under the Senior Loan Agreement, Borrower shall be permitted to make, and Bank shall be permitted to receive and apply, scheduled payments (whether on account of principal, interest, fees, expenses or otherwise) to Bank as provided in this Agreement.

9.2 Power of Attorney. Borrower hereby irrevocably appoints Bank as its lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's name on any checks, payment instruments, or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) demand, collect, sue, and give releases to any Account Debtor for monies due, settle and adjust disputes and claims about the Accounts directly with Account Debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Bank's or Borrower's name, as Bank chooses); (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, or other claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Bank or a third party as the Code permits. Borrower hereby appoints Bank as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Bank's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations have been satisfied in full and the Loan Documents have been terminated. Bank's foregoing appointment as Borrower's attorney in fact, and all of Bank's rights and powers, coupled with an interest, are irrevocable until all Obligations have been fully repaid and performed and the Loan Documents have been terminated.

9.3 Protective Payments. If Borrower fails to obtain the insurance called for by Section 6.5 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, Bank may obtain such insurance or make such payment, and all amounts so paid by Bank are Bank Expenses and immediately due and payable, bearing interest at the then highest rate applicable to the Obligations, and secured by the Collateral. Bank will make reasonable efforts to provide Borrower with notice of Bank obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Bank are deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default.

9.4 Application of Payments and Proceeds. Bank shall have the right to apply in any order any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations. Bank shall pay any surplus to Borrower by credit to the Designated Deposit Account or to other Persons legally entitled thereto; Borrower shall remain liable to Bank for any deficiency. If Bank, directly or indirectly, enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Bank shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Bank of cash therefor.

9.5 Bank's Liability for Collateral. So long as Bank complies with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Bank, Bank shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Except as described above in this Section 9.5, Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 No Waiver; Remedies Cumulative. Bank's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Bank thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Bank's rights and remedies under this Agreement and the other Loan Documents are cumulative. Bank has all rights and remedies provided under the Code, by law, or in equity. Bank's exercise of one right or remedy is not an election and shall not preclude Bank from exercising any other remedy under this Agreement or other remedy available at law or in equity, and Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

10. NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Bank or Borrower may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower: Health Catalyst, Inc.
3165 Millrock Drive, Suite 400
Salt Lake City, Utah 84121
Attn: Patrick Nelli
Email: patrick.nelli@healthcatalyst.com

If to Bank: Silicon Valley Bank
380 Interlocken Crescent- Suite 600
Broomfield, Colorado 80021
Attn: Mike Devery
Email: mdevery@svb.com

with a copy to: Riemer & Braunstein LLP
Three Center Plaza
Boston, Massachusetts 02108
Attn: David A. Ephraim, Esquire
Fax: (617)692-3455
Email: dephraim@riemerlaw.com

11. CHOICE OF LAW, VENUE, JURY TRIAL WAIVER AND JUDICIAL REFERENCE

Except as otherwise expressly provided in any of the Loan Documents, California law governs the Loan Documents without regard to principles of conflicts of law. Borrower and Bank each submit to the exclusive jurisdiction of the State and Federal courts in Santa Clara County, California; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Bank from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Bank. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the Santa Clara County, California Superior Court) appointed in accordance with California Code of Civil Procedure § 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in Santa Clara County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure Sections 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Santa Clara County, California Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure Section 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

This Section 11 shall survive the termination of this Agreement.

12. GENERAL PROVISIONS

12.1 Termination Prior to Term Loan Maturity Date; Survival. All covenants, representations and warranties made in this Agreement shall continue in full force until this Agreement has terminated pursuant to its terms and all Obligations have been satisfied. So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement), this Agreement may be terminated prior to the Term Loan Maturity Date by Borrower, effective three (3) Business Days after written notice of termination is given to Bank. Those obligations that are expressly specified in this Agreement as surviving this Agreement's termination shall continue to survive notwithstanding this Agreement's termination.

12.2 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Bank's prior written consent (which may be granted or withheld in Bank's discretion). Bank has the right, without the consent of or notice to Borrower, to sell, transfer, assign, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights, and benefits under this Agreement and the other Loan Documents.

12.3 Indemnification. Borrower agrees to indemnify, defend and hold Bank and its directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Bank (each, an “**Indemnified Person**”) harmless against: (i) all obligations, demands, claims, and liabilities (collectively, “**Claims**”) claimed or asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (ii) all losses or documented expenses (including Bank Expenses) in any way suffered, incurred, or paid by such Indemnified Person as a result of, following from, consequential to, or arising from transactions between Bank and Borrower (including reasonable attorneys’ fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person’s gross negligence or willful misconduct.

This Section 12.3 shall survive until all statutes of limitation with respect to the Claims, losses, and expenses for which indemnity is given shall have run.

12.4 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.5 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.6 Correction of Loan Documents. Bank may correct patent errors and fill in any blanks in the Loan Documents consistent with the agreement of the parties.

12.7 Amendments in Writing; Waiver; Integration. No purported amendment or modification of any Loan Document, or waiver, discharge or termination of any obligation under any Loan Document, shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by the parties hereto (or, as to waivers, by Bank). Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. The Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents.

12.8 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.9 Confidentiality. In handling any confidential information, Bank shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) to Bank’s Subsidiaries or Affiliates (such Subsidiaries and Affiliates, together with Bank, collectively, “**Bank Entities**”); (b) subject to an agreement containing provisions substantially the same as those of this Section 12.9, to any assignee or purchaser of or participant in, or any prospective assignee or purchaser of or participant in, any of Bank’s rights and obligations under this Agreement; (c) as required by law, regulation, subpoena, or other order; (d) to Bank’s regulators or as otherwise required in connection with Bank’s examination or audit; (e) as Bank considers appropriate in exercising remedies under the Loan Documents; and (f) to third-party service providers of Bank so long as such service providers have executed a confidentiality agreement with Bank with terms no less restrictive than those contained herein. Confidential information does not include information that is either: (i) in the public domain or in Bank’s possession when disclosed to Bank, or becomes part of the public domain (other than as a result of its disclosure by Bank in violation of this Agreement) after disclosure to Bank; or (ii) disclosed to Bank by a third party, if Bank does not know that the third party is prohibited from disclosing the information.

Bank Entities may use confidential information for the development of databases, reporting purposes, and market analysis so long as such confidential information is aggregated and anonymized prior to distribution unless otherwise expressly permitted by Borrower. The provisions of the immediately preceding sentence shall survive the termination of this Agreement.

12.10 Attorneys' Fees, Costs and Expenses. In any action or proceeding between Borrower and Bank arising out of or relating to the Loan Documents, the Bank shall be entitled to recover its reasonable attorneys' fees and other documented out-of-pocket costs and expenses incurred, in addition to any other relief to which it may be entitled.

12.11 Electronic Execution of Documents. The words "execution," "signed," "signature" and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

12.12 Right of Setoff. Borrower hereby grants to Bank a Lien and a right of setoff as security for all Obligations to Bank, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank (including a subsidiary of Bank) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may set off the same or any part thereof and apply the same to any liability or Obligation of Borrower even though unmaturred and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

12.13 Captions. The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

12.14 Construction of Agreement. The parties mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

12.15 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

12.16 Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

13. DEFINITIONS

13.1 Definitions. As used in the Loan Documents, the word "shall" is mandatory, the word "may" is permissive, the word "or" is not exclusive, the words "includes" and "including" are not limiting, and the singular includes the plural. As used in this Agreement (including the Exhibits and Schedules hereto), the following capitalized terms have the following meanings:

“**Account**” is any “account” as defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

“**Account Debtor**” is any “account debtor” as defined in the Code with such additions to such term as may hereafter be made.

“**Acquisition**” is (a) the purchase or other acquisition by Borrower or any Subsidiary of all or substantially all of the assets of any other Person, or (b) the purchase or other acquisition (whether by means of merger, consolidation, or otherwise) by Borrower or any Subsidiary of all or substantially all of the stock or other equity interest of any other Person.

“**Additional Commitment Fee**” is defined in Section 2.3(b).

“**Affiliate**” is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person’s senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person’s managers and members. For purposes of the definition of Eligible Accounts, Affiliate shall include a Specified Affiliate.

“**Agreement**” is defined in the preamble hereof.

“**Annual Recurring Revenue**” means, as to any month, (a) contractually recurring revenue to be recognized in the next twelve (12) months, inclusive of At-Risk Recurring Revenue, but exclusive of (b) any revenue that is non-recurring, (including, without limitation, one-time installation fees, perpetual license fees, and non-recurring professional services fees).

“**At-Risk Recurring Revenue**” is, as to any month, revenue the Company calculates (in accordance with its past practice, consistently applied) could be recognized in the next 12 months from a contract for which payment is conditioned upon performance by Borrower.

“**Bank**” is defined in the preamble hereof.

“**Bank Entities**” is defined in Section 12.9.

“**Bank Expenses**” are all audit fees and expenses, documented costs, and expenses (including reasonable attorneys’ fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to the Loan Documents.

“**Board**” is Borrower’s board of directors.

“**Borrower**” is defined in the preamble hereof.

“**Borrower’s Books**” are all Borrower’s books and records including ledgers, federal and state tax returns, records regarding Borrower’s assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

“**Borrowing Resolutions**” are, with respect to any Borrower, those resolutions substantially in the form of Exhibit D attached hereto.

“**Business Day**” is any day that is not a Saturday, Sunday or a day on which Bank is closed.

“**Cash Equivalents**” means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor’s Ratings Group or Moody’s Investors Service, Inc.; (c) Bank’s certificates of deposit

issued maturing no more than one (1) year after issue; and (d) money market funds at least ninety-five percent (95%) of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (c) of this definition.

“Change in Control” means (a) at any time after the date hereof, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (The “**Exchange Act**”)), shall become, or obtain rights (whether by means or warrants, options or otherwise) to become, the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of twenty-five percent (25.0%) or more of the ordinary voting power for the election of directors of Borrower (determined on a fully diluted basis) other than by the sale of Borrower’s equity securities in a public offering or to venture capital or private equity investors so long as Borrower identifies to Bank the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction; (b) during any period of twelve (12) consecutive months after the date hereof, a majority of the members of the board of directors or other equivalent governing body of Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved or accepted by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved or accepted by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or (c) at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100.0%) of each class of outstanding capital stock of each Subsidiary of Borrower free and clear of all Liens (except Liens created by this Agreement).

“Claims” is defined in Section 12.3.

“Code” is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of California; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Bank’s Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of California, the term “**Code**” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

“Collateral” is any and all properties, rights and assets of Borrower described on Exhibit A.

“Collateral Account” is any Deposit Account, Securities Account, or Commodity Account.

“Commodity Account” is any “commodity account” as defined in the Code with such additions to such term as may hereafter be made.

“Compliance Certificate” is (a) until the termination of the Senior Loan Agreement, the “Compliance Certificate” as defined in the Senior Loan Agreement and (b) upon termination of the Senior Loan Agreement and thereafter, that certain certificate in the form attached hereto as Exhibit B.

“Contingent Obligation” is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation, in each case, directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but “Contingent Obligation” does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary

obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

“Control Agreement” is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Bank pursuant to which Bank obtains control (within the meaning of the Code) over such Deposit Account, Securities Account, or Commodity Account, in each case in form and substance acceptable to Bank.

“Copyrights” are any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

“Credit Extension” is any Advance, any Overadvance, or any other extension of credit by Bank for Borrower’s benefit.

“Default Rate” is defined in Section 2.2(b).

“Deposit Account” is any “deposit account” as defined in the Code with such additions to such term as may hereafter be made.

“Designated Deposit Account” is the multicurrency account denominated in Dollars, account number XXXXXXXX723, maintained by Borrower with Bank.

“Dollars,” “dollars” or use of the sign “\$” means only lawful money of the United States and not any other currency, regardless of whether that currency uses the “\$” sign to denote its currency or may be readily converted into lawful money of the United States.

“Domestic Subsidiary” means a Subsidiary organized under the laws of the United States or any state or territory thereof or the District of Columbia.

“Draw Period A” is the period of time commencing upon the Effective Date and continuing through the earlier to occur of (a) December 31, 2017, or (b) an Event of Default.

“Draw Period B” is the period of time commencing upon the occurrence of the Funding Milestone Event and continuing through the earlier to occur of (a) October 6, 2018, or (b) an Event of Default.

“Effective Date” is defined in the preamble hereof.

“Equipment” is all “equipment” as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

“ERISA” is the Employee Retirement Income Security Act of 1974, and its regulations.

“Event of Default” is defined in Section 8.

“Exchange Act” is the Securities Exchange Act of 1934, as amended.

“Excluded Deposit Account” means (a) any deposit account exclusively used for payroll, payroll taxes, and other employee wage and benefit payments to or for the benefit of Borrower’s employees and identified to Bank by Borrower as such and (b) any Petty Cash Accounts.

“Excluded Site” means (a) any offices, bailees or business locations, including warehouses, containing less than Fifty Thousand Dollars (\$50,000.00) in Borrower’s assets or property and (b) any site located at a data center

operated by a third party at which Borrower exclusively co-locates computer gear and peripherals in the ordinary course of business.

“Foreign Subsidiary” means any Subsidiary which is not a Domestic Subsidiary.

“Funding Date” is any date on which a Credit Extension is made to or for the account of Borrower which shall be a Business Day.

“Funding Milestone Event” means confirmation by Bank in writing that Borrower has either: (i) delivered to Bank, on or prior to October 6, 2018, evidence satisfactory to Bank in its sole and absolute discretion, that Borrower has achieved after the Effective Date, Annual Recurring Revenue, of at least Ninety Million Dollars (\$90,000,000.00); or (ii) received, after the Effective Date, but on or prior to October 6, 2018, unrestricted and unencumbered net cash proceeds in an amount of at least Seventeen Million Dollars (\$17,000,000.00) from the issuance and sale by Borrower of its equity securities with investors reasonably acceptable to Bank.

“GAAP” is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

“General Intangibles” is all “general intangibles” as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all Intellectual Property, claims, income and other tax refunds, security and other deposits, payment intangibles, contract rights, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

“Governmental Approval” is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

“Governmental Authority” is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

“Indebtedness” is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

“Indemnified Person” is defined in Section 12.3.

“Initial Public Offering” is the initial, underwritten offering and sale of Borrower’s common stock to the public pursuant to an effective registration statement under the Securities Act of 1933, as amended.

“Insolvency Proceeding” is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Intellectual Property” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following:

- (a) its Copyrights, Trademarks and Patents;

- (b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how and operating manuals;
- (c) any and all source code;
- (d) any and all design rights which may be available to such Person;
- (e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and
- (f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

“Inventory” is all “inventory” as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower’s custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

“Investment” is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

“Key Person” is each of Borrower’s (a) Chief Executive Officer, who is Daniel Burton as of the Effective Date, and (b) Chief Financial Officer, who is Patrick Nelli as of the Effective Date.

“Lien” is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

“Liquidity Event” means delivery by Borrower to Bank of evidence satisfactory to Bank in its sole and absolute discretion of the occurrence of: (a) (i) a sale, assignment or other disposition by Borrower of all or substantially all of its assets, (ii) a merger or consolidation of Borrower into or with another Person or entity, or (iii) any sale, in a single transaction or series of related transactions, by the holders of Borrower’s outstanding voting equity securities, to one or more buyers of such securities, where such holders do not, as of immediately following the consummation of such transaction(s), continue to hold at least a majority of Borrower’s issued and outstanding voting equity securities; or (b) an Initial Public Offering; in either case (a) or (b), resulting in Borrower’s receipt of unrestricted and unencumbered net cash proceeds in an amount of at least Seventy-Five Million Dollars (\$75,000,000.00); or (c) after the Effective Date, Borrower has received (i) unrestricted and unencumbered net cash proceeds in an amount of at least Twenty Million Dollars (\$20,000,000.00) from the issuance and sale by Borrower of its equity securities to private equity investors acceptable to Bank (exclusive of funds received in connection with the Funding Milestone Event), or (ii) company-generated cash flow from operations after the Effective Date.

“Loan Documents” are, collectively, this Agreement and any schedules, exhibits, certificates, notices, and any other documents related to this Agreement, the Senior Loan Agreement, the Warrant, the Perfection Certificate, any Control Agreement, any subordination agreement, any note, or notes or guaranties executed by Borrower or any guarantor of the Obligations, and any other present or future agreement by Borrower or any guarantor of the Obligations with or for the benefit of Bank in connection with this Agreement, as amended, restated, or otherwise modified.

“Material Adverse Change” is (a) a material impairment in the perfection or priority of Bank’s Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

“**Milestone Event**” means that Borrower has achieved (calculated with respect to Borrower only and not on a consolidated basis, as determined by Bank) as of the last day of each calendar quarter prior to the Funding Date of any Term B Loan Advance made after April 6, 2018, Annual Recurring Revenue, as set forth below:

<u>Quarter ending</u>	<u>Annual Recurring Revenue</u>
December 31, 2017	\$80,382,000.00
March 31, 2018	\$84,355,000.00
June 30, 2018	\$98,942,000.00
September 30, 2018	\$103,614,000.00
December 31, 2018	\$118,239,000.00

“**Monthly Financial Statements**” is defined in Section 6.2(a).

“**Obligations**” are Borrower’s obligations to pay when due any debts, principal, interest, fees, Bank Expenses, the Prepayment Premium, the Additional Commitment Fee, and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents, including, without limitation and in each case, interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower’s duties under the Loan Documents.

“**Operating Documents**” are, for any Person, such Person’s formation documents, as certified by the Secretary of State (or equivalent agency) of such Person’s jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form,

(a) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and

(b) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

“**Patents**” means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

“**Payment/Advance Form**” is that certain form in the form attached hereto as Exhibit C.

“**Payment Date**” means the first (1st) calendar day of each month.

“**Perfection Certificate**” is defined in Section 5.1.

“**Permitted Acquisition**” is any Acquisition by the Borrower or any Subsidiary of Borrower, disclosed to Bank, provided that each of the following shall be applicable to any such Acquisition:

(a) no Event of Default shall have occurred and be continuing or would result from the consummation of the proposed Acquisition;

(b) the entity or assets acquired in such Acquisition are in the same or similar line of business as Borrower is in as of the date hereof or reasonably related thereto;

(c) the target of such Acquisition, if such acquisition is a stock acquisition, shall be an entity organized under the laws of any State in the United States and shall have a principal place in the United States;

(d) Borrower shall have provided Bank evidence and reasonably detailed calculations satisfactory to Bank, in its sole discretion, that, after giving effect to such Acquisition, the net effect of such Acquisition

shall be EBITDA accretive to Borrower on a trailing twelve (12) month basis for the twelve (12) month period ended on the proposed date of consummation of such proposed Acquisition;

(e) if the Acquisition includes a merger of any Borrower, such Borrower shall remain a surviving entity after giving effect to such Acquisition; and if, as a result of such Acquisition, a new Subsidiary is formed or acquired, Borrower shall cause such Subsidiary to comply with Section 6.9, as required by Bank;

(f) Borrower shall provide Bank with written notice of the proposed Acquisition at least thirty (30) Business Days prior to the anticipated closing date of the proposed Acquisition; and not less than five (5) Business Days prior to the anticipated closing date of the proposed Acquisition, copies of the acquisition agreement and all other material documents relative to the proposed Acquisition (or if such acquisition agreement and other material documents are not in final form, drafts of such acquisition agreement and other material documents; provided that Borrower shall deliver final forms of such acquisition agreement and other material documents promptly upon completion);

(g) Borrower has furnished to Bank pro forma financial statements demonstrating that Borrower will remain in compliance with any financial covenants set forth in this Agreement on a pro-forma basis after the consummation of the Acquisition;

(h) the total consideration (including, without limitation, any earn-out payment obligations) for all such Acquisitions may not exceed Ten Million Dollars (\$10,000,000.00) in the aggregate (of which cash consideration may not exceed Five Million Dollars (\$5,000,000.00) in the aggregate) at any time;

(i) no Indebtedness, other than Permitted Indebtedness, shall be assumed or incurred by Borrower in connection with such Acquisition;

(j) such purchase or Acquisition is non-hostile in nature; and

(k) the entity or assets acquired in such Acquisition shall not be subject to any Lien other than (x) the first-priority Liens granted in favor of Bank and (y) Permitted Liens.

“Permitted Indebtedness” is:

(a) Borrower’s Indebtedness to Bank, and its successors and assigns, under this Agreement and the other Loan Documents;

(b) Indebtedness existing on the Effective Date and shown on the Perfection Certificate;

(c) Subordinated Debt;

(d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(e) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;

(f) Indebtedness secured by Liens permitted under clauses (a), (c) and (1) of the definition of Permitted Liens hereunder;

(g) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (f) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be;

(h) unsecured Indebtedness in connection with commercial credit cards incurred in the ordinary course of business; and

(i) other unsecured Indebtedness not otherwise permitted by Section 7.4 not exceeding Two Hundred Fifty Thousand Dollars (\$250,000.00).

“Permitted Investments” are:

(a) Investments (including, without limitation, Subsidiaries) existing on the Effective Date and shown on the Perfection Certificate;

(b) (i) Investments consisting of Cash Equivalents and (ii) any Investments permitted by Borrower’s investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Bank;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(d) Investments (i) consisting of deposit accounts in which Bank has a first priority perfected security interest and (ii) in the Excluded Deposit Accounts;

(e) Investments accepted in connection with Transfers permitted by Section 7.1;

(f) Investments consisting of the creation of a Subsidiary for the purpose of consummating a merger transaction permitted by Section 7.3 of this Agreement, which is otherwise a Permitted Investment;

(g) Investments (i) by Borrower or its Subsidiaries in Subsidiaries that (x) are co-borrowers or secured guarantors hereunder, or (y) immediately become a co-borrower or secured guarantor hereunder pursuant to Section 6.9 hereof contemporaneously with such Investment, (ii) Investments by secured guarantor or co-borrower Subsidiaries in another secured guarantor or co-borrower Subsidiary or in Borrower, and (iii) Investments by Borrower or its Subsidiaries in Foreign Subsidiaries (x) that are existing on the date of this Agreement, or (y) are made after the date of this Agreement to cover ordinary, necessary, current operating expenses in the ordinary course of business;

(h) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower’s Board;

(i) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(j) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (j) shall not apply to Investments of Borrower in any Subsidiary;

(k) Permitted Acquisitions; and

(l) other Investments not otherwise permitted by Section 7.7 in an amount not exceeding Two Hundred Fifty Thousand Dollars (\$250,000.00) in the aggregate outstanding at any time.

“Permitted Liens” are:

- (a) Liens existing on the Effective Date and shown on the Perfection Certificate or arising under this Agreement and the other Loan Documents;
- (b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on its Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;
- (c) purchase money Liens or capital leases (i) on Equipment acquired or held by Borrower incurred for financing the acquisition of the Equipment securing no more than One Million Dollars (\$1,000,000.00) in the aggregate amount outstanding, or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment;
- (d) Liens incurred in the extension, renewal or refinancing of the Indebtedness secured by Liens described in (a) through (c), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;
- (e) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, securing liabilities in the aggregate amount not to exceed Two Hundred Fifty Thousand Dollars (\$250,000.00) and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;
- (f) Liens to secure payment of workers’ compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);
- (g) leases or subleases of real property granted in the ordinary course of Borrower’s business (or, if referring to another Person, in the ordinary course of such Person’s business), and leases, subleases, nonexclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower’s business (or, if referring to another Person, in the ordinary course of such Person’s business), if the leases, subleases, licenses and sublicenses do not prohibit granting Bank a security interest therein;
- (h) non-exclusive licenses of Intellectual Property granted to third parties in the ordinary course of business;
- (i) Liens arising from attachments or judgments, orders or decrees in circumstances not constituting an Event of Default under Sections 8.4 and 8.7;
- (j) Liens in favor of other financial institutions arising in connection with Borrower’s deposit and/or securities accounts held at such institutions, provided that Bank has a first priority perfected security interest in the amounts held in such deposit and/or securities accounts (other than Excluded Deposit Accounts);
- (k) easements, zoning restrictions, rights-of-way, minor defects or irregularities in title and similar encumbrances on real property imposed by law or arising in the ordinary course of business which (i) do not secure obligations for the payment of money, (ii) are not material in amount and (iii) do not materially detract from or impair the value of the affected property or interfere materially with the ordinary conduct of business of Borrower; and

(l) Liens with respect to security deposits given by Borrower to secure real estate leases not exceeding One Million Dollars (\$1,000,000.00) in the aggregate outstanding at any time.

“**Person**” is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

“**Petty Cash Account**” means any deposit account with a depository institution other than Bank or Bank’s Affiliates with deposits at any time in an aggregate amount not in excess of Twenty-Five Thousand Dollars (\$25,000.00) for any one account and Fifty Thousand Dollars (\$50,000.00) in the aggregate for all such accounts.

“**Prepayment Premium**” shall be an additional fee, payable to Bank, with respect to each Term Loan Advance, in an amount equal to:

(a) for a prepayment of a Term Loan Advance made on or prior to the first (1st) anniversary of the Funding Date of such Term Loan Advance, three percent (3.0%) of the then outstanding principal amount of such Term Loan Advance as of the date immediately and prior to such prepayment;

(b) for a prepayment of a Term Loan Advance made after the first (1st) anniversary of the Funding Date of such Term Loan Advance, but on or prior to the second (2nd) anniversary of the Funding Date of such Term Loan Advance, two percent (2.0%) of the then outstanding principal amount of such Term Loan Advance as of the date immediately and prior to such prepayment;

(c) for a prepayment of a Term Loan Advance made after the second (2nd) anniversary of the Funding Date of such Term Loan Advance, but on or prior to the third (3rd) anniversary of the Funding Date of such Term Loan Advance, one percent (1.0%) of the then outstanding principal amount of such Term Loan Advance as of the date immediately and prior to such prepayment; and

(d) for a prepayment of a Term Loan Advance made after the third (3rd) anniversary of the Funding Date of such Term Loan Advance, but prior to the Term Loan Maturity Date, zero percent (0.0%) of the then outstanding principal amount of such Term Loan Advances as of the date immediately and prior to such prepayment.

Notwithstanding the foregoing, provided no Event of Default has occurred and is continuing, the Prepayment Premium shall be waived by Bank if (i) Bank closes on the refinance and redocumentation of this Agreement (in its sole and absolute discretion) prior to the Term Loan Maturity Date or (ii) the Term Loan Advances are prepaid contemporaneously with the occurrence of, and with the proceeds of, the Liquidity Event.

“**Prime Rate**” is the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the “prime rate” then in effect; provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement and provided further that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as determined by Bank, the “Prime Rate” shall mean the rate of interest per annum announced by Bank as its prime rate in effect at its principal office in the State of California (such Bank announced Prime Rate not being intended to be the lowest rate of interest charged by Bank in connection with extensions of credit to debtors); provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“**Registered Organization**” is any “registered organization” as defined in the Code with such additions to such term as may hereafter be made.

“**Requirement of Law**” is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental

Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“**Responsible Officer**” is any of the Chief Executive Officer, President, Chief Financial Officer and Controller of Borrower.

“**Restricted License**” is any material license or other material agreement with respect to which Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower’s interest in such license or agreement or any other property, or (b) for which a default under or termination of could interfere with the Bank’s right to sell any Collateral. For the avoidance of doubt, “Restricted License” shall not include any license of over the counter software that is commercially available to the public.

“**SEC**” shall mean the Securities and Exchange Commission, any successor thereto, and any analogous Governmental Authority.

“**Securities Account**” is any “securities account” as defined in the Code with such additions to such term as may hereafter be made.

“**Senior Loan Agreement**” means that certain Amended and Restated Loan and Security Agreement by and between Borrower and Bank dated as of October 6, 2017, as may be amended, restated, modified or supplemented from time to time.

“**Specified Affiliate**” is any Person (a) more than ten percent (10.0%) of whose aggregate issued and outstanding equity or ownership securities or interests, voting, non-voting or both, are owned or held directly or indirectly, beneficially or of record, by Borrower, and/or (ii) whose equity or ownership securities or interests representing more than ten percent (10.0%) of such Person’s total outstanding combined voting power are owned or held directly or indirectly, beneficially or of record, by Borrower.

“**Subordinated Debt**” is indebtedness incurred by Borrower subordinated to all of Borrower’s now or hereafter indebtedness to Bank (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into between Bank and the other creditor), on terms acceptable to Bank.

“**Subsidiary**” is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless the context otherwise requires, each reference to a Subsidiary herein shall be a reference to a Subsidiary of Borrower.

“**Term A Loan Advance**” and “**Term A Loan Advances**” are each defined in Section 2.1.1(a).

“**Term B Loan Advance**” and “**Term B Loan Advances**” are each defined in Section 2.1.1(a).

“**Term Loan Maturity Date**” is April 6, 2021.

“**Trademarks**” means any trademark and service mark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

“**Transfer**” is defined in Section 7.1.

“**Warrant**” means, collectively, (a) that certain Warrant to Purchase Stock dated as of the Effective Date by and between Borrower and Bank and (b) that certain Warrant to Purchase Stock dated as of the Effective Date by and

between WestRiver Mezzanine Loans - Loan Pool V, LLC, as each may be amended, restated, modified and/or supplemented from time to time.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

HEALTH CATALYST, INC.

By: /s/ Daniel Burton

Name: Daniel Burton

Title: CEO

BANK:

SILICON VALLEY BANK

By: /s/ Mike Devery

Name: Mike Devery

Title: Managing Director

Signature Page to Mezzanine Loan and Security Agreement

EXHIBIT A - COLLATERAL DESCRIPTION

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as provided below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and all Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding anything to the contrary herein, the Collateral does not include any of the following, whether now owned or hereafter acquired: (a) more than sixty-five percent (65%) of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter; (b) any intent-to-use trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise; (c) rights held under a license that are not assignable by their terms without the consent of the licensor thereof (but only to the extent such restriction on assignment is enforceable under applicable law); (d) any interest of Borrower as a lessee under an Equipment lease if Borrower is prohibited by the terms of such lease from granting a security interest in such lease or under which such an assignment or Lien would cause a default to occur under such lease; provided, however, that upon termination of such prohibition, such interest shall immediately become Collateral without any action by Borrower or Bank; (e) Excluded Deposit Accounts; or (f) Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property. If a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date, include the Intellectual Property to the extent necessary to permit perfection of Bank's security interest in such Accounts and such other property of Borrower that are proceeds of the Intellectual Property.

EXHIBIT B

COMPLIANCE CERTIFICATE

TO: SILICON VALLEY BANK

Date: _____

FROM: HEALTH CATALYST, INC.

The undersigned, solely in his or her capacity as an authorized officer of HEALTH CATALYST, INC. ("**Borrower**") certifies that under the terms and conditions of the Mezzanine Loan and Security Agreement between Borrower and Bank (as amended, the "**Agreement**"), (1) Borrower is in complete compliance for the period ending _with all required covenants except as noted below, (2) there are no Events of Default (except as noted below), (3) all representations and warranties in the Agreement are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, (4) Borrower, and each of its Subsidiaries, has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9 of the Agreement or as otherwise noted below, and (5) no Liens have been levied or claims made against Borrower or any of its Subsidiaries, if any, relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank, except as noted below. Attached are the required documents supporting the certification. The undersigned, solely in his or her capacity as an authorized officer of Borrower, certifies that these are prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The undersigned, solely in his or her capacity as an authorized officer of Borrower, acknowledges that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that compliance is determined not just at the date this certificate is delivered. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under "Complies" column.

<u>Reporting Covenant</u>	<u>Required</u>	<u>Complies</u>
Monthly financial statements	Monthly within 30 days	Yes No
Compliance Certificate	Monthly within 30 days	Yes No
Annual financial statement (CPA Audited)	FYE within 180 days	Yes No
10-Q, 10-K and 8-K	Within 5 days after filing with SEC	Yes No
Board approved projections	FYE within 30 days and contemporaneously with any updates or changes	Yes No
409A Reports	Annually, within 30 days of Board approval	Yes No

The following are new Restricted Licenses (see Section 6.7(b) of the Agreement):

The following are the exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions to note.")

HEALTH CATALYST, INC.

BANK USE ONLY

By: _____

Received by: _____

Name: _____

AUTHORIZED SIGNER

Title: _____

Date:

Verified:

AUTHORIZED SIGNER

Date:

Compliance Status:

Yes

No

EXHIBIT C

LOAN PAYMENT/ADVANCE REQUEST FORM

DEADLINE FOR SAME DAY PROCESSING IS NOON PACIFIC TIME

Fax To: _____

Date: _____

LOAN PAYMENT: HEALTH CATALYST,			
INC. From Account #	_____	To Account #	_____
	(Deposit Account #)		(Loan Account #)
Principal	\$ _____	and/or Interest	\$ _____
Authorized Signature:	_____	Phone Number:	_____
Print Name/Title:	_____		_____

LOAN ADVANCE:			
Complete <i>Outgoing Wire Request</i> section below if all or a portion of the funds from this loan advance are for an outgoing wire.			
From Account #	_____	To Account #	_____
	(Loan Account #)		(Deposit Account #)
Amount of Term Loan Advance	\$ _____		
All Borrower's representations and warranties in the Mezzanine Loan and Security Agreement are true, correct and complete in all material respects on the date of the request for an advance; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date:			
Authorized Signature:	_____	Phone Number:	_____
Print Name/Title:	_____		_____

OUTGOING WIRE REQUEST:			
Complete only if all or a portion of funds from the loan advance above is to be wired.			
Deadline for same day processing is noon, Pacific Time			
Beneficiary Name:	_____	Amount of Wire:	_____
Beneficiary Bank:	_____	Account Number:	_____
City and State:	_____		_____
Beneficiary Bank Transit (ABA) #:	_____	Beneficiary Bank Code (Swift, Sort, Chip, etc.):	_____
		(For International Wire Only)	
Intermediary Bank:	_____	Transit (ABA) #:	_____
For Further Credit to:	_____		_____
Special Instruction:	_____		
<i>By signing below, I (we) acknowledge and agree that my (our) funds transfer request shall be processed in accordance with and subject to the terms and conditions set forth in the agreements(s) covering funds transfer service(s), which agreements(s) were previously received and executed by me (us).</i>			
Authorized Signature:	_____	2 nd Signature (if required):	_____
Print Name/Title:	_____	Print Name/Title:	_____
Telephone #:	_____	Telephone #:	_____

EXHIBIT D

BORROWING RESOLUTIONS

BE IT RESOLVED, that **any one (1)** of the above named officers or employees of Borrower, acting for and on behalf of Borrower, are authorized and empowered:

Borrow Money. To borrow from time to time from Silicon Valley Bank ("Bank"), on such terms as may be agreed upon between the officers of Borrower and Bank, such sum or sums of money as in their judgment should be borrowed.

Execute Loan Documents. To execute and deliver to Bank the loan documents of Borrower at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any indebtedness of Borrower to Bank, and also to execute and deliver to Bank one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the loan documents, or any portion of the loan documents.

Grant Security. To grant a security interest to Bank in any of Borrower's assets, which security interest shall secure all of Borrower's obligations to Bank.

Negotiate Items. To draw, endorse, and discount with Bank all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to Borrower or in which Borrower may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the account of Borrower with Bank, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable.

Letters of Credit. To execute letter of credit applications and other related documents pertaining to Bank's issuance of letters of credit.

Foreign Exchange Contracts. To execute and deliver foreign exchange contracts, either spot or forward, from time to time, in such amount as, in the judgment of the officer or officers herein authorized.

Issue Warrants. To issue warrants to Silicon Valley Bank and WestRiver Mezzanine Loans, LLC - Loan Pool V to purchase Borrower's capital stock, for such class, series and number, and on such terms, as an officer of Borrower shall deem appropriate. Upon such issuance the requisite number of shares of Borrower's capital stock will be automatically reserved for the exercise of such warrants to purchase stock.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances thereunder, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as they may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of these resolutions.

BE IT FURTHER RESOLVED, that any and all acts authorized pursuant to these resolutions and performed prior to the passage of these resolutions are hereby ratified and approved, that these resolutions shall remain in full force and effect and Bank may rely on these resolutions until written notice of their revocation shall have been delivered to and received by Bank. Any such notice shall not affect any of Borrower's agreements or commitments in effect at the time notice is given.

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this “**Agreement**”) dated as of October 6, 2017 (the “**Effective Date**”) between SILICON VALLEY BANK, a California corporation (“**Bank**”), and HEALTH CATALYST, INC., f/k/a HQC Holdings, Inc., a Delaware corporation (“**Borrower**”), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank. This Agreement amends and restates in its entirety and replaces the terms of (and obligations outstanding under) that certain Loan and Security Agreement by and among (a) Bank and (b) (i) Borrower and (ii) HEALTHCARE QUALITY CATALYST, LLC, a Utah limited liability company dated as of June 23, 2016, as amended by that certain First Amendment to Loan and Security Agreement between Borrower and Bank dated as of April 26, 2017 (as amended, the “**Prior Loan Agreement**”). The parties agree that the Prior Loan Agreement is hereby superseded and replaced in its entirety by this Agreement, and the parties agree as follows:

1 ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP (except for noncompliance with FASB ASC Topic 718 and other non-cash items in the monthly reporting); provided that if at any time any change in GAAP would affect the computation of any financial covenant or requirement set forth in any Loan Document, and either Borrower or Bank shall so request, Borrower and Bank shall negotiate in good faith to amend such financial covenant or requirement to preserve the original intent thereof in light of such change in GAAP; provided, further, that until so amended, (a) such financial covenant or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) Borrower shall provide Bank financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such financial covenant or requirement made before and after giving effect to such change in GAAP. Notwithstanding the foregoing, all financial covenant and other financial calculations shall be computed with respect to Borrower only, and not on a consolidated basis. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein.

2 LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay Bank the outstanding principal amount of all Credit Extensions and accrued and unpaid interest thereon as and when due in accordance with this Agreement.

2.2 **Revolving Line.**

(a) Availability. Subject to the terms and conditions of this Agreement and to deduction of Reserves, Bank shall make Advances not exceeding the Availability Amount. Amounts borrowed under the Revolving Line may be repaid and, prior to the Revolving Line Maturity Date, reborrowed, subject to the applicable terms and conditions precedent herein.

(b) Termination; Repayment. The Revolving Line terminates on the Revolving Line Maturity Date, when the principal amount of all Advances, the unpaid interest thereon, and all other Obligations relating to the Revolving Line shall be immediately due and payable.

2.3 Overadvances. If, at any time, the outstanding principal amount of any Advances exceeds the lesser of either the Revolving Line or the Borrowing Base, Borrower shall immediately pay to Bank in cash the amount of such excess (such excess, the “**Overadvance**”). Without limiting Borrower’s obligation to repay Bank any Overadvance, Borrower agrees to pay Bank interest on the outstanding amount of any Overadvance, on demand, at a per annum rate equal to the rate that is otherwise applicable to Advances plus five percent (5.0%).

2.4 Payment of Interest on the Credit Extensions.

(a) Interest Rate. Subject to Section 2.4(b), the principal amount outstanding under the Revolving Line shall accrue interest at a floating per annum rate equal to one half of one percent (0.50%) above the Prime Rate, which interest shall be payable monthly in accordance with Section 2.4(d) below.

(b) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is five percent (5.0%) above the rate that is otherwise applicable thereto (the “**Default Rate**”). Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents (including, without limitation, Bank Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.4(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Bank.

(c) Adjustment to Interest Rate. Changes to the interest rate of any Credit Extension based on changes to the Prime Rate shall be effective on the effective date of any change to the Prime Rate and to the extent of any such change.

(d) Payment; Interest Computation. Interest is payable monthly on the Payment Date and shall be computed on the basis of a 360-day year for the actual number of days elapsed. In computing interest, (i) all payments received after 12:00 p.m. Pacific time on any day shall be deemed received at the opening of business on the next Business Day, and (ii) the date of the making of any Credit Extension shall be included and the date of payment shall be excluded; provided, however, that if any Credit Extension is repaid on the same day on which it is made, such day shall be included in computing interest on such Credit Extension.

2.5 Fees. Borrower shall pay to Bank:

(a) Revolving Line Modification Fee. A fully earned, non-refundable modification fee of Ten Thousand Dollars (\$10,000.00), on the Effective Date;

(b) Unused Revolving Line Facility Fee. Payable quarterly in arrears, on the last day of each calendar quarter occurring prior to the Revolving Line Maturity Date, and on the Revolving Line Maturity Date, a fee (the “**Unused Revolving Line Facility Fee**”) in an amount equal to one quarter of one percent (0.25%) per annum of the average unused portion of the Revolving Line for such calendar quarter, as determined by Bank (which determination shall be conclusive and binding absent manifest error). The unused portion of the Revolving Line, for purposes of this calculation, shall be calculated on a calendar quarter basis and shall equal the difference between (i) the Revolving Line, and (ii) the average for the period of the daily closing balance of the Revolving Line outstanding;

(c) Termination Fee. Upon termination of the Revolving Line for any reason prior to the Revolving Line Maturity Date, in addition to the payment of any other amounts then-owing, a non-

refundable termination fee (the “**Termination Fee**”) in an amount equal to one-half of one percent (0.50%) of the Revolving Line if such termination occurs after the first (1st) anniversary of the Prior Effective Date but before the Revolving Line Maturity Date; provided, however, that Bank agrees to waive the Termination Fee if the Revolving Line is terminated and the outstanding Obligations hereunder are indefeasibly repaid in full in cash as a result of Bank and Borrower’s failure to mutually agree in writing after engaging in good faith negotiations, on or before February 28, 2019, to Annual Recurring Revenue covenant levels for the periods ending on and after January 31, 2019 as required by Section 6.9 of this Agreement. For the avoidance of doubt, no Termination Fee shall be charged under the Prior Loan Agreement as a result of the amendment and restatement of the Prior Loan Agreement pursuant to this Agreement;

(d) **Anniversary Fee.** Fully earned, non-refundable Revolving Line anniversary fees (collectively, the “**Anniversary Fee**”) of (i) Ten Thousand Dollars (\$10,000.00) on June 23, 2018 and (ii) Five Thousand Dollars (\$5,000.00) on June 23, 2019; and

(e) **Bank Expenses.** All Bank Expenses (including reasonable attorneys’ fees and expenses for documentation and negotiation of this Agreement) incurred through and after the Effective Date, when due (or, if no stated due date, upon demand by Bank).

Unless otherwise provided in this Agreement or in a separate writing by Bank, Borrower shall not be entitled to any credit, rebate, or repayment of any fees earned by Bank pursuant to this Agreement notwithstanding any termination of this Agreement or the suspension or termination of Bank’s obligation to make loans and advances hereunder. Bank may deduct amounts owing by Borrower under the clauses of this Section 2.5 pursuant to the terms of Section 2.6(c). Bank shall provide Borrower written notice of deductions made from the Designated Deposit Account pursuant to the terms of the clauses of this Section 2.5.

2.6 Payments; Application of Payments; Debit of Accounts.

(a) All payments to be made by Borrower under any Loan Document shall be made in immediately available funds in Dollars, without setoff or counterclaim, before 12:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid.

(b) Prior to the occurrence of an Event of Default, payments shall be applied as directed by Borrower. Subject to Section 6.3, upon and during the continuance of an Event of Default, Bank has the exclusive right to determine the order and manner in which all payments with respect to the Obligations may be applied. Borrower shall have no right to specify the order or the accounts to which Bank shall allocate or apply any payments required to be made by Borrower to Bank or otherwise received by Bank under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

(c) Bank may debit Borrower’s Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes Bank when due. These debits shall not constitute a set-off.

2.7 Withholding. Payments received by Bank from Borrower under this Agreement will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto, but excluding, for the avoidance of doubt, taxes based on the net income of Bank). Specifically, however, if at any time any Governmental

Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to Bank, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, Bank receives a net sum equal to the sum which it would have received had no withholding or deduction been required, and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, upon request, furnish Bank with proof reasonably satisfactory to Bank indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. The agreements and obligations of Borrower contained in this Section 2.7 shall survive the termination of this Agreement.

3 CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Credit Extension. Bank's obligation to make the initial Credit Extension is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, such documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate, including, without limitation:

(a) duly executed signatures to the Mezzanine Loan Agreement and satisfaction of all conditions precedent thereto;

(b) duly executed signatures to the Loan Documents;

(c) the Operating Documents and long-form good standing certificates of Borrower certified by the Secretary of State of Delaware and each jurisdiction in which Borrower is qualified to conduct business, each as of a date no earlier than thirty (30) days prior to the Effective Date;

(d) a secretary's certificate of Borrower with respect to Borrower's Operating Documents, incumbency, specimen signatures and resolutions authorizing the execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(e) duly executed pdf signatures to the completed Borrowing Resolutions for Borrower;

(f) certified copies, dated as of a recent date, of financing statement searches, as Bank may request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;

(g) the Perfection Certificate of Borrower, together with the duly executed signature thereto;

(h) except as to Excluded Sites, a bailee's waiver in favor of Bank for each location where Borrower maintains property with a third party, by each such third party, together with the duly executed signatures thereto;

(i) (i) a legal opinion (authority and enforceability) of Borrower's counsel dated as of the Effective Date together with the duly executed pdf signature thereto;

(j) evidence satisfactory to Bank that the insurance policies and endorsements required by Section 6.7 hereof are in full force and effect, together with appropriate evidence showing lender loss payable and/or additional insured clauses or endorsements in favor of Bank;

(k) with respect to the initial Advance, a completed Borrowing Base Report (and any schedules related thereto and including any other information requested by Bank with respect to Borrower's Accounts); and

(l) payment of the fees and Bank Expenses then due as specified in Section 2.5 hereof,

3.2 Conditions Precedent to all Credit Extensions. Bank's obligations to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

(a) timely receipt of the Credit Extension request and any materials and documents required by Section 3.4;

(b) the representations and warranties in this Agreement shall be true, accurate, and complete in all material respects on the date of the proposed Credit Extension and on the Funding Date of each Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in this Agreement remain true, accurate, and complete in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date; and

(c) Bank determines to its reasonable satisfaction that there has not been any material impairment in the general affairs, management, results of operation, financial condition or the prospect of repayment of the Obligations, nor any material adverse deviation by Borrower from the most recent business plan of Borrower presented to and accepted by Bank.

3.3 Covenant to Deliver. Borrower agrees to deliver to Bank each item required to be delivered to Bank under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Bank of any such item shall not constitute a waiver by Bank of Borrower's obligation to deliver such item, and the making of any Credit Extension in the absence of a required item shall be in Bank's sole discretion.

3.4 Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, to obtain an Advance, Borrower (via an individual duly authorized by an Administrator) shall notify Bank (which notice shall be irrevocable) by electronic mail by 12:00 p.m. Pacific time on the Funding Date of the Advance. Such notice shall be made by Borrower through Bank's online banking program, provided, however, if Borrower is not utilizing Bank's online banking program, then such notice shall be in a written format acceptable to Bank that is executed by an Authorized Signer. Bank shall have received satisfactory evidence that the Board has approved that such Authorized Signer may provide such notices and request Advances. In connection with any such notification, Borrower must promptly deliver to Bank by electronic mail or through Bank's online banking program such reports and information, including without Limitation, Borrowing Base Report, sales journals,

cash receipts journals, accounts receivable aging reports, accounts payment aging reports, transaction report, Deferred Revenue Report, Annual Recurring Revenue reports, detailed Debtor lists, as Bank may request in its reasonable discretion. Bank shall credit proceeds of an Advance to the Designated Deposit Account. Bank may make Advances under this Agreement based on instructions from an Authorized Signer or without instructions if the Advances are necessary to meet Obligations which have become due.

4 CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof.

Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein. The Collateral may also be subject to Permitted Liens.

If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as Bank's obligation to make Credit Extensions has terminated, Bank shall, at the sole cost and expense of Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower. In the event (x) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (y) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its good faith business judgment for Bank Services, if any. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to Bank cash collateral in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then at least one hundred five percent (105.0%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then at least one hundred ten percent (110.0%), of the Dollar Equivalent of the face amount of all such Letters of Credit plus, in each case, all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its business judgment), to secure all of the Obligations relating to such Letters of Credit,

4.2 Priority of Security Interest. Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral. The Collateral may also be subject to Permitted Liens. If Borrower shall acquire a commercial tort claim with a value exceeding One Hundred Thousand Dollars (\$100,000.00) (which limitation shall not apply if an Event of Default has occurred and is continuing), Borrower shall promptly notify Bank in a writing signed by Borrower of the general details thereof and grant to Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Bank.

4.3 Authorization to File Financing Statements. Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Bank's interest or rights hereunder. Such financing statements may indicate the Collateral as "all assets of the Debtor" or words of similar effect, or as being of an equal or lesser scope, or with greater detail, all in Bank's discretion.

5 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization, Authorization; Power and Authority. Borrower is duly existing and in good standing as a Registered Organization in its jurisdiction of formation and is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business. In connection with this Agreement, Borrower has delivered to Bank a completed certificate signed by Borrower, entitled "Perfection Certificate" (the "**Perfection Certificate**"). Borrower represents and warrants to Bank that (a) Borrower's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof; (b) Borrower is an organization of the type and is organized in the jurisdiction set forth in the Perfection Certificate; (c) the Perfection Certificate accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; (d) the Perfection Certificate (as updated from time to time pursuant to the terms hereof) accurately sets forth, as of the date thereof, Borrower's place of business, or, if more than one, its chief executive office as well as Borrower's mailing address (if different than its chief executive office); (e) except as set forth in the Perfection Certificate, Borrower (and each of its predecessors) has not, in the past five (5) years, changed its jurisdiction of formation, organizational structure or type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificate (as updated from time to time pursuant to the terms hereof) pertaining to Borrower and each of its Subsidiaries is accurate and complete in all material respects as of the date thereof (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate after the Effective Date by delivering a new Perfection Certificate or by disclosing such updates on a monthly Compliance Certificate to the extent such updates result from actions, transactions or circumstances that are not prohibited by this Agreement and all references to "Perfection Certificate" shall hereinafter be deemed to be a reference to the updated Perfection Certificate). If Borrower is not now a Registered Organization but later becomes one, Borrower shall promptly notify Bank of such occurrence and provide Bank with Borrower's organizational identification number.

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict or violate in any material respect any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its Subsidiaries or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect and filings to perfect the security interests created by the Loan Documents), or (v) conflict with, contravene, constitute a default or breach under, or result in or permit the termination or acceleration of, any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business.

5.2 Collateral. Borrower has good title to, rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder, free and clear of any and all Liens except Permitted Liens. Borrower has no Collateral Accounts at or with any bank or financial institution other than Bank or Bank's Affiliates except for Excluded Deposit Accounts and the Collateral Accounts described in the Perfection Certificate delivered to Bank in connection herewith and which Borrower has taken such actions as are necessary to give Bank a perfected security interest therein, subject to the terms of Section

6.8(b). Except with respect to disputes and claims as provided in Section 6.3(b), the Accounts are bona fide, existing obligations of the Account Debtors.

The Collateral is not in the possession of any third party bailee (such as a warehouse) except as otherwise provided in the Perfection Certificate (as updated from time to time pursuant to the terms of Section 5.1) and except as permitted by Section 7.2. None of the components of the Collateral shall be maintained at locations other than as provided in the Perfection Certificate (as updated from time to time pursuant to the terms of Section 5.1) or as permitted pursuant to Section 7.2.

All Inventory is in all material respects of good and marketable quality, free from material defects.

Borrower is the sole owner of the Intellectual Property which it owns or purports to own except for (a) non-exclusive licenses granted to its customers in the ordinary course of business, (b) over-the-counter software that is commercially available to the public, (c) material Intellectual Property licensed to Borrower and noted on the Perfection Certificate (as updated from time to time subject to the terms of Section 5.1) and (d) non-material Intellectual Property of *de minimis* value to Borrower and which has been abandoned or terminated in the exercise of Borrower's reasonable business judgment and in accordance with the terms of this Agreement. Each Patent which it owns or purports to own and which is material to Borrower's business is valid and enforceable, and no part of the Intellectual Property which Borrower owns or purports to own and which is material to Borrower's business has been judged by the United States Patent and Trademark Office, the United States Copyright Office, or any court of competent jurisdiction to be invalid or unenforceable, in whole or in part. To the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to have a material adverse effect on Borrower's business,

Except as noted on the Perfection Certificate (as updated from time subject to the terms of Section 5.1) or as disclosed to Bank pursuant to Section 6.10(b) from time to time, Borrower is not a party to, nor is it bound by, any Restricted License.

5.3 Accounts Receivable.

(a) For each Account with respect to which Advances are requested, on the date each Advance is requested and made, such Account shall be an Eligible Account.

(b) All statements made and all unpaid balances appearing in all invoices, instruments and other documents evidencing the Eligible Accounts are and shall be true and correct and all such invoices, instruments and other documents, and all of Borrower's Books are genuine and in all respects what they purport to be. All sales and other transactions underlying or giving rise to each Eligible Account shall comply in all material respects with all applicable laws and governmental rules and regulations. Borrower has no knowledge of any actual or imminent Insolvency Proceeding of any Account Debtor whose accounts are Eligible Accounts in any Borrowing Base Report. To the best of Borrower's knowledge, all signatures and endorsements on all documents, instruments, and agreements relating to all Eligible Accounts are genuine, and all such documents, instruments and agreements are legally enforceable in accordance with their terms.

5.4 Litigation. There are no actions or proceedings pending or, to the knowledge of any Responsible Officer, threatened in writing by or against Borrower or any of its Subsidiaries involving more than, individually or in the aggregate, Two Hundred Fifty Thousand Dollars (\$250,000.00).

5.5 Financial Statements; Financial Condition. All consolidated financial statements for Borrower and any of its Subsidiaries delivered to Bank fairly present in all material respects Borrower's

consolidated financial condition and Borrower's consolidated results of operations, in each case as of the respective dates thereof, all in accordance with GAAP, subject, in the case of interim financial statements, to the absence of footnotes and normal year-end adjustments. There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to Bank.

5.6 Solvency. The fair salable value of Borrower's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of Borrower's liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature,

5.7 Regulatory Compliance. Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower (a) has complied in all material respects with all Requirements of Law, and (b) has not violated any Requirements of Law the violation of which could reasonably be expected to have a material adverse effect on its business. None of Borrower's or any of its Subsidiaries' properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted, except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business.

5.8 Subsidiaries; Investments. Borrower does not own any stock, partnership, or other ownership interest or other equity securities except for Permitted Investments.

5.9 Tax Returns and Payments; Pension Contributions. Borrower has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except (a) to the extent such taxes are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor, or (b) if such taxes, assessments, deposits and contributions do not, individually or in the aggregate, exceed Twenty-Five Thousand Dollars (\$25,000.00).

To the extent Borrower defers payment of any contested taxes, Borrower shall (i) notify Bank in writing of the commencement of, and any material development in, the proceedings, and (ii) post bonds or take any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a Permitted Lien. Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower. Borrower has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

5.10 Use of Proceeds. Borrower shall use the proceeds of the Credit Extensions as working capital and to fund its general business requirements and not for personal, family, household or agricultural purposes.

5.11 Full Disclosure. No written representation, warranty or other statement of Borrower in any certificate or written statement given to Bank, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Bank, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized by Bank that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

5.12 Definition of "Knowledge". For purposes of the Loan Documents, whenever a representation or warranty is made to Borrower's knowledge or awareness, to the "best of Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of any Responsible Officer.

5.13 Eligible Unbilled Accounts. The estimated face value amount determined by Borrower for each Eligible Unbilled Account is based upon the best information available to Borrower and accurately and fully (considering all known discounts available to each such Account Debtor) reflects the same. In addition, Borrower represents and warrants that there are no discounts, offsets or other rights of any Account Debtor under any Eligible Unbilled Account,

6 AFFIRMATIVE COVENANTS

Borrower shall do all of the following:

6.1 Government Compliance.

(a) Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply, and have each Subsidiary comply, in all material respects, with all laws, ordinances and regulations to which it is subject.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower of its obligations under the Loan Documents to which it is a party and the grant of a security interest to Bank in all of its property. Borrower shall promptly provide copies of any such obtained Governmental Approvals to Bank.

6.2 Financial Statements, Reports, Certificates. Provide Bank with the following:

(a) a Borrowing Base Report (and any schedules related thereto and including any other information requested by Bank with respect to Borrower's Accounts) (i) with each request for an Advance, and (ii) within thirty (30) days after the end of each month;

(b) (i) with each request for an Advance and (ii) within thirty (30) days after the end of each month, (A) monthly accounts receivable agings, aged by invoice date, (B) monthly accounts payable agings, aged by invoice date, and outstanding or held check registers, if any, and (C) monthly reconciliations

of accounts receivable agings (aged by invoice date), transaction reports, detailed Account Debtor listing, Deferred Revenue reports, Annual Recurring Revenue reports, and general ledger, each in a form of presentation reasonably acceptable to Bank;

(c) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated balance sheet and income statement covering Borrower's consolidated operations for such month certified by a Responsible Officer and in a form of presentation reasonably acceptable to Bank (and it being understood that such financial statements shall not include footnotes and normal year-end adjustments) (the "**Monthly Financial Statements**");

(d) within thirty (30) days after the last day of each month and together with the Monthly Financial Statements, a duly completed Compliance Certificate signed by a Responsible Officer, certifying that as of the end of such month, Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth calculations showing compliance with the financial covenant set forth in this Agreement and such other information as Bank may reasonably request, including, without limitation, a statement that at the end of such month there were no held checks;

(e) within thirty (30) days after the last day of Borrower's fiscal year and promptly upon Board approval of any material updates or changes thereto, annual Board-approved operating budgets and financial projections, in a form of presentation reasonably acceptable to Bank;

(f) as soon as available, and in any event within one hundred eighty (180) days following the end of Borrower's fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm reasonably acceptable to Bank;

(g) in the event that Borrower becomes subject to the reporting requirements under the Exchange Act, within five (5) days of filing, copies of all periodic and other reports, proxy statements and other materials (in each case to the extent material) filed by Borrower with the SEC, any Governmental Authority succeeding to any or all of the functions of the SEC or with any national securities exchange, or distributed to its shareholders, as the case may be. Documents required to be delivered pursuant to the terms hereof (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto, on Borrower's website on the Internet at Borrower's website address; provided, however, Borrower shall promptly notify Bank in writing (which may be by electronic mail) of the posting of any such documents;

(h) within five (5) days of delivery, copies of all material statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt, in each case to the extent same have not been separately furnished to Bank;

(i) prompt report of any legal actions pending or threatened in writing against Borrower or any of its Subsidiaries that could result in damages or costs to Borrower or any of its Subsidiaries of, individually or in the aggregate, Two Hundred Fifty Thousand Dollars (\$250,000.00) or more;

(j) at least annually, within thirty (30) days after approval by the Board, any 409A valuation report prepared by or at the direction of Borrower; and

(k) other financial information reasonably requested by Bank.

6.3 Accounts Receivable.

(a) Schedules and Documents Relating to Accounts. Borrower shall deliver to Bank transaction reports and schedules of collections, as provided in Section 6.2, on Bank's standard forms; provided, however, that Borrower's failure to execute and deliver the same shall not affect or limit Bank's Lien and other rights in all of Borrower's Accounts, nor shall Bank's failure to advance or lend against a specific Account affect or limit Bank's Lien and other rights therein. If requested by Bank, Borrower shall furnish Bank with copies (or, at Bank's request, originals) of all contracts, orders, invoices, and other similar documents, and all shipping instructions, delivery receipts, bills of lading, and other evidence of delivery, for any goods the sale or disposition of which gave rise to such Accounts. In addition, Borrower shall deliver to Bank, on its request, the originals of all instruments, chattel paper, security agreements, guarantees and other documents and property evidencing or securing any Accounts, in the same form as received, with all necessary indorsements, and copies of all credit memos.

(b) Disputes. Borrower shall promptly notify Bank of all material disputes or claims relating to Accounts. For purposes of this Section 6.3(b), a dispute or claim is material if (a) it is reasonably likely to involve Accounts with an aggregate value of One Hundred Thousand Dollars (\$100,000.00) or more or (b) together with other related disputes or claims that involve Accounts with an aggregate value of Two Hundred Thousand Dollars (\$200,000.00) or more in the aggregate. Borrower may forgive (completely or partially), compromise, or settle any Account for less than payment in full, or agree to do any of the foregoing so long as (i) Borrower does so in good faith, in a commercially reasonable manner, in the ordinary course of business, in arm's-length transactions, and reports the same to Bank in the regular reports provided to Bank; (ii) no Event of Default has occurred and is continuing; and (iii) after taking into account all such discounts, settlements and forgiveness, the total outstanding Advances will not exceed the lesser of the Revolving Line or the Borrowing Base.

(c) Collection of Accounts. Borrower shall deliver or transmit all proceeds of Accounts into a "blocked account" as specified by Bank (such account, the "**Cash Collateral Account**"). In addition to the foregoing, upon the earlier to occur of (i) Testing Event or (ii) the occurrence of an Event of Default, Borrower shall direct Account Debtors to deliver or transmit all proceeds of Accounts into a lockbox account (the "**Lockbox Account**"). Whether or not an Event of Default has occurred and is continuing, Borrower shall immediately deliver all payments on and proceeds of Accounts to the Cash Collateral Account. Subject to Bank's right to maintain a reserve pursuant to Section 6.3(d), all amounts received in the Cash Collateral Account and the Lockbox Account shall (i) prior to the occurrence and during the continuance of an Event of Default, be transferred on a daily basis to Borrower's operating account with Bank and (ii) after the occurrence and during the continuance of an Event of Default, be applied in accordance with Section 9.4. Borrower hereby authorizes Bank to transfer to the Cash Collateral Account and Lockbox Account any amounts that Bank reasonably determines are proceeds of the Accounts (provided that Bank is under no obligation to do so and this allowance shall in no event relieve Borrower of its obligations hereunder),

(d) Reserves. Notwithstanding any terms in this Agreement to the contrary, at times when an Event of Default exists, Bank may hold any proceeds of the Accounts and any amounts in the Cash Collateral Account that are not applied to the Obligations pursuant to Section 6.3(c) above as a reserve to be applied to any Obligations regardless of whether such Obligations are then due and payable.

(e) Returns. Provided no Event of Default has occurred and is continuing, if any Account Debtor returns any Inventory to Borrower, Borrower shall promptly (i) determine the reason for such return, (ii) issue a credit memorandum to the Account Debtor in the appropriate amount, and (iii) provide a copy of such credit memorandum to Bank, upon request from Bank. In the event any attempted return

occurs after the occurrence and during the continuance of any Event of Default, Borrower shall hold the returned Inventory in trust for Bank, and immediately notify Bank of the return of the Inventory.

(f) Verifications; Confirmations; Credit Quality; Notifications. Bank may, from time to time, (i) verify and confirm directly with the respective Account Debtors the validity, amount and other matters relating to the Accounts, either in the name of Borrower or Bank or such other name as Bank may choose, and notify any Account Debtor of Bank's security interest in such Account; provided however, that while no Event of Default has occurred and is continuing, Bank will notify Borrower prior to making direct contact with an Account Debtor, and/or (ii) conduct a credit check of any Account Debtor to approve any such Account Debtor's credit,

(g) No Liability. Bank shall not be responsible or liable for any shortage or discrepancy in, damage to, or loss or destruction of, any goods, the sale or other disposition of which gives rise to an Account, or for any error, act, omission, or delay of any kind occurring in the settlement, failure to settle, collection or failure to collect any Account, or for settling any Account in good faith for less than the full amount thereof, nor shall Bank be deemed to be responsible for any of Borrower's obligations under any contract or agreement giving rise to an Account. Nothing herein shall, however, relieve Bank from liability for its own gross negligence or willful misconduct,

6.4 Remittance of Proceeds. Except as otherwise provided in Section 6.3(c), deliver, in kind, all proceeds arising from the disposition of any Collateral to Bank in the original form in which received by Borrower not later than the following Business Day after receipt by Borrower, to be applied to the Obligations (a) prior to an Event of Default, pursuant to the terms of Section 6.3(c) hereof, and (b) after the occurrence and during the continuance of an Event of Default, pursuant to the terms of Section 9.4 hereof; provided that, if no Event of Default has occurred and is continuing, Borrower shall not be obligated to remit to Bank the proceeds of the sale of worn out or obsolete Equipment disposed of by Borrower in good faith in an arm's length transaction for an aggregate purchase price of One Hundred Thousand Dollars (\$100,000.00) or less (for all such transactions in any fiscal year), Borrower agrees that it will not commingle proceeds of Collateral with any of Borrower's other funds or property, but will hold such proceeds separate and apart from such other funds and property and in an express trust for Bank. Nothing in this Section limits the restrictions on disposition of Collateral set forth elsewhere in this Agreement.

6.5 Taxes; Pensions. Timely file, and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower and each of its Subsidiaries, except for deferred payment of any taxes contested and pursuant to the terms of Section 5.9 hereof, and shall deliver to Bank, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

6.6 Access to Collateral; Books and Records. At reasonable times, on three (3) Business Days' notice (provided no notice is required if an Event of Default has occurred and is continuing), Bank, or its agents, shall have the right to inspect the Collateral and the right to audit and copy Borrower's Books. The foregoing inspections and audits shall be conducted at Borrower's expense and no more often than once every twelve (12) months (or more frequently as Bank determines in good faith that conditions warrant), unless an Event of Default has occurred and is continuing in which case such inspections and audits shall occur as often as Bank shall determine is necessary. The charge therefor shall be One Thousand Dollars (\$1,000.00) per person per day (or such higher amount as shall represent Bank's then-current standard charge for the same), plus reasonable out-of-pocket expenses. In the event Borrower and Bank schedule an audit more than ten (10) days in advance, and Borrower cancels or seeks to or reschedules the audit with less than

ten (10) days written notice to Bank, then (without limiting any of Bank's rights or remedies) Borrower shall pay Bank a fee of One Thousand Dollars (\$1,000.00) plus any documented out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling. The Initial Audit shall be completed on or before the earlier of (i) the first (1st) anniversary of the Effective Date, or (ii) the date on which the aggregate principal amount of Advances made under the Revolving Line is equal to or greater than Five Million Dollars (\$5,000,000.00),

6.7 Insurance.

(a) Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Bank may reasonably request. Insurance policies shall be in a form, with financially sound and reputable insurance companies that are not Affiliates of Borrower, and in amounts that are reasonably satisfactory to Bank. All property policies shall have a lender's loss payable endorsement showing Bank as lender's loss payee. All liability policies shall show, or have endorsements showing, Bank as an additional insured. Bank shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral.

(b) Ensure that proceeds payable under any property policy are, at Bank's option, payable to Bank on account of the Obligations. Notwithstanding the foregoing, (a) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy up to One Hundred Thousand Dollars (\$100,000.00) with respect to any loss, but not exceeding Five Hundred Thousand Dollars (\$500,000.00) in the aggregate for all losses under all casualty policies in any one year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (i) shall be of equal or like value as the replaced or repaired Collateral and (ii) shall be deemed Collateral in which Bank has been granted a first priority security interest, and (b) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Bank, be payable to Bank on account of the Obligations.

(c) At Bank's request, Borrower shall deliver certified copies of insurance policies and evidence of all premium payments. Each provider of any such insurance required under this Section 6.7 shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to Bank, that it will give Bank thirty (30) days (or ten (10) days for non-payment of premium) prior (or, if such insurance company does not customarily agree to give such prior written notice, concurrent) written notice if any such policy or policies shall be materially altered or canceled. If Borrower fails to obtain insurance as required under this Section 6.7 or to pay any amount or furnish any required proof of payment to third persons and Bank, Bank may make all or part of such payment or obtain such insurance policies required in this Section 6.7, and take any action under the policies Bank deems prudent.

6.8 Accounts.

(a) Maintain all and all of its Subsidiaries' operating, depository, and securities accounts (other than Excluded Deposit Accounts), the Cash Collateral Account and the Lockbox Account with Bank and Bank's Affiliates or, as to securities accounts, with a securities intermediary reasonably selected by Bank.

(b) In addition to and without limiting the restrictions in (a), Provide Bank five (5) days prior written notice before establishing any Collateral Account at or with any bank or financial institution other than Bank or Bank's Affiliates or, as to securities accounts, a securities intermediary reasonably selected by Bank. For each Collateral Account that Borrower at any time maintains, Borrower shall cause the applicable bank or financial institution (other than Bank) at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such

Collateral Account to perfect Bank's Lien in such Collateral Account in accordance with the terms hereunder which Control Agreement may not be terminated without the prior written consent of Bank. The provisions of the previous sentence shall not apply to the Excluded Deposit Accounts.

6.9 Financial Covenant - Minimum Annual Recurring Revenue. Upon the occurrence of the Testing Event and at all times thereafter (regardless of the outstanding balance of Advances), achieve as of the last day of each month set forth below (for such periods after the occurrence of the Testing Event), computed with respect to Borrower only, and not on a consolidated basis, minimum Annual Recurring Revenue, determined in accordance with GAAP, in an amount not less than the following:

Month ending	Annual Recurring Revenue
September 30, 2017	\$54,032,000.00
October 31, 2017	\$54,032,000.00
November 30, 2017	\$54,032,000.00
December 31, 2017	\$70,334,000.00
January 31, 2018	\$70,334,000.00
February 28, 2018	\$70,334,000.00
March 31, 2018	\$73,811,000.00
April 30, 2018	\$73,811,000.00
May 31, 2018	\$73,811,000.00
June 30, 2018	\$86,574,000.00
July 31, 2018	\$86,574,000.00
August 31, 2018	\$86,574,000.00
September 30, 2018	\$90,662,000.00
October 31, 2018	\$90,662,000.00
November 30, 2018	\$90,662,000.00
December 31, 2018	\$103,459,000.00
January 31, 2019	\$103,459,000.00
February 28, 2019	\$103,459,000.00

With respect to the period ending January 31, 2019 and each period thereafter, the levels of minimum Annual Recurring Revenue shall be mutually agreed upon between Borrower and Bank (which levels shall be negotiated in good faith), based upon Borrower's Board-approved operating plan and financial projections reasonably acceptable to Bank.

Failure of (i) Borrower and Bank to mutually agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before February 28, 2019, to any such covenant levels with respect to calendar year ending December 31, 2019, or (ii) Borrower to deliver to Bank, pursuant to Section 6.2(e), Borrower's budgets, sales projections, operating plans and other financial information of Borrower

that Bank reasonably deems relevant, including, without limitation, Borrower's Board-approved operating budgets, projections and plans, with respect to the calendar year ending December 31, 2019, shall result in an immediate Event of Default for which there shall be no grace or cure period.

6.10 Protection of Intellectual Property Rights.

(a) (i) Except as provided in Section 5.2, protect, defend and maintain the validity and enforceability of its Intellectual Property; (ii) promptly advise Bank in writing of material infringements or any other event that could reasonably be expected to materially and adversely affect the value of its Intellectual Property; and (iii) except as provided in Section 5.2, not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Bank's written consent.

(b) Provide written notice to Bank within the later of (A) thirty (30) days of entering or becoming bound by any Restricted License (other than over-the-counter software that is commercially available to the public) or (B) on the then-next Compliance Certificate required to be delivered hereunder. Borrower shall take such commercially reasonable steps as Bank requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (i) any Restricted License to be deemed Collateral and for Bank to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such Restricted License, whether now existing or entered into in the future, and (ii) Bank to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Bank's rights and remedies under this Agreement and the other Loan Documents.

6.11 Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Bank, without expense to Bank, Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Bank may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Bank with respect to any Collateral or relating to Borrower.

6.12 Online Banking.

(a) Utilize Bank's online banking platform for all matters requested by Bank which shall include, without limitation (and without request by Bank for the following matters), uploading information pertaining to Accounts and Account Debtors, requesting approval for exceptions, requesting Credit Extensions, and uploading financial statements and other reports required to be delivered by this Agreement (including, without limitation, those described in Section 6.2 of this Agreement).

(b) Comply with the terms of the "Banking Terms and Conditions" for Bank's online banking platform and ensure that all persons utilizing the online banking platform on behalf of Borrower are duly authorized to do so by an Administrator. Bank shall be entitled to assume the authenticity, accuracy and completeness on any information, instruction or request for a Credit Extension submitted via the online banking platform and to further assume that any submissions or requests made via the online banking platform have been duly authorized by an Administrator.

6.13 Formation or Acquisition of Subsidiaries. Notwithstanding and without limiting the negative covenants contained in Sections 7.3 and 7.7 hereof, at the time that Borrower forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary after the Effective Date, Borrower shall (a) notify Bank in writing of the formation or acquisition of such Subsidiary; (b) promptly upon Bank's request in Bank's sole and absolute discretion, cause such new Subsidiary that is a Domestic Subsidiary to provide to Bank a joinder to the Loan Agreement to cause such Domestic Subsidiary to become a co-borrower hereunder, together with such appropriate financing statements and/or Control Agreements, all in form and

substance satisfactory to Bank in its reasonable discretion (including being sufficient to grant Bank a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Domestic Subsidiary), (c) provide to Bank appropriate certificates and powers and financing statements, pledging all of the direct or beneficial ownership interest in any such new Domestic Subsidiary or Foreign Subsidiary, as applicable, in form and substance satisfactory to Bank in its reasonable discretion (provided that in no event shall more than 65% of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter be pledged if the pledge of a greater amount would cause Borrower adverse tax consequences under Internal Revenue Code Section 956 or any successor statute during the subject fiscal year), and (d) provide to Bank all other documentation in form and substance satisfactory to Bank in its reasonable discretion, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 6.12 shall be a Loan Document.

6.14 Further Assurances. Execute any further instruments and take further action as Bank reasonably requests to perfect or continue Bank's Lien in the Collateral or to effect the purposes of this Agreement. Deliver to Bank, within five (5) days after the same are sent or received, copies of all correspondence, reports, documents and other filings with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Requirements of Law or that could reasonably be expected to have a material effect on any of the Governmental Approvals or otherwise on the operations of Borrower or any of its Subsidiaries.

7 NEGATIVE COVENANTS

Borrower shall not do any of the following without Bank's prior written consent:

7.1 Dispositions. Convey, sell, lease, transfer, assign, or otherwise dispose of (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out, surplus or obsolete Equipment that is, in the reasonable judgment of Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Borrower; (c) consisting of Permitted Liens and Permitted Investments; (d) consisting of the sale or issuance of any stock of Borrower permitted under Section 7.2 of this Agreement; (e) consisting of Borrower's use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (f) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business; (g) transfers of assets from any Subsidiary of Borrower directly to Borrower; and (h) so long as no Event of Default has occurred and is continuing, other dispositions of assets (other than Intellectual Property) not otherwise permitted by this Section 7.1 with a fair market value not to exceed Two Hundred Thousand Dollars (\$200,000.00) in the aggregate in any fiscal year.

7.2 Changes in Business, Management, Control or Business Locations. (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower and such Subsidiary, as applicable, or reasonably related thereto; (b) liquidate or dissolve; (c) fail to provide notice to Bank of any Key Person departing from or ceasing to be employed by Borrower within fifteen (15) days after his or her departure from Borrower; or (d) permit or suffer any Change in Control.

Borrower shall not, without at least thirty (30) days prior written notice to Bank: (1) add any new offices or business locations, including warehouses (except as to Excluded Sites) or, except as to Excluded Sites, deliver any portion of the Collateral to a bailee at a location other than to a bailee and at a location

already disclosed in the Perfection Certificate (as updated from time to time subject to Section 5.1), (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization. Except as to any Excluded Site, if Borrower intends to deliver any portion of the Collateral to a bailee, and Bank and such bailee are not already parties to a bailee agreement governing both the Collateral and the location to which Borrower intends to deliver the Collateral, then Borrower will first receive the written consent of Bank, and such bailee shall execute and deliver a bailee agreement in form and substance satisfactory to Bank in its reasonable discretion. Notwithstanding anything to the contrary, for the avoidance of doubt, it is acknowledged that, for purposes of this Agreement, a bailee is a third party (such as a warehouseman) that stores Collateral on behalf of the Borrower (and a bailee does not include any lessor of real estate leased to and occupied by Borrower).

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person (including, without limitation, by the formation of any Subsidiary) except for Permitted Acquisitions. Notwithstanding anything to the contrary, a Subsidiary may merge or consolidate into another Subsidiary or into Borrower.

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance. (a) Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, in each case except for Permitted Liens, or (b) permit any Collateral not to be subject to the first priority security interest granted herein (which Collateral may be subject to Permitted Liens), or enter into any agreement, document, instrument or other arrangement (except with or in favor of Bank) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower or any of its Subsidiaries from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or any Subsidiary's Intellectual Property, except as is otherwise permitted in Section 7.1 hereof and the definition of Permitted Liens herein.

7.6 Maintenance of Collateral Accounts. Maintain any Collateral Account except pursuant to the terms of Section 6.8(b) hereof.

7.7 Distributions; Investments. (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock; provided that (i) Borrower may convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (ii) Borrower may pay dividends solely in common stock; and (iii) Borrower may repurchase the stock of former employees or consultants pursuant to stock repurchase agreements so long as an Event of Default does not exist at the time of such repurchase and would not exist after giving effect to such repurchase, provided that the aggregate amount of all such repurchases does not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00) per fiscal year; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except (a) for transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person (b) bona fide equity financings with

Borrower's investors; (c) transactions with Affiliates that are borrowers or secured guarantors hereunder; (d) Investments described in clauses (f) and (g) of the definition of Permitted Investments and (e) reasonable and customary director and officer compensation (including bonuses and stock option programs), benefits and indemnification arrangements, in the ordinary course of business and approved by the Board (or a committee thereof).

7.9 Subordinated Debt. (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof, provide for earlier or greater principal, interest, or other payments thereon, or adversely affect the subordination thereof to Obligations owed to Bank (except as otherwise provided for by the terms of the subordination agreement, intercreditor or similar agreement relating to such Subordinated Debt),

7.10 Compliance. Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower's business, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

8 EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension when due, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Revolving Line Maturity Date). During the cure period, the failure to make or pay any payment specified under clause (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default.

(a) Borrower fails or neglects to perform any obligation in Sections 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10(b), 6.12 or 6.13, or violates any covenant in Section 7; or

(b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to

be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Cure periods provided under this section shall not apply, among other things, to financial covenants or any other covenants set forth in clause (a) above;

8.3 Material Adverse Change. A Material Adverse Change occurs;

8.4 Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or of any entity under the control of Borrower (including a Subsidiary), or (ii) a notice of lien or levy is filed against any of Borrower's assets with a fair market value of Two Hundred Fifty Thousand Dollars (\$250,000.00) or more by any Governmental Authority, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any ten (10) day cure period; or

(b) (i) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower from conducting all or any material part of its business;

8.5 Insolvency. (a) Borrower is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (b) Borrower begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower and is not dismissed or stayed within forty-five (45) days (but no Credit Extensions shall be made while any of the conditions described in clause (a) exist and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements. There is, under any agreement to which Borrower is a party with a third party or parties, (a) any default resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness of Borrower in an amount individually or in the aggregate in excess of Five Hundred Thousand Dollars (\$500,000.00); or (b) any breach or default by Borrower, the result of which could have a material adverse effect on Borrower's business;

8.7 Judgments; Penalties. One or more fines, penalties or final judgments, orders or decrees for the payment of money in an amount, individually or in the aggregate, of at least Five Hundred Thousand Dollars (\$500,000.00) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower by any Governmental Authority, and the same are not, within ten (10) days after the entry, assessment or issuance thereof, discharged, satisfied, or paid, or after execution thereof, stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Credit Extensions will be made prior to the satisfaction, payment, discharge, stay, or bonding of such fine, penalty, judgment, order or decree);

8.8 Misrepresentations. Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Bank or to induce Bank to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

8.9 Subordinated Debt. Any document, instrument, or agreement evidencing any Subordinated Debt shall for any reason be revoked or invalidated or otherwise cease to be in full force and effect, any

Person shall be in breach thereof or contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder, or the Obligations shall for any reason be subordinated or shall not have the priority contemplated by this Agreement;

8.10 Governmental Approvals. Any Governmental Approval required pursuant to any Loan Document or the operation of Borrower's or any Subsidiary's business shall have been (a) revoked, rescinded, suspended, modified in an adverse manner or not renewed in the ordinary course for a full term or (b) subject to any decision by a Governmental Authority that designates a hearing with respect to any applications for renewal of any of such Governmental Approval or that could result in the Governmental Authority taking any of the actions described in clause (a) above, and such decision or such revocation, rescission, suspension, modification or nonrenewal (i) cause, or could reasonably be expected to cause, a Material Adverse Change, or (ii) adversely affects the legal qualifications of Borrower or any of its Subsidiaries to hold such Governmental Approval in any applicable jurisdiction and such revocation, rescission, suspension, modification or non-renewal could reasonably be expected to affect the status of or legal qualifications of Borrower or any of its Subsidiaries to hold any Governmental Approval in any other jurisdiction; or

8.11 Cross-Default. The occurrence of an Event of Default (as defined in the Mezzanine Loan Agreement) under the Mezzanine Loan Agreement which is not expressly waived in writing by Bank.

9 BANK'S RIGHTS AND REMEDIES

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Bank may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank);

(b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) demand that Borrower (i) deposit cash with Bank in an amount equal to at least (x) one hundred five percent (105.0%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in Dollars remaining undrawn and (y) one hundred ten percent (110.0%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in a Foreign Currency remaining undrawn (plus, in each case, all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment)), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit;

(d) terminate any FX Contracts (if applicable):

(e) verify the amount of, demand payment of and performance under, and collect any Accounts and General Intangibles, settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Bank considers advisable, and notify any Person owing Borrower money of Bank's security interest in such funds. Borrower shall collect all payments in trust for Bank and, if requested by Bank, immediately deliver the payments to Bank in the form received from the Account Debtor, with proper endorsements for deposit;

(f) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Bank requests and make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(g) apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) amount held by Bank owing to or for the credit or the account of Borrower;

(h) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right to, upon and during the continuation of an Event of Default, use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section, Borrower's rights under all licenses and all franchise agreements inure to Bank's benefit;

(i) place a "hold" on any account maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(j) demand and receive possession of Borrower's Books; and

(k) exercise all rights and remedies available to Bank under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

9.2 Power of Attorney. Borrower hereby irrevocably appoints Bank as its lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's name on any checks, payment instruments, or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) demand, collect, sue, and give releases to any Account Debtor for monies due, settle and adjust disputes and claims about the Accounts directly with Account Debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Bank's or Borrower's name, as Bank chooses); (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, or other claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Bank or a third party as the Code permits. Borrower hereby appoints Bank as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Bank's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations have been satisfied in full and the Loan Documents have been terminated. Bank's foregoing appointment as Borrower's attorney in fact, and all of Bank's rights and powers, coupled with an interest, are irrevocable until all Obligations have been fully repaid and performed and the Loan Documents have been terminated,

9.3 Protective Payments. If Borrower fails to obtain the insurance called for by Section 6.7 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral,

Bank may obtain such insurance or make such payment, and all amounts so paid by Bank are Bank Expenses and immediately due and payable, bearing interest at the then highest rate applicable to the Obligations, and secured by the Collateral. Bank will make reasonable efforts to provide Borrower with notice of Bank obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Bank are deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default,

9.4 Application of Payments and Proceeds. Pursuant to the terms of Section 6.3, Bank shall have the right to apply in any order any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations. Bank shall pay any surplus to Borrower by credit to the Designated Deposit Account or to other Persons legally entitled thereto; Borrower shall remain liable to Bank for any deficiency. If Bank, directly or indirectly, enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Bank shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Bank of cash therefor.

9.5 Bank's Liability for Collateral. So long as Bank complies with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Bank, Bank shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Except as described above in this Section 9.5, Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 No Waiver; Remedies Cumulative. Bank's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Bank thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Bank's rights and remedies under this Agreement and the other Loan Documents are cumulative. Bank has all rights and remedies provided under the Code, by law, or in equity. Bank's exercise of one right or remedy is not an election and shall not preclude Bank from exercising any other remedy under this Agreement or other remedy available at law or in equity, and Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

10 NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile

number, or email address indicated below, Bank or Borrower may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:

Health Catalyst, Inc.
3165 Millrock Drive, Suite 400
Salt Lake City, Utah 84121
Attn: Patrick Nelli
Email: patrick.nelli @ healthcatalyst.com

If to Bank:

Silicon Valley Bank
East Cottonwood Parkway, Suite 540
Salt Lake City, Utah 84121
Attn: Gary Jackson
Email: gjackson@svb.com

with a copy to:

Riemer & Braunstein LLP
Three Center Plaza
Boston, Massachusetts 02108
Attn: David A. Ephraim, Esquire
Fax: (617) 692-3455
Email: dephraim@riemerlaw.com

11 CHOICE OF LAW, VENUE, JURY TRIAL WAIVER AND JUDICIAL REFERENCE

Except as otherwise expressly provided in any of the Loan Documents, California law governs the Loan Documents without regard to principles of conflicts of law. Borrower and Bank each submit to the exclusive jurisdiction of the State and Federal courts in Santa Clara County, California; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Bank from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Bank. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND

ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the Santa Clara County, California Superior Court) appointed in accordance with California Code of Civil Procedure § 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in Santa Clara County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure Sections 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Santa Clara County, California Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure Section 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

This Section 11 shall survive the termination of this Agreement.

12 GENERAL PROVISIONS

12.1 Termination Prior to Revolving Line Maturity Date; Survival. All covenants, representations and warranties made in this Agreement shall continue in full force until this Agreement has terminated pursuant to its terms and all Obligations have been satisfied. So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations, any other obligations which, by their terms, are to survive the termination of this Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of this Agreement), this Agreement may be terminated prior to the Revolving Line Maturity Date by Borrower, effective three (3) Business Days after written notice of termination is given to Bank. Those obligations that are expressly specified in this Agreement as surviving this Agreement's termination shall continue to survive notwithstanding this Agreement's termination.

12.2 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Bank's prior written consent (which may be granted or withheld in Bank's discretion). Bank has the right, without the consent of or notice to Borrower, to sell, transfer, assign, negotiate, or grant participation

in all or any part of, or any interest in, Bank's obligations, rights, and benefits under this Agreement and the other Loan Documents.

12.3 Indemnification. Borrower agrees to indemnify, defend and hold Bank and its directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Bank (each, an "**Indemnified Person**") harmless against: (i) all obligations, demands, claims, and liabilities (collectively, "**Claims**") claimed or asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (ii) all losses or documented expenses (including Bank Expenses) in any way suffered, incurred, or paid by such Indemnified Person as a result of, following from, consequential to, or arising from transactions between Bank and Borrower (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct.

This Section 12.3 shall survive until all statutes of limitation with respect to the Claims, losses, and expenses for which indemnity is given shall have run.

12.4 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.5 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.6 Correction of Loan Documents. Bank may correct patent errors and fill in any blanks in the Loan Documents consistent with the agreement of the parties,

12.7 Amendments in Writing; Waiver; Integration. No purported amendment or modification of any Loan Document, or waiver, discharge or termination of any obligation under any Loan Document, shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by the parties hereto (or, as to waivers, by Bank). Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. The Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents.

12.8 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.9 Confidentiality. In handling any confidential information, Bank shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) to Bank's Subsidiaries or Affiliates (such Subsidiaries and Affiliates, together with Bank, collectively, "**Bank Entities**"); (b) to prospective transferees or purchasers of any interest in the Credit Extensions (provided, however, that any prospective transferee or purchaser shall have entered into an agreement containing provisions substantially the same as those in this Section); (c) as required by law, regulation, subpoena, or other order; (d) to Bank's regulators or as otherwise required in connection with Bank's examination or audit; (e) as Bank considers appropriate in exercising remedies under the Loan Documents; and (f) to third-party service providers of Bank so long as such service providers have executed

a confidentiality agreement with Bank with terms no less restrictive than those contained herein. Confidential information does not include information that is either: (i) in the public domain or in Bank's possession when disclosed to Bank, or becomes part of the public domain (other than as a result of its disclosure by Bank in violation of this Agreement) after disclosure to Bank; or (ii) disclosed to Bank by a third party, if Bank does not know that the third party is prohibited from disclosing the information.

Bank Entities may use confidential information for the development of databases, reporting purposes, and market analysis so long as such confidential information is aggregated and anonymized prior to distribution unless otherwise expressly permitted by Borrower. The provisions of the immediately preceding sentence shall survive the termination of this Agreement.

12.10 Attorneys' Fees, Costs and Expenses. In any action or proceeding between Borrower and Bank arising out of or relating to the Loan Documents, the Bank shall be entitled to recover its reasonable attorneys' fees and other documented out-of-pocket costs and expenses incurred, in addition to any other relief to which it may be entitled.

12.11 Electronic Execution of Documents. The words "execution," "signed," "signature" and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

12.12 Right of Setoff. Borrower hereby grants to Bank a Lien and a right of setoff as security for all Obligations to Bank, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank (including a subsidiary of Bank) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may setoff the same or any part thereof and apply the same to any liability or Obligation of Borrower even though unmaturred and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

12.13 Captions. The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

12.14 Construction of Agreement. The parties mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

12.15 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

12.16 Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the

obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

12.17 Amended and Restated Loan and Security Agreement. This Agreement amends and restates in its entirety, and replaces, the Prior Loan Agreement. This Agreement is not intended to, and does not, novate the Prior Loan Agreement and Borrower reaffirms that the existing security interest created by the Prior Loan Agreement is and remains in full force and effect.

13 DEFINITIONS

13.1 Definitions. As used in the Loan Documents, the word “shall” is mandatory, the word “may” is permissive, the word “or” is not exclusive, the words “includes” and “including” are not limiting, and the singular includes the plural. As used in this Agreement (including the Exhibits and Schedules hereto), the following capitalized terms have the following meanings:

“**Account**” is any “account” as defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

“**Account Debtor**” is any “account debtor” as defined in the Code with such additions to such term as may hereafter be made.

“**Acquisition**” is (a) the purchase or other acquisition by Borrower or any Subsidiary of all or substantially all of the assets of any other Person, or (b) the purchase or other acquisition (whether by means of merger, consolidation, or otherwise) by Borrower or any Subsidiary of all or substantially all of the stock or other equity interest of any other Person.

“**Administrator**” is an individual that is named:

(a) as an “Administrator” in the “SVB Online Services” form completed by Borrower with the authority to determine who will be authorized to use SVB Online Services (as defined in the “Banking Terms and Conditions”) on behalf of Borrower; and

(b) as an Authorized Signer of Borrower in an approval by the Board.

“**Advance**” or “**Advances**” means a revolving credit loan (or revolving credit loans) under the Revolving Line.

“**Affiliate**” is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person’s senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person’s managers and members. For purposes of the definition of Eligible Accounts, Affiliate shall include a Specified Affiliate.

“**Agreement**” is defined in the preamble hereof.

“**Anniversary Fee**” is defined in Section 2.5(d).

“**Annual Recurring Revenue**” means, as to any month, (a) contractually recurring revenue to be recognized in the next twelve (12) months, inclusive of At-Risk Recurring Revenue, but exclusive of (b)

any revenue that is non-recurring, (including, without limitation, one-time installation fees, perpetual license fees, and non-recurring professional services fees).

“**At-Risk Recurring Revenue**” is, as to any month, revenue the Company calculates (in accordance with its past practice, consistently applied) could be recognized in the next 12 months from a contract for which payment is conditioned upon performance by Borrower.

“**Authorized Signer**” is any individual listed in Borrower’s Borrowing Resolution who is authorized to execute the Loan Documents, including making (and executing if applicable) any Credit Extension request, on behalf of Borrower.

“**Availability Amount**” is (a) the lesser of (i) the Revolving Line or (ii) the amount available under the Borrowing Base minus (b) the outstanding principal balance of any Advances.

“**Bank**” is defined in the preamble hereof.

“**Bank Entities**” is defined in Section 12.9.

“**Bank Expenses**” are all audit fees and expenses, documented costs, and expenses (including reasonable attorneys’ fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to the Loan Documents.

“**Bank Services**” are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by Bank or any Bank Affiliate, including, without limitation, any letters of credit, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services as any such products or services may be identified in Bank’s various agreements related thereto (each, a “**Bank Services Agreement**”).

“**Bank Services Agreement**” is defined in the definition of Bank Services.

“**Board**” is Borrower’s board of directors.

“**Borrower**” is defined in the preamble hereof.

“**Borrower’s Books**” are all Borrower’s books and records including ledgers, federal and state tax returns, records regarding Borrower’s assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

“**Borrowing Base**” is eighty-five percent (85.0%) of Eligible Accounts, as determined by Bank from Borrower’s most recent Borrowing Base Report (and as may subsequently be updated by Bank based upon information received by Bank including, without limitation, by virtue of Accounts that are paid and/or billed following the date of the Borrowing Base Report); provided, however, that Bank has the right to decrease the foregoing percentage in its good faith business judgment to mitigate the impact of events, conditions, contingencies, or risks which may adversely affect the Collateral or its value.

“**Borrowing Base Report**” is that certain report of the value of certain Collateral in the form specified by Bank to Borrower from time to time.

“**Borrowing Resolutions**” are, with respect to any Borrower, those resolutions substantially in the form of Exhibit C attached hereto.

“**Business Day**” is any day that is not a Saturday, Sunday or a day on which Bank is closed.

“**Cash Equivalents**” means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor’s Ratings Group or Moody’s Investors Service, Inc.; (c) Bank’s certificates of deposit issued maturing no more than one (1) year after issue; and (d) money market funds at least ninety-five percent (95%) of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (c) of this definition.

“**Change in Control**” means (a) at any time after the date hereof, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (The “**Exchange Act**”)), shall become, or obtain rights (whether by means or warrants, options or otherwise) to become, the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of twenty-five percent (25.0%) or more of the ordinary voting power for the election of directors of Borrower (determined on a fully diluted basis) other than by the sale of Borrower’s equity securities in a public offering or to venture capital or private equity investors so long as Borrower identifies to Bank the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction; (b) during any period of twelve (12) consecutive months after the date hereof, a majority of the members of the board of directors or other equivalent governing body of Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved or accepted by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved or accepted by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or (c) at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100.0%) of each class of outstanding capital stock of each Subsidiary of Borrower free and clear of all Liens (except Liens created by this Agreement).

“**Claims**” is defined in Section 12.3,

“**Code**” is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of California; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Bank’s Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of California, the term “**Code**” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions,

“**Collateral**” is any and all properties, rights and assets of Borrower described on Exhibit A.

“**Collateral Account**” is any Deposit Account, Securities Account, or Commodity Account,

“**Commodity Account**” is any “commodity account” as defined in the Code with such additions to such term as may hereafter be made.

“**Compliance Certificate**” is that certain certificate in the form attached hereto as Exhibit C.

“**Contingent Obligation**” is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation, in each case, directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but “Contingent Obligation” does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

“**Control Agreement**” is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Bank pursuant to which Bank obtains control (within the meaning of the Code) over such Deposit Account, Securities Account, or Commodity Account, in each case in form and substance acceptable to Bank.

“**Copyrights**” are any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

“**Credit Extension**” is any Advance, any Overadvance, or any other extension of credit by Bank for Borrower’s benefit.

“**Default Rate**” is defined in Section 2.4(b).

“**Deferred Revenue**” is all amounts received or invoiced in advance of performance under contracts and not yet recognized as revenue.

“**Deposit Account**” is any “deposit account” as defined in the Code with such additions to such term as may hereafter be made.

“**Designated Deposit Account**” is the multicurrency account denominated in Dollars, account number XXXXXXXX723, maintained by Borrower with Bank.

“**Dollars**,” “**dollars**” or use of the sign “**\$**” means only lawful money of the United States and not any other currency, regardless of whether that currency uses the “**\$**” sign to denote its currency or may be readily converted into lawful money of the United States.

“**Dollar Equivalent**” is, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount therefor in Dollars as determined by Bank at such time on the basis of the then-prevailing rate of exchange

in San Francisco, California, for sales of the Foreign Currency for transfer to the country issuing such Foreign Currency,

“Domestic Subsidiary” means a Subsidiary organized under the laws of the United States or any state or territory thereof or the District of Columbia.

“Effective Date” is defined in the preamble hereof,

“Eligible Accounts” means Accounts owing to Borrower which arise in the ordinary course of Borrower’s business that meet all Borrower’s representations and warranties in Section 5.3, that have been, at the option of Bank, confirmed in accordance with Section 6.3(f) of this Agreement, and are due and owing from Account Debtors deemed creditworthy by Bank in its good faith business judgment. Bank reserves the right upon prior written notice to Borrower at any time after the Effective Date to adjust any of the criteria set forth below and to establish new criteria in its good faith business judgment. Unless Bank otherwise agrees in writing, Eligible Accounts shall not include:

(a) Accounts (i) for which the Account Debtor is Borrower’s Affiliate, officer, employee, investor, or agent, or (ii) that are intercompany Accounts;

(b) Accounts that the Account Debtor has not paid within one hundred twenty (120) days of invoice date regardless of invoice payment period terms;

(c) Accounts with credit balances over one hundred twenty (120) days from invoice date;

(d) Accounts owing from an Account Debtor if fifty percent (50%) or more of the Accounts owing from such Account Debtor have not been paid within one hundred twenty (120) days of invoice date;

(e) Accounts owing from an Account Debtor (i) which does not have its principal place of business in the United States or Canada, or (ii) whose billing address (as set forth in the applicable invoice for such Account) is not in the United States or Canada;

(f) Accounts billed from and/or payable to Borrower outside of the United States (sometimes called foreign invoiced accounts);

(g) Accounts in which Bank does not have a first priority, perfected security interest under all applicable laws;

(h) Accounts billed and/or payable in a Currency other than Dollars;

(i) Accounts owing from an Account Debtor to the extent (but only to the extent) that Borrower is indebted or obligated in any manner to the Account Debtor (as creditor, lessor, supplier or otherwise -sometimes called “contra” accounts, accounts payable, customer deposits or credit accounts) (except for contractual Intellectual Property obligations from Partners Healthcare, Stanford Health Care and UPMC);

(j) Accounts with or in respect of accruals for marketing allowances, incentive rebates, price protection, cooperative advertising and other similar marketing credits, unless otherwise approved by Bank in writing;

(k) Accounts owing from an Account Debtor which is a United States government entity or any department, agency, or instrumentality thereof unless Borrower has assigned its payment rights to Bank and the assignment has been acknowledged under the Federal Assignment of Claims Act of 1940, as amended;

(l) Accounts for demonstration or promotional equipment, or in which goods are consigned, or sold on a “sale guaranteed”, “sale or return”, “sale on approval”, or other terms if Account Debtor’s payment may be conditional;

(m) Accounts owing from an Account Debtor where goods or services have not yet been rendered to the Account Debtor (sometimes called memo billings or pre-billings);

(n) Accounts subject to contractual arrangements between Borrower and an Account Debtor where payments shall be scheduled or due according to completion or fulfillment requirements (sometimes called contracts accounts receivable, progress billings, milestone billings, or fulfillment contracts), except for Eligible Milestone Accounts;

(o) Accounts owing from an Account Debtor the amount of which may be subject to withholding based on the Account Debtor’s satisfaction of Borrower’s complete performance (but only to the extent of the amount withheld; sometimes called retainage billings);

(p) Accounts subject to trust provisions, subrogation rights of a bonding company, or a statutory trust;

(q) Accounts owing from an Account Debtor that has been invoiced for goods that have not been shipped to the Account Debtor unless Bank, Borrower, and the Account Debtor have entered into an agreement acceptable to Bank in its good faith business judgment wherein the Account Debtor acknowledges that (i) it has title to and has ownership of the goods wherever located, (ii) a bona fide sale of the goods has occurred, and (iii) it owes payment for such goods in accordance with invoices from Borrower (sometimes called “bill and hold” accounts);

(r) Accounts for which the Account Debtor has not been invoiced, except for Eligible Unbilled Accounts;

(s) Accounts that represent non-trade receivables or that are derived by means other than in the ordinary course of Borrower’s business;

(t) Accounts for which Borrower has permitted Account Debtor’s payment to extend beyond one hundred twenty (120) days (including Accounts with a due date that is more than one hundred twenty (120) days from invoice date);

(u) Accounts arising from chargebacks, debit memos or other payment deductions taken by an Account Debtor;

(v) Accounts arising from product returns and/or exchanges (sometimes called “warranty” or “RMA” accounts);

(w) Accounts in which the Account Debtor disputes liability or makes any claim (but only up to the disputed or claimed amount), or if the Account Debtor is subject to an Insolvency Proceeding (whether voluntary or involuntary), or becomes insolvent, or goes out of business;

(x) Accounts owing from an Account Debtor with respect to which Borrower has received Deferred Revenue (but only to the extent of such Deferred Revenue), except for the current portion of Deferred Revenue related to subscriptions or maintenance agreements;

(y) Accounts owing from an Account Debtor, whose total obligations to Borrower exceed thirty-five percent (35.0%) of all Accounts, for the amounts that exceed that percentage, unless Bank approves in writing; and

(z) Accounts for which Bank in its good faith business judgment determines collection to be doubtful, including, without limitation, accounts represented by “refreshed” or “recycled” invoices.

“**Eligible Milestone Accounts**” are Accounts arising from milestone software supply contracts between Borrower and its customers entered into in the ordinary course of Borrower’s business and consistent with past practice.

“**Eligible Unbilled Accounts**” are Accounts in the ordinary course of Borrower’s business that meet all of the following criteria: (a) such Accounts have not been billed but will be billed for a service that has been provided in full by Borrower; (b) such Accounts meet all of Borrower’s representations and warranties in Section 5.13 of this Agreement; (c) such Accounts are unconditionally owing to Borrower pursuant to a binding contract between Borrower and one of its Account Debtors and deemed acceptable by Bank in its good faith business judgment; and (d) such Accounts are Eligible Accounts, but for subsection (s) of the definition of Eligible Accounts. In addition to the foregoing, the aggregate amount included in the Borrowing Base relating to such Eligible Unbilled Accounts shall not, at any time, exceed Three Million Dollars (\$3,000,000.00). For the sake of clarity, at any time that an Account no longer meets each of the above-referenced criteria (including, without limitation, when such Account is billed), such Account shall no longer be an Unbilled Account.

“**Equipment**” is all “equipment” as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

“**ERISA**” is the Employee Retirement Income Security Act of 1974, and its regulations.

“**Event of Default**” is defined in Section 8.

“**Exchange Act**” is the Securities Exchange Act of 1934, as amended.

“**Excluded Deposit Account**” means (a) any deposit account exclusively used for payroll, payroll taxes, and other employee wage and benefit payments to or for the benefit of Borrower’s employees and identified to Bank by Borrower as such and (b) any Petty Cash Accounts.

“**Excluded Site**” means (a) any offices, bailees or business locations, including warehouses, containing less than Fifty Thousand Dollars (\$50,000.00) in Borrower’s assets or property and (b) any site located at a data center operated by a third party at which Borrower exclusively co-locates computer gear and peripherals in the ordinary course of business.

“**Foreign Currency**” means lawful money of a country other than the United States.

“**Foreign Subsidiary**” means any Subsidiary which is not a Domestic Subsidiary.

“Funding Date” is any date on which a Credit Extension is made to or for the account of Borrower which shall be a Business Day,

“FX Contract” is any foreign exchange contract by and between Borrower and Bank under which Borrower commits to purchase from or sell to Bank a specific amount of Foreign Currency on a specified date,

“GAAP” is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

“General Intangibles” is all “general intangibles” as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all Intellectual Property, claims, income and other tax refunds, security and other deposits, payment intangibles, contract rights, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

“Governmental Approval” is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

“Governmental Authority” is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

“Increase Approval” means the occurrence of all of the following: (a) Borrower has requested an increase to Revolving Line, (b) Bank has received all necessary internal and credit approvals for such increase, (c) Borrower has (i) provided Bank with evidence, satisfactory to Bank in its sole discretion that Borrower will remain in pro forma compliance with the financial covenants in Section 6.9 of this Agreement through the Revolving Line Maturity Date and (ii) delivered financial and other information required by Bank, which shall be satisfactory to Bank in its sole discretion, (d) Borrower has agreed to any modifications to the terms of the Loan Documents proposed by Bank in its sole discretion, (e) no Event of Default exists at the time the requested increase is to go into effect or would exist as a result of such increase and (f) Bank has provided written approval in its sole discretion that such increase will occur. For clarity, upon satisfaction of each of the conditions in (a) through (e), the determination of whether to provide any such increase shall be in Bank’s sole discretion and shall in no event occur automatically.

“Increase Event” occurs when both (a) the Increase Approval has occurred and (b) Bank has confirmed to Borrower in writing that the Revolving Line will be increased.

“Indebtedness” is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

“Indemnified Person” is defined in Section 12.3.

“Initial Audit” is Bank’s inspection of Borrower’s Accounts, the Collateral, and Borrower’s Books with results satisfactory to Bank in its sole and absolute discretion,

“Insolvency Proceeding” is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Intellectual Property” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following:

(a) its Copyrights, Trademarks and Patents;

(b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how and operating manuals;

(c) any and all source code;

(d) any and all design rights which may be available to such Person;

(e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and

(f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

“Inventory” is all “inventory” as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower’s custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

“Investment” is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

“Key Person” is each of Borrower’s (a) Chief Executive Officer, who is Daniel Burton as of the Effective Date, and (b) Chief Financial Officer, who is Patrick Nelli as of the Effective Date.

“Letter of Credit” is a standby or commercial letter of credit issued by Bank upon request of Borrower based upon an application, guarantee, indemnity, or similar agreement.

“Lien” is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

“Loan Documents” are, collectively, this Agreement and any schedules, exhibits, certificates, notices, and any other documents related to this Agreement, the Mezzanine Loan Agreement, the Perfection Certificate, any Control Agreement, any Bank Services Agreement, any subordination agreement, any note,

or notes or guaranties executed by Borrower or any guarantor of the Obligations, and any other present or future agreement by Borrower or any guarantor of the Obligations with or for the benefit of Bank in connection with this Agreement or Bank Services, all as amended, restated, or otherwise modified.

“**Lockbox Account**” is defined in Section 6.3(c),

“**Material Adverse Change**” is (a) a material impairment in the perfection or priority of Bank’s Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; (c) a material impairment of the prospect of repayment of any portion of the Obligations; or (d) Bank determines, based upon information available to it and in its reasonable judgment, that there is a reasonable likelihood that Borrower shall fail to comply with one or more of the financial covenants in Section 6 during the next succeeding financial reporting period.

“**Mezzanine Loan Agreement**” means that certain Mezzanine Loan and Security Agreement by and between Borrower and Bank dated as of the Effective Date, as the same may be amended, restated, modified and/or supplemented from time to time.

“**Monthly Financial Statements**” is defined in Section 6.2(c).

“**Obligations**” are Borrower’s obligations to pay when due any debts, principal, interest, fees, Bank Expenses, the Termination Fee, the Anniversary Fee, the Unused Revolving Line Facility Fee, and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents, including, without limitation and in each case, interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower’s duties under the Loan Documents.

“**Operating Documents**” are, for any Person, such Person’s formation documents, as certified by the Secretary of State (or equivalent agency) of such Person’s jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

“**Overadvance**” is defined in Section 2.3.

“**Patents**” means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

“**Payment Date**” means the last calendar day of each month.

“**Perfection Certificate**” is defined in Section 5.1.

“**Permitted Acquisition**” is any Acquisition by the Borrower or any Subsidiary of Borrower, disclosed to Bank, provided that each of the following shall be applicable to any such Acquisition:

(a) no Event of Default shall have occurred and be continuing or would result from the consummation of the proposed Acquisition;

(b) the entity or assets acquired in such Acquisition are in the same or similar line of business as Borrower is in as of the date hereof or reasonably related thereto;

(c) the target of such Acquisition, if such acquisition is a stock acquisition, shall be an entity organized under the laws of any State in the United States and shall have a principal place in the United States;

(d) Borrower shall have provided Bank evidence and reasonably detailed calculations satisfactory to Bank, in its sole discretion, that, after giving effect to such Acquisition, the net effect of such Acquisition shall be EBITDA accretive to Borrower on a trailing twelve (12) month basis for the twelve (12) month period ended on the proposed date of consummation of such proposed Acquisition;

(e) if the Acquisition includes a merger of any Borrower, such Borrower shall remain a surviving entity after giving effect to such Acquisition; and if, as a result of such Acquisition, a new Subsidiary is formed or acquired, Borrower shall cause such Subsidiary to comply with Section 6.13, as required by Bank;

(f) Borrower shall provide Bank with written notice of the proposed Acquisition at least thirty (30) Business Days prior to the anticipated closing date of the proposed Acquisition; and not less than five (5) Business Days prior to the anticipated closing date of the proposed Acquisition, copies of the acquisition agreement and all other material documents relative to the proposed Acquisition (or if such acquisition agreement and other material documents are not in final form, drafts of such acquisition agreement and other material documents; provided that Borrower shall deliver final forms of such acquisition agreement and other material documents promptly upon completion);

(g) Borrower has furnished to Bank pro forma financial statements demonstrating that Borrower will remain in compliance with any financial covenants set forth in this Agreement on a pro-forma basis after the consummation of the Acquisition;

(h) the total consideration (including, without limitation, any earn-out payment obligations) for all such Acquisitions may not exceed Ten Million Dollars (\$10,000,000.00) in the aggregate (of which cash consideration may not exceed Five Million Dollars (\$5,000,000.00) in the aggregate) at any time;

(i) no Indebtedness, other than Permitted Indebtedness, shall be assumed or incurred by Borrower in connection with such Acquisition;

(j) such purchase or Acquisition is non-hostile in nature; and

(k) the entity or assets acquired in such Acquisition shall not be subject to any Lien other than (x) the first-priority Liens granted in favor of Bank and (y) Permitted Liens.

“Permitted Indebtedness” is:

(a) Borrower’s Indebtedness to Bank, and its successors and assigns, under this Agreement and the other Loan Documents;

(b) Indebtedness existing on the Effective Date and shown on the Perfection Certificate;

(c) Subordinated Debt;

(d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(e) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;

(f) Indebtedness secured by Liens permitted under clauses (a), (c) and (1) of the definition of Permitted Liens hereunder;

(g) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (f) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be;

(h) unsecured Indebtedness in connection with commercial credit cards incurred in the ordinary course of business; and

(i) other unsecured Indebtedness not otherwise permitted by Section 7.4 not exceeding Two Hundred Fifty Thousand Dollars (\$250,000.00).

“Permitted Investments” are:

(a) Investments (including, without limitation, Subsidiaries) existing on the Effective Date and shown on the Perfection Certificate;

(b) (i) Investments consisting of Cash Equivalents and (ii) any Investments permitted by Borrower’s investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Bank;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(d) Investments (i) consisting of deposit accounts in which Bank has a first priority perfected security interest and (ii) in the Excluded Deposit Accounts;

(e) Investments accepted in connection with Transfers permitted by Section 7.1;

(f) Investments consisting of the creation of a Subsidiary for the purpose of consummating a merger transaction permitted by Section 7.3 of this Agreement, which is otherwise a Permitted Investment;

(g) Investments (i) by Borrower or its Subsidiaries in Subsidiaries that (x) are co-borrowers or secured guarantors hereunder, or (y) immediately become a co-borrower or secured guarantor hereunder pursuant to Section 6.13 hereof contemporaneously with such Investment, (ii) Investments by secured guarantor or co-borrower Subsidiaries in another secured guarantor or co-borrower Subsidiary or in Borrower, and (iii) Investments by Borrower or its Subsidiaries in Foreign Subsidiaries (x) that are existing on the date of this Agreement, or (y) are made after the date of this Agreement to cover ordinary, necessary, current operating expenses in the ordinary course of business;

(h) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower’s Board;

(i) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(j) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (j) shall not apply to Investments of Borrower in any Subsidiary;

(k) Permitted Acquisitions; and

(l) other Investments not otherwise permitted by Section 7.7 in an amount not exceeding Two Hundred Fifty Thousand Dollars (\$250,000.00) in the aggregate outstanding at any time.

“Permitted Liens” are:

(a) Liens existing on the Effective Date and shown on the Perfection Certificate or arising under this Agreement and the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on its Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(c) purchase money Liens or capital leases (i) on Equipment acquired or held by Borrower incurred for financing the acquisition of the Equipment securing no more than One Million Dollars (\$1,000,000.00) in the aggregate amount outstanding, or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment;

(d) Liens incurred in the extension, renewal or refinancing of the Indebtedness secured by Liens described in (a) through (c), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(e) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, securing liabilities in the aggregate amount not to exceed Two Hundred Fifty Thousand Dollars (\$250,000.00) and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(f) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(g) leases or subleases of real property granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Bank a security interest therein;

(h) non-exclusive licenses of Intellectual Property granted to third parties in the ordinary course of business;

(i) Liens arising from attachments or judgments, orders or decrees in circumstances not constituting an Event of Default under Sections 8.4 and 8.7;

(j) Liens in favor of other financial institutions arising in connection with Borrower's deposit and/or securities accounts held at such institutions, provided that Bank has a first priority perfected security interest in the amounts held in such deposit and/or securities accounts (other than Excluded Deposit Accounts);

(k) easements, zoning restrictions, rights-of-way, minor defects or irregularities in title and similar encumbrances on real property imposed by law or arising in the ordinary course of business which (i) do not secure obligations for the payment of money, (ii) are not material in amount and (iii) do not materially detract from or impair the value of the affected property or interfere materially with the ordinary conduct of business of Borrower; and

(l) Liens with respect to security deposits given by Borrower to secure real estate leases not exceeding One Million Dollars (\$1,000,000.00) in the aggregate outstanding at any time.

"Person" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"Petty Cash Account" means any deposit account with a depository institution other than Bank or Bank's Affiliates with deposits at any time in an aggregate amount not in excess of Twenty-Five Thousand Dollars (\$25,000.00) for any one account and Fifty Thousand Dollars (\$50,000.00) in the aggregate for all such accounts.

"Prime Rate" is the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the "prime rate" then in effect; provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement and provided further that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as determined by Bank, the "Prime Rate" shall mean the rate of interest per annum announced by Bank as its prime rate in effect at its principal office in the State of California (such Bank announced Prime Rate not being intended to be the lowest rate of interest charged by Bank in connection with extensions of credit to debtors); provided that, in the event such rate of interest is less than zero, such rate shall be deemed zero for purposes of this Agreement.

"Prior Effective Date" is June 23, 2016.

"Registered Organization" is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made.

"Requirement of Law" is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Reserves” means, as of any date of determination, such amounts as Bank may from time to time establish and revise in its good faith business judgment, reducing the amount of Advances and other financial accommodations which would otherwise be available to Borrower (a) to reflect events, conditions, contingencies or risks which, as determined by Bank in its good faith business judgment, do or may adversely affect (i) the Collateral or any other property which is security for the Obligations or its value (including without limitation any increase in delinquencies of Accounts), (ii) the assets, business or prospects of Borrower, or (iii) the security interests and other rights of Bank in the Collateral (including the enforceability, perfection and priority thereof); or (b) to reflect Bank’s reasonable belief that any collateral report or financial information furnished by or on behalf of Borrower to Bank is or may have been incomplete, inaccurate or misleading in any material respect; or (c) in respect of any state of facts which Bank determines constitutes an Event of Default or may, with notice or passage of time or both, constitute an Event of Default.

“Responsible Officer” is any of the Chief Executive Officer, President, Chief Financial Officer and Controller of Borrower.

“Restricted License” is any material license or other material agreement with respect to which Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower’s interest in such license or agreement or any other property, or (b) for which a default under or termination of could interfere with the Bank’s right to sell any Collateral. For the avoidance of doubt, “Restricted License” shall not include any license of over the counter software that is commercially available to the public.

“Revolving Line” is (a) prior to the occurrence of the Increase Event, Advance or Advances in an aggregate principal amount not to exceed Twenty Million Dollars (\$20,000,000.00) outstanding at any time and (b) upon and after the occurrence of the Increase Event, Advance or Advances in an aggregate principal amount not to exceed Twenty-Five Million Dollars (\$25,000,000.00) outstanding at any time.

“Revolving Line Maturity Date” is December 31, 2019.

“SEC” shall mean the Securities and Exchange Commission, any successor thereto, and any analogous Governmental Authority.

“Securities Account” is any “securities account” as defined in the Code with such additions to such term as may hereafter be made.

“Specified Affiliate” is any Person (a) more than ten percent (10.0%) of whose aggregate issued and outstanding equity or ownership securities or interests, voting, non-voting or both, are owned or held directly or indirectly, beneficially or of record, by Borrower, and/or (ii) whose equity or ownership securities or interests representing more than ten percent (10.0%) of such Person’s total outstanding combined voting power are owned or held directly or indirectly, beneficially or of record, by Borrower.

“Subordinated Debt” is indebtedness incurred by Borrower subordinated to all of Borrower’s now or hereafter indebtedness to Bank (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into between Bank and the other creditor), on terms acceptable to Bank.

“Subsidiary” is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity

are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless the context otherwise requires, each reference to a Subsidiary herein shall be a reference to a Subsidiary of Borrower.

“**Termination Fee**” is defined in Section 2.5(c).

“**Testing Event**” means the first time that the aggregate principal amount of all Advances outstanding under the Revolving Line is greater than Ten Million Dollars (\$10,000,000.00).

“**Trademarks**” means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

“**Transfer**” is defined in Section 7.1.

“**Unused Revolving Line Facility Fee**” is defined in Section 2.5(b).

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date,

BORROWER:

HEALTH CATALYST, INC.

By: /s/Daniel Burton
Name: Daniel Burton
Title: CEO

BANK:

SILICON VALLEY BANK

By: /s/ Brian Powers
Name: Brian Powers
Title: VP

EXHIBIT A - COLLATERAL DESCRIPTION

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as provided below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

all Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding anything to the contrary herein, the Collateral does not include any of the following, whether now owned or hereafter acquired: (a) more than sixty-five percent (65%) of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter; (b) any intent-to-use trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise; (c) rights held under a license that are not assignable by their terms without the consent of the licensor thereof (but only to the extent such restriction on assignment is enforceable under applicable law); (d) any interest of Borrower as a lessee under an Equipment lease if Borrower is prohibited by the terms of such lease from granting a security interest in such lease or under which such an assignment or Lien would cause a default to occur under such lease; provided, however, that upon termination of such prohibition, such interest shall immediately become Collateral without any action by Borrower or Bank; (e) Excluded Deposit Accounts; or (f) Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property. If a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date, include the Intellectual Property to the extent necessary to permit perfection of Bank's security interest in such Accounts and such other property of Borrower that are proceeds of the Intellectual Property.

EXHIBIT B

COMPLIANCE CERTIFICATE

TO: SILICON VALLEY BANK

Date: _____

FROM: HEALTH CATALYST, INC.

The undersigned, solely in his or her capacity as an authorized officer of HEALTH CATALYST, INC. ("**Borrower**") certifies that under the terms and conditions of (a) the Amended and Restated Loan and Security Agreement between Borrower and Bank (as amended, the "**Senior Agreement**") and (b) the Mezzanine Loan and Security Agreement between Borrower and Bank (as amended, the "**Mezzanine Agreement**") and together with the Senior Agreement, the "**Agreement**, (1) Borrower is in complete compliance for the period ending _____ with all required covenants except as noted below, (2) there are no Events of Default (except as noted below), (3) all representations and warranties in the Agreement are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, (4) Borrower, and each of its Subsidiaries, has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9 of the Senior Agreement and Section 5.8 of the Mezzanine Agreement or as otherwise noted below, and (5) no Liens have been levied or claims made against Borrower or any of its Subsidiaries, if any, relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank, except as noted below. Attached are the required documents supporting the certification. The undersigned, solely in his or her capacity as an authorized officer of Borrower, certifies that these are prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The undersigned, solely in his or her capacity as an authorized officer of Borrower, acknowledges that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of [he Agreement, and that compliance is determined not just at the date this certificate is delivered. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under "Complies" column.

<u>Reporting Covenant</u>	<u>Required</u>	<u>Complies</u>
Borrowing Base Report	Monthly within 30 days and with each Advance request	Yes No
Monthly financial statements	Monthly within 30 days	Yes No
Compliance Certificate	Monthly within 30 days	Yes No
Annual financial statement (CPA Audited)	FYE within 180 days	Yes No
10-Q, 10-K and 8-K	Within 5 days after filing with SEC	Yes No
Board approved projections	FYE within 30 days and contemporaneously with any updates or changes	Yes No
A/R & A/P Agings, detailed Account Debtor listings, Deferred Revenue reports; Annual Recurring Revenue reports	Monthly within 30 days and with each Advance request	Yes No
409A Reports	Annually, within 30 days of Board approval	Yes No

<u>Financial Covenant</u>	<u>Required</u>	<u>Actual</u>	<u>Complies</u>
Annual Recurring Revenue	*	\$_____	Yes No

* As set forth in Section 6.9 of the Loan Agreement

The following financial covenant analyses and information set forth in Schedule 1 attached hereto are true and accurate as of the date of this Certificate.

The following are new Restricted Licenses (see Section 6.10(b) of the Agreement):

The following are the exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions to note.")

HEALT CATALYST, INC.

BANK USE ONLY

By: _____
Name: _____
Title: _____

Received by: _____
AUTHORIZED SIGNER

Date: _____

Verified: _____
AUTHORIZED SIGNER

Date: _____

Compliance Status: Yes No _____

SCHEDULE 1 TO COMPLIANCE CERTIFICATE

FINANCIAL COVENANTS OF BORROWER

In the event of a conflict between this Schedule and the Loan Agreement, the terms of the Loan Agreement shall govern.

Dated:

I. Annual Recurring Revenue (Section 6.9, tested monthly)

Required: Upon the occurrence of the Testing Event and at all times thereafter (regardless of the outstanding balance of Advances), achieve as of the last day of each month set forth below, computed with respect to Borrower only, and not on a consolidated basis, minimum Annual Recurring Revenue, determined in accordance with GAAP, in an amount not less than the following:

<u>Month ending</u>	<u>Annual Recurring Revenue</u>
September 30, 2017	\$54,032,000.00
October 31, 2017	\$54,032,000.00
November 30, 2017	\$54,032,000.00
December 31, 2017	\$70,334,000.00
January 31, 2018	\$70,334,000.00
February 28, 2018	\$70,334,000.00
March 31, 2018	\$73,811,000.00
April 30, 2018	\$73,811,000.00
May 31, 2018	\$73,811,000.00
June 30, 2018	\$86,574,000.00
July 31, 2018	\$86,574,000.00
August 31, 2018	\$86,574,000.00
September 30, 2018	\$90,662,000.00
October 31, 2018	\$90,662,000.00
November 30, 2018	\$90,662,000.00
December 31, 2018	\$103,459,000.00
January 31, 2019	\$103,459,000.00
February 28, 2019	\$103,459,000.00

Actual: \$

No, not in compliance

Yes, in compliance

N/A

EXHIBIT C

BORROWING RESOLUTIONS

BE IT RESOLVED, that **any one (1)** of the above named officers or employees of Borrower, acting for and on behalf of Borrower, are authorized and empowered:

Borrow Money. To borrow from time to time from Silicon Valley Bank ("Bank"), on such terms as may be agreed upon between the officers of Borrower and Bank, such sum or sums of money as in their judgment should be borrowed.

Execute Loan Documents. To execute and deliver to Bank the loan documents of Borrower at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any indebtedness of Borrower to Bank, and also to execute and deliver to Bank one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the loan documents, or any portion of the loan documents.

Grant Security. To grant a security interest to Bank in any of Borrower's assets, which security interest shall secure all of Borrower's obligations to Bank.

Negotiate Items. To draw, endorse, and discount with Bank all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to Borrower or in which Borrower may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the account of Borrower with Bank, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable.

Letters of Credit. To execute letter of credit applications and other related documents pertaining to Bank's issuance of letters of credit.

Foreign Exchange Contracts. To execute and deliver foreign exchange contracts, either spot or forward, from time to time, in such amount as, in the judgment of the officer or officers herein authorized,

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances thereunder, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as they may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of these resolutions.

BE IT FURTHER RESOLVED, that any and all acts authorized pursuant to these resolutions and performed prior to the passage of these resolutions are hereby ratified and approved, that these resolutions shall remain in full force and effect and Bank may rely on these resolutions until written notice of their revocation shall have been delivered to and received by Bank. Any such notice shall not affect any of Borrower's agreements or commitments in effect at the time notice is given.

CREDIT AGREEMENT

dated as of February 6, 2019

by and between

HEALTH CATALYST, INC.,

as the Borrower,

and

ORBIMED ROYALTY OPPORTUNITIES II, LP,

as the Lender

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT dated as of February 6, 2019 (as amended, supplemented or otherwise modified from time to time, this "Agreement"), is by and between HEALTH CATALYST, INC., a Delaware corporation (the "Borrower"), and ORBIMED ROYALTY OPPORTUNITIES II, LP, a Delaware limited partnership (together with its successors, transferees and assignees, the "Lender"). The Borrower and the Lender are sometimes referred to herein individually as a "Party" and collectively as the "Parties".

W I T N E S S E T H:

WHEREAS, the Borrower has requested that the Lender provide a senior term loan facility to the Borrower in an aggregate principal amount of \$80,000,000 (with \$50,000,000 available at the Closing and \$30,000,000 available on or prior to March 31, 2020, subject to the terms and conditions set forth herein); and

WHEREAS, the Lender is willing, on the terms and subject to the conditions hereinafter set forth, to extend the Commitment and make the Loans to the Borrower;

NOW, THEREFORE, the parties hereto agree as follows.

ARTICLE I DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 Defined Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Administration Fee" is defined in Section 3.10.

"Affiliate" of any Person means any other Person which, directly or indirectly, Controls, is Controlled by or is under common Control with such Person. "Control" (and its correlatives) by any Person means the power of such Person, directly or indirectly, (i) to vote 10% or more of the Voting Securities (determined on a fully diluted basis) of another Person, or (ii) to direct or cause the direction of the management and policies of such other Person (whether by contract or otherwise).

"Agreement" is defined in the preamble.

"Amortization Commencement Date" means the date that is the forty-eight (48) month anniversary of the Closing Date.

"Applicable Margin" means 7.50%.

"Authorized Officer" means, relative to the Borrower or any of the Subsidiaries, those of its officers, general partners or managing members (as applicable) whose signatures and incumbency shall have been certified to the Lender pursuant to Section 5.2.

“Benefit Plan” means any employee benefit plan, as defined in section 3(3) of ERISA, that either: (i) is a “multiemployer plan,” as defined in section 3(37) of ERISA, (ii) is subject to section 412 of the Code, section 302 of ERISA or Title IV of ERISA, (iii) has assets that are invested in Capital Securities of the Borrower or any Subsidiaries or any of their respective ERISA Affiliates, or (iv) provides welfare benefits to terminated employees, other than to the extent required by section 4980B(f) of the Code and the corresponding provisions of ERISA.

“Borrower” is defined in the preamble.

“Business Associate” has the same meaning as the term “business associate” in 45 C.F.R. § 160.103.

“Business Day” means any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York, New York.

“Capital Securities” means, with respect to any Person, all shares of, interests or participations in, or other equivalents in respect of (in each case however designated, whether voting or non-voting), of such Person’s capital stock, and any warrants, options, or other rights entitling the holder thereof to purchase or acquire any such capital stock, in each case whether now outstanding or issued after the Closing Date.

“Capitalized Lease Liabilities” means, with respect to any Person, all monetary obligations of such Person and its Subsidiaries under any leasing or similar arrangement which have been (or, in accordance with GAAP, should be) classified as capitalized leases, and for purposes of each Loan Document the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a premium or a penalty.

“Cash Equivalent Investment” means, at any time:

(a) any direct obligation of (or unconditionally guaranteed by) the United States (or any agency or political subdivision thereof, to the extent such obligations are supported by the full faith and credit of the United States) maturing not more than one year after such time;

(b) commercial paper maturing not more than one year from the date of issue, which is issued by a corporation (other than an Affiliate of the Borrower or any of its Subsidiaries) organized under the laws of any state of the United States or of the District of Columbia and rated A-1 or higher by S&P or P-1 or higher by Moody’s; or

(c) any certificate of deposit, demand or time deposit or bankers acceptance, maturing not more than 180 days after its date of issuance, which is issued by or placed with any bank or trust company organized under the laws of the United States (or any state thereof) and which has (x) a credit rating of A2 or higher from Moody’s or A or higher from S&P and (y) a combined capital and surplus greater than \$500,000,000; or

(d) investments in money market mutual funds at least 95% of the assets of which are comprised of securities of the types described in clauses (a) through (c) of this definition.

“Casualty Event” means the damage, destruction or condemnation, as the case may be, of property of the Borrower or any of its Subsidiaries.

“Change in Control” means and shall be deemed to have occurred if (i) any “person” or “group” (within the meaning of Rule 13d-5 of the Exchange Act) shall own, directly or indirectly, beneficially or of record, determined on a fully diluted basis, more than 40 % of the Voting Securities of the Borrower, other than as a result of a Qualified IPO; (ii) a majority of the seats (other than vacant seats) on the board of directors (or equivalent) of the Borrower shall at any time be occupied by persons who were neither (x) nominated by the board of directors of the Borrower nor (y) appointed by directors so nominated, or (iii) the Borrower shall cease to directly own, directly or indirectly through other wholly-owned Subsidiaries, beneficially and of record, 100% of the issued and outstanding Capital Securities of the Subsidiaries.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (i) the adoption or taking effect of any law, rule, regulation or treaty, (ii) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (iii) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Closing Date” means the date of the making of the Initial Loan hereunder, which in no event shall be later than February 6, 2019.

“Closing Date Certificate” means a closing date certificate executed and delivered by an Authorized Officer of the Borrower in form and substance satisfactory to the Lender.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Collateral” is defined in the Security Agreement.

“Commitment” means the Lender’s obligation (if any) to make Loans hereunder.

“Commitment Amount” means the Initial Commitment Amount plus the Delayed Draw Commitment Amount.

“Compliance Certificate” means a certificate duly completed and executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit C hereto, together with

such changes thereto as the Lender may from time to time request for the purpose of monitoring the Borrower's compliance with the financial covenants contained herein.

"Confidential Business Information" means, whether patentable or unpatentable and whether or not reduced to practice, trade secrets, confidential business information, know-how, inventions, manufacturing processes and techniques, financial, marketing and business data, pricing and cost information, business, finance and marketing plans, customer and prospective customer lists and information, and supplier and prospective supplier lists and information, research and development information, data and other information included in or supporting Regulatory Authorizations.

"Confidential Information" means any and all information or material (whether written or oral, or in electronic or other form) that, at any time before, on or after the Closing Date, has been or is provided or communicated to the Receiving Party by or on behalf of the Disclosing Party pursuant to this Agreement or in connection with the transactions contemplated hereby, and shall include the existence and terms of this Agreement.

"Consolidated EBITDA" shall mean, for the Borrower and its Subsidiaries, for any period, an amount equal to the sum of (i) Consolidated Net Income for such period *plus* (ii) solely to the extent deducted in determining Consolidated Net Income for such period, and without duplication, (A) Consolidated Interest Expense, (B) income tax expense determined on a consolidated basis in accordance with GAAP, (C) depreciation and amortization determined on a consolidated basis in accordance with GAAP, (D) one-time costs, fees and expenses incurred in connection with the transactions contemplated by the Loan Documents or in connection with Permitted Acquisitions and (E) all other non-cash charges approved by the Lender in its sole discretion (except for non-cash charges relating to stock option awards or other equity compensation that do not require the approval of the Lender), acting reasonably, determined on a consolidated basis in accordance with GAAP, in each case for such period.

"Consolidated Interest Expense" shall mean, for the Borrower and its Subsidiaries, for any period, the consolidated total interest expense (including that portion attributable to capital leases in accordance with GAAP and capitalized interest), in each case whether or not paid in cash during such period.

"Consolidated Net Income" shall mean, for Borrower and its Subsidiaries for any period, the net income (or loss) of the Borrower and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, but excluding therefrom (to the extent otherwise included therein) (i) extraordinary or non-recurring gains or losses (such exclusion of losses to be approved by the Lender in its sole discretion), (ii) any non-cash gains or losses attributable to write-ups or write-downs of assets, (iii) any Capital Securities of the Borrower or any of its Subsidiaries in the unremitted earnings of any Person that is not a Subsidiary, to the extent received by the Borrower or any Subsidiary in cash, (iv) any income (or loss) of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with Borrower or any Subsidiary on the date that such Person's assets are acquired by Borrower or any Subsidiary, except to the extent such Person is acquired in a Permitted Acquisition and such Person's earnings have been permitted to be included in Consolidated Net Income by Lender in

its reasonable discretion and (v) the income (but not loss) of any Subsidiary to the extent there is a legal or contractual restriction which limits distributions from such Subsidiary to the Borrower.

“Contingent Liability” means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Capital Securities of any other Person. The amount of any Person’s obligation under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding amount of the debt, obligation or other liability guaranteed thereby.

“Control” is defined within the definition of “Affiliate”.

“Controlled Account” is defined in Section 7.13.

“Copyleft License” means any license that requires, as a condition of use, modification or distribution of software or other Intellectual Property subject to such license, that such software or other Intellectual Property (and any other software or other Intellectual Property incorporated into, derived from, used or distributed with such software or other Intellectual Property): (a) in the case of software, be made available or distributed in source code form, (b) be licensed for the purpose of preparing derivative works, (c) be licensed under terms that allow the Products or portions thereof or interfaces therefor to be reverse engineered, reverse assembled or disassembled (other than by operation of law) or (d) be redistributable at no license fee. Copyleft Licenses include, without limitation, the GNU General Public License, the GNU Lesser General Public License, the GNU Affero General Public License, the Mozilla Public License, the Common Development and Distribution License, the Eclipse Public License and all Creative Commons “sharealike” licenses.

“Copyleft Materials” means any software or other Intellectual Property subject to a Copyleft License.

“Copyrights” means all copyrights, whether statutory or common law, and all exclusive and nonexclusive licenses from third parties or rights to use copyrights owned by such third parties, along with any and all (i) renewals, revisions, extensions, derivative works, enhancements, modifications, updates and new releases thereof, (ii) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (iii) rights to sue for past, present and future infringements thereof, and (iv) foreign copyrights and any other rights corresponding thereto throughout the world.

“Copyright Security Agreement” means any Copyright Security Agreement executed and delivered by the Borrower or any of the Subsidiaries in substantially the form of Exhibit C to the Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

“Covered Entity” has the same meaning as the term “covered entity” in 45 C.F.R. § 160.103.

“Data Processors” means any Third Party service providers, software developers, outsourcers, or others to which Borrower or its Subsidiaries engage and allow access to Personal Data or IT Assets (including, for clarity, all information and transactions stored or contained therein or transmitted thereby).

“Default” means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

“Delayed Draw Advance” is defined in Section 2.2.

“Delayed Draw Advance Date” means the date of the making of a Delayed Draw Advance hereunder, which in no event shall be later than March 31, 2020.

“Delayed Draw Commitment Amount” means \$30,000,000.

“Delayed Draw Commitment Termination Date” means the earliest to occur of (i) the Delayed Draw Advance Date on which the full Delayed Draw Commitment Amount has been advanced to the Borrower (immediately after the making of the Delayed Draw Advance on such date), (ii) March 31, 2020, (iii) February 6, 2019, if the Initial Loan shall not have been made hereunder on or prior to such date and (iv) upon the date that is 10 days after the Borrower delivers written notice of such termination to the Lender.

“Delayed Draw Loan” is defined in Section 2.1.

“Designated Jurisdiction” means any country or territory to the extent that such country or territory is the subject of any Sanction.

“Disclosing Party” means the Party disclosing Confidential Information.

“Disposition” (or similar words such as “Dispose”) means any sale, transfer, lease, license, contribution or other conveyance (including by way of merger) of, or the granting of options, warrants or other rights to, any of the Borrower’s or the Subsidiaries’ assets (including accounts receivable and Capital Securities of Subsidiaries) to any other Person (other than to the Borrower or any of its Subsidiaries) in a single transaction or series of transactions.

“Disqualified Capital Securities” shall mean any Capital Securities that, by their terms (or by the terms of any security or other Capital Securities into which they are convertible or for which they are exchangeable) or upon the happening of any event or condition, (a) mature or are mandatorily redeemable (other than solely for Qualified Capital Securities), pursuant to a sinking fund obligation or otherwise (except as a result of a Change in Control or asset sale so long as any rights of the holders thereof upon the occurrence of a Change in Control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitment), (b) are redeemable at the option of the holder thereof (other than solely for Qualified Capital Securities) (except as a result of a Change in Control or asset sale so long as any rights of the holders thereof upon the occurrence

of a Change in Control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitment), in whole or in part, (c) provide for the scheduled payment of dividends in cash or (d) are or become convertible into or exchangeable for Indebtedness or any other Capital Securities that would constitute Disqualified Capital Securities, in each case, prior to the date that is one hundred and eighty-one (181) days after the Maturity Date; provided that if such Capital Securities are issued pursuant to a plan for the benefit of employees of the Borrower or any of its Subsidiaries, or by any such plan to such employees, such Capital Securities shall not constitute Disqualified Capital Securities solely because they may be required to be repurchased by the Borrower or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

“Division/Series Transaction” means, with respect to any Person that is a limited liability company organized under the Laws of the State of Delaware, that any such Person (a) divides into two or more Persons (whether or not the original Person survives such division) or (b) creates, or reorganizes into, one or more series, in each case, as contemplated under the Laws of the State of Delaware.

“Domestic Subsidiary” means a Subsidiary organized under the laws of the United States or any state or territory thereof of the District of Columbia.

“Environmental Laws” means all federal, state, local or international laws, statutes, rules, regulations, codes, directives, treaties, requirements, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, natural resources, Hazardous Material or health and safety matters.

“Environmental Liability” means any liability, loss, claim, suit, action, investigation, proceeding, damage, commitment or obligation, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of or affecting the Borrower or any Subsidiary directly or indirectly arising from, in connection with or based upon (i) any Environmental Law or Environmental Permit, (ii) the generation, use, handling, transportation, storage, treatment, recycling, presence, disposal, Release or threatened Release of, or exposure to, any Hazardous Materials, or (iii) any contract, agreement, penalty, order, decree, settlement, injunction or other arrangement (including operation of law) pursuant to which liability is assumed, entered into, inherited or imposed with respect to any of the foregoing.

“Environmental Permit” is defined in Section 6.7.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means, as applied to any Person, (i) any corporation that is a member of a controlled group of corporations within the meaning of section 414(b) of the Code of which that Person is a member, (ii) any trade or business (whether or not incorporated) that is a member of a group of trades or businesses under common control within the meaning of section 414(c) of

the Code of which that Person is a member, or (iii) any member of an affiliated service group within the meaning of section 414(m) or 414(o) of the Code of which that Person, any corporation described in clause (i) above or any trade or business described in clause (ii) above is a member.

“Event of Default” is defined in Section 9.1.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Excluded Account” is defined in Section 7.13.

“Exit Fee” is defined in Section 3.8.

“FATCA” means Sections 1471 through 1474 of the Code, as of the Closing Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules, or practices adopted pursuant to any intergovernmental agreement, treaty, or convention among Governmental Authorities and implementing such Sections of the Code.

“Fiscal Quarter” means a quarter ending on the last day of March, June, September or December.

“Fiscal Year” means any period of twelve consecutive calendar months ending on December 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the “2012 Fiscal Year”) refer to the Fiscal Year ending on December 31 of such calendar year.

“Foreign Subsidiary” means any Subsidiary that is not a Domestic Subsidiary.

“F.R.S. Board” means the Board of Governors of the Federal Reserve System or any successor thereto.

“FTC Act” means the Federal Trade Commission Act.

“GAAP” means generally accepted accounting principles in the United States.

“Governmental Authority” means any national, supranational, federal, state, county, provincial, local, municipal or other government or political subdivision thereof (including any Regulatory Agency), whether domestic or foreign, and any agency, authority, commission, ministry, instrumentality, regulatory body, court, tribunal, arbitrator, central bank or other Person exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to any such government.

“Guarantee” means the guarantee executed and delivered by an Authorized Officer of each Domestic Subsidiary, substantially in the form of Exhibit D hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

“Guarantors” means, collectively, the Subsidiaries.

“Hazardous Material” means any material, substance, chemical, mixture or waste which is capable of damaging or causing harm to any living organism, the environment or natural resources, including all explosive, special, hazardous, polluting, toxic, industrial, dangerous, biohazardous, medical, infectious or radioactive substances, materials or wastes, noise, odor, electricity or heat, and including petroleum or petroleum products, byproducts or distillates, asbestos or asbestos-containing materials, urea formaldehyde, polychlorinated biphenyls, radon gas, ozone-depleting substances, greenhouse gases, and all other substances or wastes of any nature regulated pursuant to any Environmental Law or as to which any Governmental Authority requires investigation, reporting or remedial action.

“Hedging Obligations” means, with respect to any Person, all liabilities of such Person under currency exchange agreements, interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates.

“herein”, “hereof”, “hereto”, “hereunder” and similar terms contained in any Loan Document refer to such Loan Document as a whole and not to any particular Section, paragraph or provision of such Loan Document.

“HIPAA” means, collectively, the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, as amended by the Health Information Technology for Economic and Clinical Health Act, enacted as Title XIII of the American Recovery and Reinvestment Act of 2009, Public Law 111-5, and their implementing regulations, including but not limited to, the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Parts 160 and 164, Subparts A and E, the Security Standards for the Protection of Electronic Protected Health Information at 45 C.F.R. Parts 160 and 164, Subparts A and C, and the Notification of Breach of Unsecured Protected Health Information requirements at 45 C.F.R. Part 164, Subpart D.

“Impermissible Qualification” means any qualification or exception to the opinion or certification of any independent public accountant as to any financial statement of the Borrower (i) which is of a “going concern” or similar nature other than any such qualification in any opinion given in the Fiscal Year of the Maturity Date that is based solely on a determination that the Borrower may not have sufficient cash or other available resources to run the business for the Fiscal Year of the Maturity Date as a result of the Loans maturing during such Fiscal Year, (ii) which relates to the limited scope of examination of matters relevant to such financial statement, or (iii) which relates to the treatment or classification of any item in such financial statement and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause the Borrower to be in Default.

“including” and “include” means including without limiting the generality of any description preceding such term, and, for purposes of each Loan Document, the parties hereto agree that the rule of ejusdem generis shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

“Indebtedness” of any Person means:

- (a) all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments;
- (b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker’s acceptances issued for the account of such Person;
- (c) all Capitalized Lease Liabilities of such Person and all obligations of such Person arising under Synthetic Leases;
- (d) net Hedging Obligations of such Person;
- (e) all obligations of such Person in respect of Disqualified Capital Securities;
- (f) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business which are not overdue for a period of more than 120 days or, if overdue for more than 120 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of such Person), and indebtedness secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on property owned or being acquired by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; and
- (g) all Contingent Liabilities of such Person in respect of any of the foregoing.

The Indebtedness of any Person shall include the Indebtedness of any other Person (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such Person, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

“Indemnified Liabilities” is defined in Section 10.4.

“Indemnified Parties” is defined in Section 10.4.

“Infringement” and “Infringes” mean the misappropriation or other violation of Confidential Business Information and/or any other Intellectual Property.

“Initial Commitment Amount” means \$50,000,000.

“Initial Commitment Termination Date” means the earliest to occur of (i) the Closing Date (immediately after the making of the Initial Loan on such date), and (ii) February 6, 2019, if the Initial Loan shall not have been made hereunder prior to such date.

“Initial Loan” is defined in Section 2.1.

“Intellectual Property” means all (i) Patents and all patent applications of any type, registrations and renewals, reissues, reexaminations and patent rights in any lawful form thereof; (ii) Trademarks and all applications, registrations and renewals thereof; (iii) Copyrights and other works of authorship (registered or unregistered), and all applications, registrations and renewals therefor; (iv) Product Agreements; (v) computer software, databases, data and documentation; (vi) Confidential Business Information; (vii) other intellectual property or similar proprietary rights; (viii) copies and tangible embodiments of any of the foregoing (in whatever form or medium); and (ix) any and all improvements to any of the foregoing.

“Interest Period” means, (a) initially, the period beginning on (and including) the date on which the Initial Loan is made hereunder pursuant to Section 2.3 and ending on (and including) the last day of the month in which the Loan was made, and (b) thereafter, the period beginning on (and including) the first day of each succeeding month and ending on the earlier of (and including) (x) the last day of such month and (y) the Maturity Date.

“Investment” means, relative to any Person, (i) any loan, advance or extension of credit made by such Person to any other Person, including the purchase by such Person of any bonds, notes, debentures or other debt securities of any other Person, (ii) Contingent Liabilities in favor of any other Person, and (iii) any Capital Securities held by such Person in any other Person. The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property at the time of such Investment.

“IT Assets” means the computers and other information technology infrastructure and assets used by the Borrower or any of the Subsidiaries.

“Key Permits” means all Permits relating to the Products, which Permits are material to the business of the Borrower and its Subsidiaries, taken as a whole.

“knowledge” of the Borrower means the knowledge of any officer of the Borrower or any Subsidiary, after due inquiry.

“Laws” is defined in Section 6.18.

“Lender” is defined in the preamble.

“LIBO Rate” means, as to any Interest Period, the one-month London Interbank Offered Rate for deposits in U.S. Dollars at approximately 11:00 a.m. (London, England time), quoted by the Lender from the appropriate Bloomberg or Telerate page selected by the Lender (or any successor thereto or similar source determined by the Lender from time to time), which shall be that one-month London Interbank Offered Rate for deposits in U.S. Dollars in effect two Business Days prior to the first Business Day of such Interest Period, adjusted for any reserve requirement and any subsequent costs arising from a change in governmental regulation, such rate to be rounded up to the nearest 1/16 of 1% and such rate to be reset monthly as of the first

Business Day of each calendar month. The Lender's internal records of applicable interest rates shall be determinative in the absence of manifest error.

“Licensed Intellectual Property” means all Intellectual Property that is not Owned Intellectual Property, which is licensed to, or otherwise used or held for use, by the Borrower or any Subsidiary.

“Lien” means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property, or other priority or preferential arrangement of any kind or nature whatsoever, to secure payment of a debt or performance of an obligation.

“Liquidity” means, at any time, an amount determined for the Borrower equal to the sum of unrestricted cash-on-hand and Cash Equivalent Investments of the Borrower, to the extent held in a Controlled Account in which the Lender has a first lien security interest, subject to no other Liens securing Indebtedness of the Borrower or any of its Subsidiaries (including Permitted A/R Facility Indebtedness), and located in the United States.

“Loan Documents” means, collectively, this Agreement, the Notes, the Security Agreement, each other agreement pursuant to which the Lender is granted a Lien to secure the Obligations (including any mortgages entered into pursuant to Section 7.8), the Guarantee, and each other agreement, certificate, document or instrument delivered in connection with any Loan Document, whether or not specifically mentioned herein or therein (it being understood that the Loan Documents shall not include the Stock Purchase Agreement).

“Loan Request” means a Loan request and certificate duly executed by an Authorized Officer of the Borrower substantially in the form of Exhibit B hereto.

“Loans” means the Initial Loan and the Delayed Draw Loan.

“Material Adverse Effect” means a material adverse effect on (i) the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrower or of the Borrower and the Subsidiaries taken as a whole, (ii) the rights and remedies of the Lender under any Loan Document or (iii) the ability of the Borrower or any Subsidiary to perform its Obligations under any Loan Document.

“Material Agreements” means (i) each contract or agreement to which the Borrower or any Subsidiary is a party involving aggregate payments of more than \$1,500,000 in any fiscal year, whether such payments are being made by the Borrower or any Subsidiary to a non-Affiliated Person, or by a non-Affiliated Person to the Borrower or any Subsidiary; (ii) each contract or agreement to which the Borrower or any Subsidiary is a party involving an exclusive license of Intellectual Property; and (iii) all other contracts or agreements, individually or in the aggregate, material to the business, operations, assets, prospects, conditions (financial or otherwise), performance or liabilities of the Borrower or any Subsidiary.

“Maturity Date” means February 6, 2024.

“Moody's” means Moody's Investors Service, Inc.

“Net Asset Sales Proceeds” means, with respect to a Disposition (other than Dispositions permitted by Section 8.8(i)) after the Closing Date by the Borrower or any Subsidiary to any Person of any assets of the Borrower or its Subsidiaries, the excess of gross cash proceeds received by the Borrower from such Disposition over (i) all reasonable and customary costs and expenses (including sales commissions and legal, accounting and investment banking fees and expenses), and including Taxes payable by the recipient of such proceeds, incurred in connection with such Disposition which have not been paid to Affiliates of the Borrower in connection therewith and (ii) amounts required to be applied to the repayment of Indebtedness secured by a Permitted Lien on the asset being disposed of in such Disposition.

“Net Casualty Proceeds” means, with respect to any Casualty Event, the amount of any insurance proceeds or condemnation awards received by the Borrower or any of the Subsidiaries in connection with such Casualty Event, other than proceeds that are used to repair or replace the assets subject to such Casualty Event within 12 months of receipt of such proceeds with respect to such Casualty Event with like or similar assets of substantially equal or better value and utility, in excess of \$500,000, individually or in the aggregate through the Termination Date (in each case net of all reasonable and customary collection expenses thereof), but excluding any proceeds or awards required to be paid to a creditor (other than the Lender) which holds a first priority Lien permitted by Section 8.3 on the property which is the subject of such Casualty Event.

“Net Revenue” means net sales, distribution income, service payments, license income, and other forms of consideration received by the Borrower and its Subsidiaries, as determined in accordance with GAAP. Net Revenue shall be determined in a manner consistent with the methodologies, practices and procedures used in developing the Borrower’s audited financial statements.

“Non-Excluded Taxes” means any Taxes imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document other than (a) Taxes imposed on or measured by a Person’s net income, and franchise Taxes imposed by any jurisdiction (or political subdivision thereof) under the laws of which the Lender is organized or in which it maintains its principal or applicable lending office or are otherwise imposed as a result of a present or former connection between the Lender and the jurisdiction imposing such Taxes (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document), (b) branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction described in paragraph (a) above or are otherwise imposed as a result of a present or former connection between the Lender and the jurisdiction imposing such Taxes (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document), (c) any withholding tax that is imposed by the United States on amounts payable to a Lender at the time such Lender first becomes a party to this Agreement (or designates a new lending office), except to the extent that such Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment),

to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 4.3(a), (d) Taxes attributable to such Lender's failure to comply with Section 4.3(e), and (e) any U.S. federal withholding Taxes or other amounts imposed or payable under FATCA.

“Note” means a promissory note of the Borrower payable to the Lender, in the form of Exhibit A hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to the Lender resulting from the outstanding amount of the Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

“Obligations” means all obligations (monetary or otherwise, whether absolute or contingent, matured or unmatured) of the Borrower and each Subsidiary arising under or in connection with a Loan Document and the principal of and premium, if any, and interest (including interest accruing during the pendency of any proceeding of the type described in Section 9.1(h), whether or not allowed in such proceeding) on the Loans. Notwithstanding anything to the contrary, the Obligations shall not include any obligations arising under the Stock Purchase Agreement or the Transaction Agreements (as defined in the Stock Purchase Agreement).

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Organic Document” means, relative to the Borrower or any Subsidiary, its certificate of incorporation, by-laws, certificate of partnership, partnership agreement, certificate of formation, limited liability agreement, operating agreement and all shareholder agreements, voting trusts and similar arrangements applicable to the Borrower's or any Subsidiary's Capital Securities.

“Other Taxes” means any and all stamp, court, documentary, intangible, recording, filing or similar Taxes, or any other excise or property Taxes or similar levies that arise on account of any payment made or required to be made under any Loan Document or from the execution, delivery, registration, recording or enforcement of any Loan Document (excluding, for the avoidance of doubt, Taxes described in clauses (a), (b) or (c) of the definition of Non-Excluded Taxes or any Taxes imposed with respect to an assignment by a Lender).

“Other Administrative Proceeding” means any administrative proceeding relating to a dispute involving a patent office or other relevant intellectual property registry which relates to validity, opposition, revocation, ownership or enforceability of the relevant Intellectual Property.

“Owned Intellectual Property” means all Intellectual Property that is owned or purported to be owned (solely or jointly with others) by the Borrower or any Subsidiary.

“Party” and “Parties” have the meanings set forth in the preamble hereto.

“Patent” means any patent, any type of patent application or invention disclosure, including all divisions, continuations, continuations in-part, provisionals, continued prosecution applications, substitutions, reissues, reexaminations, inter partes review, post-grant review by any Governmental Authority, renewals, extensions, adjustments, restorations, supplemental

protection certificates and patent rights in any form and other additions in connection therewith, whether in or related to the United States or any foreign country or other jurisdiction.

“Patent Security Agreement” means any Patent Security Agreement executed and delivered by the Borrower or any of the Subsidiaries in substantially the form of Exhibit A to the Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

“Permits” means all permits, licenses, registrations, certificates, orders, approvals, authorizations, consents, waivers, franchises, variances and similar rights issued by or obtained from any Governmental Authority or any other Person, including, without limitation, those relating to Environmental Laws and Regulatory Authorizations.

“Permitted Acquisition” means the purchase or other acquisition of all of the Capital Securities (other than qualifying directors shares) in, or all or substantially all of the property of, or all or substantially all of any business or division of, any Person (other than any joint venture owned by another Person that is purchased or acquired) that, upon the consummation thereof, will be wholly-owned directly by the Borrower or one or more of its wholly-owned Subsidiaries (including as a result of a merger or consolidation); provided that, with respect to each Permitted Acquisition:

(a) any such newly-created or acquired Subsidiary shall comply with the requirements of Section 7.8 and the Lender shall have received (or shall receive in connection with the closing of such acquisition) a first priority perfected security interest, subject only to Liens permitted under Section 8.3, in the Collateral (including, without limitation, equity interests) acquired with respect to the entity acquired;

(b) the lines of business of the Person to be (or the property of which is to be) so purchased or otherwise acquired shall be permitted pursuant to Section 8.1;

(c) in the case of a purchase or other acquisition of the Capital Securities of another Person, the board of directors (or other comparable governing body) of such other Person shall have duly approved such purchase or other acquisition;

(d) the total cash and non-cash consideration paid by or on behalf of the Borrower and its Subsidiaries for any such purchase or other acquisition, when aggregated with the consideration paid by or on behalf of the Borrower and its Subsidiaries for all other Permitted Acquisitions after the Closing Date shall not exceed the aggregate amount of \$5,000,000 in any Fiscal Year and an aggregate cumulative amount of \$20,000,000;

(e) immediately before and after giving effect to any such purchase or other acquisition, no Default or Event of Default, shall exist or result therefrom; and

(f) the Borrower shall have delivered to the Lender, at least 10 Business Days prior to the date on which any such purchase or other acquisition is to be consummated, a written notice describing such transaction, and thereafter, if requested by the Lender for any such transaction involving consideration in excess of \$2,000,000, (i) historical

financial statements of or related to the Person or assets to be acquired, (ii) twelve month projections for such Person or assets to be acquired and for Borrower after giving effect to such transaction, and (iii) material documentation and other information relating to such transaction and reasonably requested by the Lender.

“Permitted A/R Facility Indebtedness” means any transaction entered into by the Borrower or any of its Subsidiaries pursuant to which the Borrower or any of its Subsidiaries incurs revolving credit Indebtedness from a commercial bank or finance company that regularly provides such facilities, secured only by a first priority Lien on the accounts receivable and customary related assets of the Borrower or its Subsidiaries (including identifiable cash proceeds of such accounts receivable and the collection accounts and general operating accounts of the Borrower and its Subsidiaries); provided that (a) the amount of any Indebtedness shall not exceed (x) \$5,000,000 on the Closing Date; (y) at any time that the Technology Revenue Base for the most recently completed twelve month period, as set forth in the most recently delivered Compliance Certificate equals at least \$80,000,000; \$10,000,000; or (z) at any time that (1) the Technology Revenue Base for the most recently completed twelve month period, as set forth in the most recently delivered Compliance Certificate equals at least \$100,000,000 or (2) the Consolidated EBITDA for the most recently completed twelve month period set forth in such Compliance Certificate equals or exceeds \$0: \$20,000,000; (b) the terms and conditions of such transaction, including the provisions governing the borrowing base and receivable eligibility, shall be customary and market terms; (c) such Indebtedness and the Liens securing such Indebtedness are subject to an intercreditor agreement and other documentation reasonably satisfactory to the Lender. It is acknowledged that the Indebtedness of the Borrower under the SVB Facility Agreement constitutes Permitted A/R Facility Indebtedness.

“Permitted Indebtedness” is defined in Section 8.5.

“Permitted Liens” is defined in Section 8.3.

“Permitted Subordinated Indebtedness” means Indebtedness incurred after the Closing Date by the Borrower or the Subsidiaries that is (i) subordinated to the Obligations and all other Indebtedness owing from the Borrower or the Subsidiaries to the Lender pursuant to a written subordination agreement satisfactory to the Lender in its sole discretion and (ii) in an amount and on terms approved by the Lender in its sole discretion.

“Person” means any natural person, corporation, limited liability company, partnership, joint venture, association, trust or unincorporated organization, Governmental Authority or any other legal entity, whether acting in an individual, fiduciary or other capacity.

“Personal Data” means any information that relates to an identifiable natural person or that is otherwise considered personally identifiable information or personal data under applicable Law, including Protected Health Information.

“Protected Health Information” has the same meaning as “protected health information” in 45 C.F.R. § 160.103.

“Prime Rate” means (a) the rate of interest last quoted by *The Wall Street Journal* as the “Prime Rate” in the U. S. or, if *The Wall Street Journal* ceases to quote such rate, the per annum

interest rate published by the F.R.S. Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Lender) or any similar release by the F.R.S. Board (as determined by the Lender) minus (b) 1.00%.

“Privacy Laws” mean (a) each Law applicable to, and contract terms relating to, the protection or processing of Personal Data, including HIPAA, rules relating to the payment card industry data security standards, direct marketing, online behavioral advertising, e-mails, text messages or telemarketing, data localization, and contract terms relating to the protection or processing of Personal Data; and (b) industry self-regulatory principles applicable to the protection or processing of Personal Data, direct marketing, online behavioral advertising, emails, text messages, or telemarketing.

“Product” means any current or future service or product (including software products and services) researched, designed, developed, manufactured, licensed, marketed, sold, performed, distributed or otherwise commercialized by the Borrower or any of its Affiliates, including any such product in development or which may be developed.

“Product Agreement” means each agreement, license, document, instrument, interest (equity or otherwise) or the like under which one or more parties grants or receives any right, title or interest with respect to any Product Development and Commercialization Activities in respect of one or more Products specified therein or to exclude third parties from engaging in, or otherwise restricting any right, title or interest as to any Product Development and Commercialization Activities with respect thereto, including each contract or agreement with suppliers, manufacturers, distributors, group purchasing organizations, wholesalers or any other Person related to any such entity.

“Product Development and Commercialization Activities” means, with respect to any Product, any combination of research, development, sale, marketing, promotion, testing, purchasing or other commercialization activities, receipt of payment in respect of any of the foregoing, or like activities the purpose of which is to commercially exploit such Product.

“Purchase Money Indebtedness” means Indebtedness (1) consisting of the deferred purchase price for equipment incurred in connection with the acquisition of such equipment, where the amount of such Indebtedness does not exceed the greater of (a) the cost of the equipment being financed and (b) the fair market value of such equipment; and (2) incurred to finance such acquisition by the Borrower or a Subsidiary of such equipment.

“Qualified Capital Securities” means any Capital Securities that are not Disqualified Capital Securities.

“Qualified IPO” means an underwritten initial public offering of the common stock of the Borrower which generates cash proceeds of at least \$50,000,000 and results in the listing of the Borrower’s common stock on a nationally recognized public securities exchange.

“Receiving Party” means the Party receiving Confidential Information.

“Recipient” is defined in Section 10.14.

“Regulatory Agencies” means any Governmental Authority that is concerned with the use, control, safety, efficacy, reliability, manufacturing, testing, marketing, distribution, sale or other Product Development and Commercialization Activities relating to any Product of the Borrower or any of the Subsidiaries.

“Regulatory Authorizations” means all approvals, clearances, notifications, authorizations, orders, exemptions, registrations, listings, certifications, licenses and permits granted by, submitted to or filed with any Regulatory Agencies necessary for the testing, manufacture, development, distribution, use, storage, import, export, transport, promotion, marketing, sale or other commercialization of any Product in any country or jurisdiction.

“Related Parties” means the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of the Borrower and the Subsidiaries.

“Release” means any releasing, disposing, discharging, injecting, spilling, leaking, leaching, pumping, pouring, dumping, depositing, emitting, escaping, emptying, seeping, dispersal, migrating or placing, including movement through, into or upon the environment or any natural or man-made structure.

“Repayment Premium” means a premium of

(a) twelve percent (12%) of the principal amount of any prepayment or repayment of the Borrower on the Initial Loan or any Delayed Draw Advance, as applicable, if such prepayment or repayment is made or required to be made (i) with respect to the Initial Loan, on or prior to the 12-month anniversary of the Closing Date and (ii) with respect to any Delayed Draw Advance, on or prior to the 12-month anniversary of the Delayed Draw Advance Date on which such Delayed Draw Advance was made;

(b) nine percent (9%) of the principal amount of any prepayment or repayment of the Borrower on the Initial Loan or any Delayed Draw Advance, as applicable, if such prepayment or repayment is not required to be made prior to, and is made or required to be made after, (i) with respect to the Initial Loan, the 12-month anniversary of the Closing Date, but on or prior to the 24-month anniversary of the Closing Date and (ii) with respect to any Delayed Draw Advance, the 12-month anniversary of the Delayed Draw Advance Date on which such Delayed Draw Advance was made, but on or prior to the 24-month anniversary of the Delayed Draw Advance Date on which such Delayed Draw Advance was made;

(c) four and one-half percent (4.5%) of the principal amount of any prepayment or repayment of the Borrower on the Initial Loan or any Delayed Draw Advance, as applicable, if such prepayment or repayment is not required to be made prior to, and is made or required to be made after, (i) with respect to the Initial Loan, the 24-month anniversary of the Closing Date, but on or prior to the 36-month anniversary of the Closing Date and (ii) with respect to any Delayed Draw Advance, the 24-month anniversary of the Delayed Draw Advance Date on which such Delayed Draw Advance

was made, but on or prior to the 36-month anniversary of the Delayed Draw Advance Date on which such Delayed Draw Advance was made;

(d) one percent (1%) of the principal amount of any prepayment or repayment of the Borrower on the Initial Loan or any Delayed Draw Advance, as applicable, if such prepayment or repayment is not required to be made prior to, and is made or required to be made after, (i) with respect to the Initial Loan, the 36-month anniversary of the Closing Date, but on or prior to the 48-month anniversary of the Closing Date and (ii) with respect to any Delayed Draw Advance, the 36-month anniversary of the Delayed Draw Advance Date on which such Delayed Draw Advance was made, but on or prior to the 48-month anniversary of the Delayed Draw Advance Date on which such Delayed Draw Advance was made; or

(e) zero percent (0%) of the principal amount of any prepayment or repayment of the Borrower on the Initial Loan or any Delayed Draw Advance, as applicable, if such prepayment or repayment is not required to be made on or prior to, and is made or required to be made after, (i) with respect to the Initial Loan, the 48-month anniversary of the Closing Date and (ii) with respect to any Delayed Draw Advance, the 48-month anniversary of the Delayed Draw Advance Date on which such Delayed Draw Advance was made.

“Restricted Payment” means (i) the declaration or payment of any dividend on, or the making of any payment or distribution on account of, or setting apart assets for a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of, any class of Capital Securities of the Borrower or any Subsidiary or any warrants, options or other right or obligation to purchase or acquire any such Capital Securities, whether now or hereafter outstanding, or (ii) the making of any other distribution in respect of such Capital Securities, in each case either directly or indirectly, whether in cash, property or obligations of the Borrower or any Subsidiary or otherwise.

“Revenue Base” means, with respect to any period, the Net Revenues for such period.

“S&P” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc.

“Sanctions” means any international economic sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority.

“SEC” means the Securities and Exchange Commission.

“Security Agreement” means the Security Agreement executed and delivered by each of the parties thereto, substantially in the form of Exhibit E hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

“Solvent” means, with respect to any Person on a particular date, that on such date (i) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (ii) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such

Person on its debts as they become absolute and matured, (iii) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond its ability to pay as such debts and liabilities mature, (iv) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which the property of such Person would constitute an unreasonably small capital and (v) such Person has not executed this Agreement or any other Loan Document, or made any transfer or incurred any obligations hereunder or thereunder, with actual intent to hinder, delay or defraud either present or future creditors. The amount of Contingent Liabilities at any time shall be computed as the amount that, in light of all the facts and circumstances existing at such time, can reasonably be expected to become an actual or matured liability.

“Stock Purchase Agreement” means the Stock Purchase Agreement, dated as of the date hereof, between the Borrower and the Lender.

“Subsidiary” means, with respect to any Person, any other Person of which more than 50% of the outstanding Voting Securities of such other Person (irrespective of whether at the time Capital Securities of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person. Unless the context otherwise specifically requires, the term “Subsidiary” shall be a reference to a Subsidiary of Borrower.

“SVB Facility Agreement” means that certain Amended and Restated Loan and Security Agreement, dated as of October 6, 2017, as amended by that certain Consent and First Amendment, dated as of June 29, 2018, and as further amended by that certain Joinder and Second Amendment, dated as of August 29, 2018, and as further amended by that certain Third Amendment dated as of the date hereof (as the same may from time to time be further amended, modified, supplemented or restated).

“Synthetic Lease” means, as applied to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (i) that is not a capital lease in accordance with GAAP and (ii) in respect of which the lessee retains or obtains ownership of the property so leased for federal income tax purposes, other than any such lease under which that Person is the lessor.

“Taxes” means all income, stamp or other taxes, duties, levies, imposts, charges, assessments, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, and all interest, penalties or similar liabilities with respect thereto.

“Technology Revenue Base” means, with respect to any period, the net revenue for such period of the Borrower and the Subsidiaries from providing Software-as-a-Service, perpetual licenses, time-based licenses, cloud services, and from maintenance and support fees as determined in accordance with US GAAP. Technology Revenue Base shall be determined in a manner consistent with the methodologies, practices and procedures used in developing the Borrower’s audited financial statements. For the avoidance of doubt, Technology Revenue Base

does not include revenue from professional services, including analytic services, strategic advisory services, outcome improvement services, implementation services, assessments, data governance, customized engagements, managed services and implementation services.

“Third Party” means any Person other than the Borrower or any of its Subsidiaries.

“Termination Date” means the date on which all Obligations (other than contingent indemnification obligations as to which no demand had been made) have been paid in full in cash and the Commitment shall have terminated.

“Trademark” means any trademark, service mark, trade name, logo, symbol, trade dress, domain name, corporate name or other indicator of source or origin, and all applications and registrations therefor, together with all of the goodwill associated therewith.

“Trademark Security Agreement” means any Trademark Security Agreement executed and delivered by the Borrower or any of the Subsidiaries substantially in the form of Exhibit B to any Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of New York; provided that, if, with respect to any financing statement or by reason of any provisions of law, the perfection or the effect of perfection or non-perfection of the security interests granted to the Lender pursuant to the applicable Loan Document is governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States other than New York, then “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions of each Loan Document and any financing statement relating to such perfection or effect of perfection or non-perfection.

“United States” or “U.S.” means the United States of America, its fifty states and the District of Columbia.

“Upfront Fee” is defined in Section 3.9.

“Voting Securities” means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“wholly owned Subsidiary” means any direct or indirect Subsidiaries of Borrower, all of the outstanding Capital Securities of which (other than any director’s qualifying shares or investments by foreign nationals mandated by applicable laws) is owned directly or indirectly by Borrower.

SECTION 1.2 Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in each other Loan Document and the schedules attached hereto.

SECTION 1.3 Cross-References. Unless otherwise specified, references in a Loan Document to any Article or Section are references to such Article or Section of such Loan

Document, and references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4 Accounting and Financial Determinations. Unless otherwise specified, all accounting terms used in each Loan Document shall be interpreted, and all accounting determinations and computations thereunder (including under Section 8.4 and the definitions used in such calculations) shall be made, in accordance with GAAP, as in effect from time to time; provided that, if either the Borrower or the Lender requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or the application thereof on the operation of such provision, regardless of whether any such notice is given before or after such change in GAAP or the application thereof, then (a) the parties shall negotiate in good faith such an amendment and (b) until so amended, such provision shall be interpreted on the basis of GAAP in effect and applied immediately before such change shall have become effective until such request shall have been withdrawn or such provision amended in accordance herewith. Unless otherwise expressly provided, all financial covenants and defined financial terms shall be computed on a consolidated basis for the Borrower and the Subsidiaries, in each case without duplication.

ARTICLE II COMMITMENT AND BORROWING PROCEDURES

SECTION 2.1 Commitment. On the terms and subject to the conditions of this Agreement, the Lender agrees to make a term loan (the "Initial Loan") to the Borrower on the Closing Date in an amount equal to (but not less than) the Initial Commitment Amount. On the terms and subject to the conditions of this Agreement, the Lender agrees to make multiple advances on a term loan basis (such advances, the "Delayed Draw Loan") to the Borrower on each Delayed Draw Advance Date in aggregate for all Delayed Draw Loans together, an amount up to the Delayed Draw Commitment Amount. No amounts paid or prepaid with respect to the Loans may be reborrowed.

SECTION 2.2 Borrowing Procedure. The Borrower may irrevocably request that the Initial Loan be made by delivering to the Lender a Loan Request on or before 10:00 a.m. on the proposed Closing Date. The Delayed Draw Loan shall be made available in multiple advances (each such advance, a "Delayed Draw Advance"); provided that (a) each such advance shall be in a minimum amount of \$10,000,000 (or, if such advance is to be made upon the satisfaction of the conditions set forth in Sections 5.20(c) or (d), \$5,000,000) or, if more, an integral multiple of \$10,000,000 (or, if such advance is to be made upon the satisfaction of the conditions set forth in Sections 5.20(c) or (d), \$5,000,000), (b) no more than 4 Delayed Draw Advances may be requested, and (c) the total principal amount of all Delayed Draw Loans requested shall not exceed the Delayed Draw Commitment Amount. The Borrower may irrevocably request that a Delayed Draw Advance be made by delivering to the Lender a Loan Request on or before 10:00 a.m. on a Business Day at least ten Business Days prior to the proposed Delayed Draw Advance Date.

SECTION 2.3 Funding. After receipt of the Loan Request for the Initial Loan, the Lender shall, on the Closing Date and subject to the terms and conditions hereof, make the requested proceeds of the Initial Loan available to the Borrower by wire transfer to the account

the Borrower shall have specified in its Loan Request. After receipt of the Loan Request for any Delayed Draw Advance, the Lender shall, on the requested Delayed Draw Advance Date and subject to the terms and conditions hereof, make the requested proceeds of the Delayed Draw Advance available to the Borrower by wire transfer to the account the Borrower shall have specified in its Loan Request.

SECTION 2.4 Reduction of the Commitment Amounts. The Initial Commitment Amount shall automatically and permanently be reduced to zero on the Initial Commitment Termination Date. The Delayed Draw Commitment Amount shall automatically and permanently be reduced to zero on the Delayed Draw Commitment Termination Date.

ARTICLE III REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1 Repayments and Prepayments; Application. The Borrower agrees that the Loans, and any fees or interest accrued or accruing thereon, shall be repaid and prepaid solely in U.S. dollars pursuant to the terms of this Article III.

SECTION 3.2 Repayments and Prepayments. The Borrower shall (i) repay the outstanding principal amount of the Loans on the last day of each month (provided that if such day is not a Business Day, then such repayment shall be made on the next succeeding Business Day), commencing with the month in which the Amortization Commencement Date occurs, in an amount equal to the aggregate principal amount of the Loans on the Amortization Commencement Date, divided by 12, provided, however, that the last such installment shall be in the amount necessary to repay in full the unpaid principal amount of the Loans, and (ii) repay in full the unpaid principal amount of the Loans on the Maturity Date. Prior to the Maturity Date, payments and prepayments of the Loans shall also be made as set forth below.

(a) The Borrower shall have the right, with at least three Business Days' notice to the Lender, at any time and from time to time to prepay any unpaid principal amount of the Loans, in whole or in part.

(b) Within three Business Days of receipt by the Borrower or any Subsidiary of any (i) Net Casualty Proceeds or (ii) Net Asset Sales Proceeds, the Borrower shall notify the Lender thereof. If requested by the Lender, the Borrower shall within three Business Days of such request make a mandatory prepayment of the Loans, in an amount equal to 100% of such proceeds (or such lesser amount as the Lender may specify on the date of such request), to be applied as set forth in Section 3.3.

(c) The Borrower shall repay the Loans in full immediately upon any acceleration of the Maturity Date thereof pursuant to Section 9.2 or Section 9.3, unless, pursuant to Section 9.3, only a portion of the Loans is so accelerated (in which case the portion so accelerated shall be so repaid).

SECTION 3.3 Application. Except as provided in Section 4.4(b), amounts repaid or prepaid in respect of the outstanding principal amount of the Loans pursuant to clauses (b) or (c) of Section 3.2 shall be applied pro rata to the unpaid principal balance of the Initial Loan and Delayed Draw Loan (if any).

SECTION 3.4 Interest Rate.

(a) During any applicable Interest Period:

(i) Interest payable in cash by the Borrower shall accrue on the Loans during such Interest Period at a rate per annum equal to the higher of (x) the LIBO Rate for such Interest Period and (y) 2.50% plus, in either case, the Applicable Margin; and

(b) The interest rate shall be recalculated and, if necessary, adjusted for each Interest Period, in each case pursuant to the terms hereof.

SECTION 3.5 Default Rate. At all times commencing upon the date any Event of Default occurs, and continuing until such Event of Default is no longer continuing, the Applicable Margin shall be increased by 5% per annum.

SECTION 3.6 Payment Dates. Interest accrued on the Loans shall be payable in cash, without duplication:

(a) on the Maturity Date therefor;

(b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan on the principal amount so paid or prepaid;

(c) on the last day of each month; provided that if such day is not a Business Day, then such payment shall be made on the next succeeding Business Day; and

(d) on that portion of the Loans that is accelerated pursuant to Section 9.2 or Section 9.3, immediately upon such acceleration.

Interest accrued on the Loans or other monetary Obligations after the date such amount is due and payable (whether on the Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.7 Repayment Premium. Upon the prepayment or repayment of the principal of all or any portion of any Loans (or upon the date any such prepayment or repayment is required to be paid), whether pursuant to Section 3.2, Section 9.2, Section 9.3, or otherwise, the Borrower shall pay to the Lender, in cash, on the date on which such prepayment or repayment is paid or required to be paid, as the case may be, in addition to the other Obligations (including the Exit Fee) so prepaid, repaid or required to be prepaid or repaid, the Repayment Premium that is applicable on such date with respect to the portion of each Loan so prepaid, repaid or required to be prepaid or repaid.

SECTION 3.8 Exit Fee. Upon the prepayment or repayment of all or any portion of the principal of any Loans (or upon the date any such prepayment or repayment is required to be paid), whether on the Maturity Date, or pursuant to Section 3.2, Section 9.2, Section 9.3, or otherwise, the Borrower shall pay to the Lender, in cash, on the date on which such prepayment or repayment is paid or required to be paid, as the case may be, in addition to the other Obligations (including the Repayment Premium, if any) so prepaid, repaid or required to be

prepaid or repaid, a fee (the “Exit Fee”) in an amount equal to five percent (5.00%) of the principal amount of the Loans prepaid, repaid or required to be prepaid or repaid, as the case may be, on such date.

SECTION 3.9 Upfront Fee. The Borrower shall pay to the Lender on the Closing Date in accordance with Section 5.15 a nonrefundable upfront fee in the amount of three percent (3%) of the Commitment Amount.

SECTION 3.10 Administration Fee. The Borrower will pay to the Lender a quarterly loan administration fee of \$10,000 (the “Administration Fee”) payable in advance, with the first payment due and payable upon the Closing Date prorated with respect to the Fiscal Quarter in which the Closing Date occurs and other payments due on the last day of each Fiscal Quarter (beginning with the last day of the Fiscal Quarter in which the Closing Date occurs); provided that if such day is not a Business Day, then such payment shall be made on the next succeeding Business Day.

ARTICLE IV LIBO RATE AND OTHER PROVISIONS

SECTION 4.1 Increased Costs, Etc.. The Borrower agrees to reimburse the Lender for any increase in the cost to the Lender of, or any reduction in the amount of any sum receivable by the Lender in respect of, the Lender’s Commitment and the making, continuation or maintaining of the Loans hereunder that may, in any case, arise in connection with any Change in Law, except for such changes with respect to increased capital costs and Taxes which are governed by Section 4.2 and Section 4.3, respectively. The Lender shall notify the Borrower in writing of the occurrence of any such event, stating the reasons therefor and the additional amount required fully to compensate the Lender for such increased cost or reduced amount; *provided* that the Borrower shall not be required to compensate the Lender pursuant to this Section 4.1 for any increased costs suffered more than 60 days prior to the date that the Lender notifies the Borrower of the Change in Law giving rise to such increased costs and of the Lender’s intention to claim compensation therefor; *provided further*, that if the Change in Law giving rise to such increased costs is retroactive, then the 60-day period referred to above shall be extended to include the period of retroactive effect thereof. Such additional amounts shall be payable by the Borrower directly to the Lender within 15 days of its receipt of such notice, and such notice shall, in the absence of manifest error, be conclusive and binding on the Borrower. The Lender’s method of determining any amount payable to the Lender under this Section shall be substantially similar to the method used by the Lender in implementing similar provisions for similarly situated borrowers and extensions of credit.

SECTION 4.2 Increased Capital Costs. If any Change in Law affects or would affect the amount of capital required or expected to be maintained by the Lender or any Person controlling the Lender, and the Lender determines (in good faith but in its sole and absolute discretion) that the rate of return on its or such controlling Person’s capital as a consequence of the Commitment or the Loans made by it hereunder is reduced to a level below that which the Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then upon notice from time to time by the Lender to the Borrower, the Borrower shall within five days following receipt of such notice pay directly to the Lender additional

amounts sufficient to compensate the Lender or such controlling Person for such reduction in rate of return; *provided* that the Borrower shall not be required to compensate the Lender pursuant to this Section 4.1 for any reduction in rate of return suffered more than 60 days prior to the date that the Lender notifies the Borrower of the Change in Law giving rise to such reduction and of the Lender's intention to claim compensation therefor; *provided further*, that if the Change in Law giving rise to such reductions is retroactive, then the 60-day period referred to above shall be extended to include the period of retroactive effect thereof. A statement of the Lender as to any such additional amount or amounts shall, in the absence of manifest error, be conclusive and binding on the Borrower. The Lender's method of determining any amount payable to the Lender under this Section shall be substantially similar to the method used by the Lender in implementing similar provisions for similarly situated borrowers and extensions of credit.

SECTION 4.3 Taxes.

(a) Any and all payments by the Borrower under each Loan Document shall be made without setoff, counterclaim or other defense, and free and clear of, and without deduction or withholding for or on account of, any Taxes, except as required by law (as determined in the good-faith discretion of the applicable withholding agent). In the event that any Taxes are imposed and required to be deducted or withheld from any payment required to be made by the Borrower or any of the Subsidiaries to or on behalf of the Lender under any Loan Document, then:

(i) the Borrower shall be entitled to withhold the full amount of such Taxes from such payment (as increased pursuant to clause (a)(ii)) and shall pay such amount to the Governmental Authority imposing such Taxes in accordance with applicable law; and

(ii) if such Taxes are Non-Excluded Taxes, the amount of such payment shall be increased as may be necessary so that such payment is made, after withholding or deduction for or on account of such Taxes, in an amount equal to what the Lender would have received had no such deduction or withholding been made.

(b) The Borrower shall pay all Other Taxes imposed to the relevant Governmental Authority imposing such Other Taxes in accordance with applicable law.

(c) As promptly as practicable after the payment of any Taxes required to be paid by the Borrower under Section 4.3(a) or (b), and in any event within 45 days of any such payment being due, the Borrower shall furnish to the Lender a copy of an official receipt (or a certified copy thereof) or other reasonable evidence of the payment of such Taxes.

(d) The Borrower shall indemnify the Lender for any Non-Excluded Taxes and Other Taxes levied, imposed or assessed on (and whether or not paid directly by) the Lender whether or not such Non-Excluded Taxes or Other Taxes are correctly or legally asserted by the relevant Governmental Authority. Promptly upon notice by the Lender that any such Non-Excluded Taxes or Other Taxes have been levied, imposed, or assessed, the Borrower shall pay such Non-Excluded Taxes or Other Taxes directly to the relevant Governmental Authority

(provided that, the Lender shall not be under any obligation to provide any such notice to the Borrower). In addition, the Borrower shall indemnify the Lender for any incremental Taxes that may become payable by the Lender as a result of any failure of the Borrower to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Lender, pursuant to clause (c), documentation evidencing the payment of Taxes. With respect to indemnification for Non-Excluded Taxes and Other Taxes actually paid by the Lender or the indemnification provided in the immediately preceding sentence, such indemnification shall be made within 30 days after the date the Lender makes written demand therefor. The Borrower acknowledges that any payment made to the Lender or to any Governmental Authority in respect of the indemnification obligations of the Borrower provided in this clause shall constitute a payment in respect of which the provisions of clause (a) and this clause shall apply.

(e) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower, at the time or times reasonably requested by the Borrower, such properly completed and executed documentation reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower as will enable the Borrower to determine whether such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than IRS Forms W-9, W-8BEN, W-8BEN-E, W-8ECI, or W-8IMY with appropriate attachments) shall not be required if in the Lender's reasonably judgment such completion, execution, or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(f) If any Lender determines that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund).

SECTION 4.4 Payments, Computations; Proceeds of Collateral, Etc.

(a) Unless otherwise expressly provided in a Loan Document, all payments by the Borrower pursuant to each Loan Document shall be made without setoff, deduction or counterclaim not later than 11:00 a.m. on the date due in same day or immediately available funds to such account as the Lender shall specify from time to time by notice to the Borrower. Funds received after 11:00 a.m. on any day shall be deemed to have been received by the Lender on the next succeeding Business Day. All interest and fees shall be computed on the basis of the actual number of days occurring during the period for which such interest or fee is payable over a year comprised of 360 days. Payments due on other than a Business Day shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees in connection with that payment.

(b) All amounts received as a result of the exercise of remedies under the Loan Documents (including from the proceeds of collateral securing the Obligations) or under applicable law shall be applied upon receipt to the Obligations as follows: (i) first, to the payment in full in cash of all interest (including interest accruing after the commencement of a proceeding in bankruptcy, insolvency or similar law, whether or not permitted as a claim under such law) and fees owing under the Loan Documents, and all costs and expenses owing to the Lender pursuant to the terms of the Loan Documents, until paid in full in cash, (ii) second, after payment in full in cash of the amounts specified in clause (b)(i), to the payment of the principal amount of the Loans then outstanding, (iii) third, after payment in full in cash of the amounts specified in clauses (b)(i) and (b)(ii), to the payment of all other Obligations owing to the Lender, and (iv) fourth, after payment in full in cash of the amounts specified in clauses (b)(i) through (b)(iii), and following the Termination Date, to the Borrower or any other Person lawfully entitled to receive such surplus.

SECTION 4.5 Setoff. The Lender shall, upon the occurrence and during the continuance of any Event of Default, have the right to appropriate and apply to the payment of the Obligations owing to it (whether or not then due), and (as security for such Obligations) the Borrower hereby grants to the Lender a continuing security interest in, any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter maintained with or on behalf of the Lender. The Lender agrees promptly to notify the Borrower after any such appropriation and application made by the Lender; provided that, the failure to give such notice shall not affect the validity of such setoff and application. The rights of the Lender under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which the Lender may have.

SECTION 4.6 LIBO Rate Not Determinable.

(a) If prior to the commencement of any Interest Period for a Loan, the Lender determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period, then the Lender shall give notice thereof to the Borrower as promptly as practicable and, until the Lender notifies the Borrower that the circumstances giving rise to such notice no longer exist, (i) the Loans shall bear interest calculated pursuant to Section 3.4 but using the Prime Rate instead of the LIBO Rate and (ii) the continuation of any outstanding Loan or the extension of a new Loan hereunder shall be made with interest calculated pursuant to Section 3.4 but using the Prime Rate instead of the LIBO Rate.

(b) Notwithstanding the foregoing, if at any time the Lender determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in Section 4.6(a) have arisen and such circumstances are unlikely to be temporary, (ii) ICE Benchmark Administration (or any Person that takes over administration of such rate) discontinues the administration and publication of interest settlement rates for deposits in U.S. Dollars or (iii) the circumstances set forth in Section 4.6(a) have not arisen but the supervisor for the administrator of the LIBO Rate has made a public statement identifying a specific date after which the LIBO Rate shall no longer be used for determining interest rates for loans, then the Lender and the Borrower shall seek to jointly agree upon an alternate base rate of interest to the LIBO Rate that gives due consideration to the then-prevailing market convention for determining

a rate of interest for loans in the United States at such time, and the Lender and the Borrower shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes as may be applicable. Until an alternate rate of interest shall be determined in accordance with this Section 4.6(b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 4.6(b), only to the extent the LIBO Rate for such Interest Period is not available or published at such time on a current basis), Section 4.6(a) shall be applicable.

ARTICLE V
CONDITIONS TO MAKING THE LOANS

SECTION 5.1 Credit Extensions. The obligation of the Lender to make the Initial Loan shall be subject to the execution and delivery of this Agreement by the parties hereto, the delivery of a Loan Request as requested pursuant to Section 2.3, and the satisfaction of each of the conditions precedent set forth below in this Article (other than Sections 5.20 and 5.22). The obligation of the Lender to make each Delayed Draw Advance shall be subject to the prior making of the Initial Loan, the delivery of a Loan Request as requested pursuant to Section 2.3, and the satisfaction of each of the conditions precedent set forth below in Sections 5.3, 5.8, 5.20 and 5.22.

SECTION 5.2 Secretary's Certificate, Etc.. The Lender shall have received from the Borrower and each Subsidiary party to a Loan Document, (i) a copy of a good standing certificate, dated a date reasonably close to the Closing Date, for each such Person and (ii) a certificate, dated as of the Closing Date, duly executed and delivered by such Person's Secretary or Assistant Secretary, managing member, general partner, or other Authorized Officer as applicable, as to

(a) resolutions of each such Person's Board of Directors (or other managing body, in the case of other than a corporation) then in full force and effect authorizing the execution, delivery and performance of each Loan Document to be executed by such Person and the transactions contemplated hereby and thereby;

(b) the incumbency and signatures of those of its officers, managing member or general partner, as applicable, authorized to act with respect to each Loan Document to be executed by such Person; and

(c) the full force and validity of each Organic Document of such Person and copies thereof;

upon which certificates the Lender may conclusively rely until it shall have received a further certificate of the Secretary, Assistant Secretary, managing member or general partner, as applicable, of any such Person canceling or amending the prior certificate of such Person.

SECTION 5.3 Closing Date Certificate. The Lender shall have received a Closing Date Certificate, dated as of the Closing Date or any relevant Delayed Draw Advance Date, as the case may be, and duly executed and delivered by an Authorized Officer of the Borrower, in which certificate the Borrower shall agree and acknowledge that the statements made therein shall be deemed to be true and correct representations and warranties of the Borrower as of such

date, and, at the time such certificate is delivered, such statements shall in fact be true and correct, and such statements shall include that (i) the representations and warranties set forth in each Loan Document shall, in each case, be true and correct in all material respects (except with respect to any representation or warranty qualified by materiality or Material Adverse Effect, which representation or warranty shall be true and correct in all respects), (ii) no Default shall have then occurred and be continuing, or would result from the Loan to be advanced on the Closing Date or any relevant Delayed Draw Advance Date, as the case may be, and (c) all of the conditions set forth in this Article V have been satisfied. All documents and agreements required to be appended to the Closing Date Certificate, if any, shall be in form and substance reasonably satisfactory to the Lender, shall have been executed and delivered by the requisite parties, and shall be in full force and effect.

SECTION 5.4 Payment of Outstanding Indebtedness, Etc. All Indebtedness identified in Schedule 8.2(b), together with all interest, all prepayment premiums and all other amounts due and payable with respect thereto, shall have been paid in full from the proceeds of the Loan and the commitments in respect of such Indebtedness shall have been terminated, and all Liens securing payment of any such Indebtedness shall have been released (or authorized to be released upon receipt of such payment in full) and the Lender shall have received (or upon such payment in full shall receive) all Uniform Commercial Code Form UCC-3 termination statements or other instruments (including customary payoff letters) as may be suitable or appropriate in connection therewith.

SECTION 5.5 Delivery of Note. The Lender shall have received a Note duly executed and delivered by an Authorized Officer of the Borrower.

SECTION 5.6 Financial Information, Etc. The Lender shall have received

(a) audited consolidated financial statements of the Borrower and the Subsidiaries for each of the fiscal years ended December 31, 2015, December 31, 2016, and December 31, 2017.

(b) unaudited consolidated balance sheets of the Borrower and the Subsidiaries for each fiscal quarter ended after December 31, 2017, together with the related consolidated statement of operations, shareholder's equity and cash flows for the twelve months then ended; and

(c) such other financial information as to the Borrower and the Subsidiaries and their respective businesses, assets and liabilities as the Lender may reasonably request.

SECTION 5.7 Compliance Certificate. The Lender shall have received an initial Compliance Certificate on a pro forma basis as if the Initial Loan had been made as of January 31, 2019, and as to such items therein as the Lender reasonably requests, dated the Closing Date, duly executed (and with all schedules thereto duly completed) and delivered by the chief financial or accounting Authorized Officer of the Borrower.

SECTION 5.8 Solvency, Etc. The Lender shall have received a solvency certificate duly executed and delivered by the chief financial or accounting Authorized Officer of the

Borrower, dated as of the Closing Date or any relevant Delayed Draw Advance Date, as the case may be, in form and substance satisfactory to the Lender.

SECTION 5.9 Guarantee. The Lender shall have received executed counterparts of the Guarantee, dated as of the date hereof, duly executed and delivered by each Domestic Subsidiary.

SECTION 5.10 Security Agreements. The Lender shall have received executed counterparts of the Security Agreement, dated as of the date hereof, duly executed and delivered by the Borrower and each Subsidiary, together with

(a) certificates (in the case of Capital Securities that are securities (as defined in the UCC)), if any, evidencing all of the issued and outstanding Capital Securities owned by the Borrower or any Subsidiary in the Subsidiaries, which certificates in each case shall be accompanied by undated instruments of transfer duly executed in blank, or, in the case of Capital Securities that are uncertificated securities (as defined in the UCC), confirmation and evidence satisfactory to the Lender that the security interest therein has been perfected by control by the Lender in accordance with Articles 8 and 9 of the UCC and all laws otherwise applicable to the perfection of the pledge of such Capital Securities;

(b) financing statements suitable in form for naming the Borrower and each Subsidiary as a debtor and the Lender as the secured party, or other similar instruments or documents to be filed under the UCC of all jurisdictions as may be necessary or, in the opinion of the Lender, desirable to perfect the security interests of the Lender pursuant to the Security Agreement;

(c) UCC Form UCC-3 termination statements, if any, necessary to release all Liens and other rights of any Person (i) in any assets of the Borrower or any Subsidiary (other than those relating to Permitted Liens), and (ii) securing any of the Indebtedness identified in Schedule 8.2(b), together with such other UCC Form UCC-3 termination statements as the Lender may reasonably request from the Borrower or any Subsidiary;

(d) landlord access agreements and bailee letters in form and substance satisfactory to the Lender from the landlord to the Borrower with respect to the property located at 3165 Millrock Drive, Suite 400, Salt Lake City, Utah 84121; and

(e) evidence that all deposit accounts, lockboxes, disbursement accounts, investment accounts or other similar accounts of the Borrower and each Subsidiary are Controlled Accounts (other than Excluded Accounts).

SECTION 5.11 Intellectual Property Security Agreements. The Lender shall have received a Patent Security Agreement, a Copyright Security Agreement and a Trademark Security Agreement, as applicable, each dated as of the Closing Date, duly executed and delivered by the Borrower or any Subsidiary to the extent such Person is required to deliver same pursuant to the Security Agreement.

SECTION 5.12 Reserved.

SECTION 5.13 Stock Purchase Agreement. The Lender shall have received an executed counterpart of the Stock Purchase Agreement, dated as of the date hereof, executed and delivered by an Authorized Officer of the Borrower, and the transactions contemplated thereunder shall close contemporaneously with the closing hereunder.

SECTION 5.14 Opinions of Counsel. The Lender shall have received an opinion, dated the Closing Date and addressed to the Lender, from Dorsey & Whitney LLP, counsel to the Borrower and the Subsidiaries, covering such matters and otherwise in form and substance reasonably satisfactory to the Lender.

SECTION 5.15 Insurance. The Lender shall have received certified copies of the insurance policies (or binders in respect thereof), from one or more insurance companies reasonably satisfactory to the Lender, evidencing coverage required to be maintained pursuant to each Loan Document, with the Lender named as loss payee or additional insured, as applicable.

SECTION 5.16 Closing Fees, Expenses, Etc.; Fee Letter Consideration. The Lender shall have received (or, upon funding of the Initial Loan, will receive) for its own account (i) all fees, costs and expenses due and payable pursuant to Section 10.3, (ii) the Upfront Fee and (iii) the initial Administration Fee as set forth in Section 3.10.

SECTION 5.17 Anti-Terrorism Laws. The Lender shall have received, as applicable, all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the U.S.A. Patriot Act, as may be requested by the Lender.

SECTION 5.18 Satisfactory Legal Form. All documents executed or submitted pursuant hereto by or on behalf of the Borrower or any Subsidiary shall be reasonably satisfactory in form and substance to the Lender and its counsel, and the Lender and its counsel shall have received all information, approvals, resolutions, opinions, documents or instruments relating to the Borrower or the Subsidiaries as the Lender or its counsel may reasonably request.

SECTION 5.19 Permitted A/R Facility Indebtedness. (a) The Lender shall have received a fully executed copy of the SVB Facility Agreement executed by the parties thereto, in form and substance reasonably satisfactory to the Lender, with all conditions to the effectiveness of such agreement satisfied or the fulfillment of any such condition waived with the consent of the Lender. (b) There shall be no Permitted A/R Facility Indebtedness outstanding (it being understood that this condition does not prohibit the existence of undrawn commitments for Permitted A/R Facility Indebtedness).

SECTION 5.20 Technology Revenue Base. As to any Delayed Draw Advance, the Lender shall be satisfied that (a) as to any Delayed Draw Advance that causes the aggregate amount of the Delayed Draw Advances to be in an amount not greater than \$10,000,000, the Technology Revenue Base for the twelve full calendar months prior to the Delayed Draw Advance Date as to such Delayed Draw Advance was at least \$60,000,000, (b) as to any Delayed Draw Advance that causes the aggregate amount of the Delayed Draw Advances to be in an amount greater than \$10,000,000 but not greater than \$20,000,000, the Technology Revenue Base for the twelve full calendar months prior to the Delayed Draw Advance Date as to

which such Delayed Draw Advances was made was at least \$70,000,000; (c) as to any Delayed Draw Advance that causes the aggregate amount of the Delayed Draw Advances to be in an amount greater than \$20,000,000 but not greater than \$25,000,000, the Technology Revenue Base for the twelve full calendar months prior to the Delayed Draw Advance Date as to such Delayed Draw Advance was made was at least \$75,000,000 or (d) as to any Delayed Draw Advance that causes the aggregate amount of the Delayed Draw Advances to be in an amount greater than \$25,000,000 but not greater than \$30,000,000, the Technology Revenue Base for the twelve full calendar months prior to the Delayed Draw Advance Date as to such Delayed Draw Advance was made was at least \$80,000,000.

SECTION 5.21 Equity Commitments. The Lender shall be reasonably satisfied that on the Closing Date, the Borrower has entered into and consummated one or more transactions with Persons other than the Lender or its Affiliates under which such Persons have purchased Capital Securities of the Borrower and the Borrower has received cash proceeds with respect to all such purchases in an amount equal to at least \$5,000,000.

SECTION 5.22 Disclosure Schedules. As to any Delayed Draw Advance, immediately prior to the Delayed Draw Advance Date with respect thereto, the Borrower shall deliver to the Lender updates to Schedules 6.15(a), 6.16, 6.19, 6.22 and 6.23 each such updated Schedule to be complete and accurate in all material respects as of such Delayed Draw Advance Date.

ARTICLE VI REPRESENTATIONS AND WARRANTIES

In order to induce the Lender to enter into this Agreement and to make the Loans hereunder, the Borrower represents and warrants on the Closing Date and on each Delayed Drawing Advance Date, to the Lender as set forth in this Article.

SECTION 6.1 Organization, Etc.. The Borrower and each Subsidiary (a) is validly organized and existing and in good standing or current status, as applicable, under the laws of the jurisdiction of its incorporation or organization, is duly qualified to do business and is in good standing or current status, as applicable, as a foreign entity in each jurisdiction where the nature of its business requires such qualification (unless the failure to so qualify as a foreign entity could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect), and (b) has full power and authority and holds all requisite governmental licenses, permits and other approvals required (i) to enter into and perform its Obligations under each Loan Document to which it is a party, and (ii) to own or hold under lease its property and to conduct its business substantially as currently conducted by it in all material respects.

SECTION 6.2 Due Authorization, Non-Contravention, Etc.. The execution, delivery and performance by the Borrower and each Subsidiary of each Loan Document executed or to be executed by it are in each case within such Person's organizational powers, have been duly authorized by all necessary organizational action, and do not

(a) contravene (i) the Borrower's or any Subsidiary's Organic Documents, (ii) any court decree or order binding on or affecting the Borrower or any Subsidiary or (iii) any law or governmental regulation binding on or affecting the Borrower or any Subsidiary; or

(b) result in (i) or require the creation or imposition of any Lien on the Borrower's or any Subsidiary's properties (except in favor of the Lender or as otherwise permitted by this Agreement) or (ii) a default under any material contract, agreement, or instrument binding on or affecting the Borrower or any Subsidiary.

SECTION 6.3 Government Approval, Regulation, Etc. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person (other than those that have been, or on the Closing Date will be, duly obtained or made and which are, or on the Closing Date will be, in full force and effect) is required for the due execution, delivery or performance by the Borrower or any Subsidiary of any Loan Document to which it is a party.

SECTION 6.4 Validity, Etc. Each Loan Document to which the Borrower or any Subsidiary is a party constitutes the legal, valid and binding obligations of such Person enforceable against such Person in accordance with its respective terms (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity).

SECTION 6.5 Financial Information. The financial statements of the Borrower and the Subsidiaries furnished to the Lender pursuant to Sections 5.6 and 7.1 have been prepared in accordance with GAAP, consistently applied, and present fairly the consolidated financial condition of the Persons covered thereby as at the dates thereof and the consolidated results of their operations for the periods then ended.

SECTION 6.6 No Material Adverse Change. Except as set forth on Schedule 6.6, there has been no material adverse change in the business, financial performance or condition, operations (including the results thereof), assets, properties or prospects of the Borrower or any Subsidiary since December 31, 2017.

SECTION 6.7 Litigation, Labor Matters and Environmental Matters.

(a) Except as described on Schedule 6.7(a), there are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any Subsidiary (i) as to which there is a reasonable likelihood of an adverse determination and that, if adversely determined, would reasonably be expected, individually or in the aggregate, to result in liabilities to the Borrower and its Subsidiaries in excess of \$500,000 or (ii) that would reasonably be likely to adversely affect this Agreement or the transactions contemplated hereby in any material respect.

(b) There are no labor controversies pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any Subsidiary (i) that would reasonably be expected, individually or in the aggregate, to result in liabilities to the Borrower

and its Subsidiaries in excess of \$500,000 or (ii) that would reasonably be likely to adversely affect this Agreement or the transactions contemplated hereby in any material respect.

(c) Neither the Borrower nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any Permit under or in connection with any Environmental Law (“Environmental Permit”), (ii) is or has been subject to any Environmental Liability, (iii) has received notice of any Environmental Liability, or (iv) knows of any basis for any Environmental Liability, in each case of (i) through (iv) above, which would reasonably be expected to result in liabilities to the Borrower and the Subsidiaries, taken as a whole, in excess of \$500,000.

SECTION 6.8 Subsidiaries. The Borrower has no Subsidiaries except those Subsidiaries which are identified in Schedule 6.8 (which Schedule also identifies the direct and indirect owners of the Capital Securities of such Subsidiaries) or which are permitted to have been organized or acquired after the Closing Date in accordance with Section 8.5 or Section 8.7.

SECTION 6.9 Ownership of Properties. The Borrower and each Subsidiary owns (i) in the case of owned real property, good and marketable fee title to, and (ii) in the case of owned personal property, good and valid title to, or, in the case of leased real or personal property, valid and enforceable leasehold interests (as the case may be) in, all of its properties and assets, tangible and intangible, of any nature whatsoever reflected in the Borrower’s most recent financial statements provided to the Borrower, free and clear in each case of all Liens or claims, except for (a) Liens permitted pursuant to Section 8.3 and (b) assets that may have been disposed of in a manner permitted by Section 8.8.

SECTION 6.10 Taxes. The Borrower and each Subsidiary has filed all tax returns and reports required by law to have been filed by it and has paid all Taxes due and owing, except (i) state or local tax returns and reports under which the aggregate reported amounts do not exceed \$100,000, (ii) payments of state or local Taxes that do not exceed \$100,000 in the aggregate, and (iii) any such Taxes which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

SECTION 6.11 Benefit Plans, Etc.. None of the Borrower or any of the Subsidiaries or any of their respective ERISA Affiliates sponsors, maintains, contributes to, is required to contribute to, or has any actual or potential liability with respect to, any Benefit Plan. None of the Borrower or any of the Subsidiaries is a party to any collective bargaining agreement, and none of the employees of the Borrower or any of the Subsidiaries are subject to any collective bargaining agreement with respect to their employment with the Borrower, any of the Subsidiaries, or any of their respective ERISA Affiliates. Each “employee benefit plan” as defined in section 3(3) of ERISA that provides retirement benefits, is sponsored by the Borrower or any of their ERISA Affiliates, and is intended to be tax qualified under section 401 or 501 of the Code has a determination letter or opinion letter from the Internal Revenue Service on which it remains entitled to rely, and no assets of any such plan are invested in Capital Securities of the Borrower. Each employee benefit plan, program or arrangement sponsored, maintained, contributed to or required to be contributed to by the Borrower or any Subsidiary has complied, both in form and in operation, in all material respects with its terms and applicable law. Each

employee benefit plan as defined in Section 3(3) of ERISA that provides medical, dental, vision, or long-term disability benefits and that is sponsored by the Borrower or any of its Subsidiaries or any of their ERISA Affiliates (or under which any of these entities has any actual or potential liability), is fully insured by a third-party insurance company.

SECTION 6.12 Accuracy of Information. None of the information heretofore or contemporaneously furnished in writing to the Lender by or on behalf of the Borrower or any Subsidiary in connection with any Loan Document or any transaction contemplated hereby contains any untrue statement of a material fact, or omits to state any material fact necessary to make any information not misleading.

SECTION 6.13 Regulations U and X. None of the Borrower or any Subsidiary is engaged in the business of extending credit for the purpose of buying or carrying margin stock, and no proceeds of the Loans will be used to purchase or carry margin stock or otherwise for a purpose which violates, or would be inconsistent with, F.R.S. Board Regulation U or Regulation X. Terms for which meanings are provided in F.R.S. Board Regulation U or Regulation X or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 6.14 Solvency. The Borrower, individually, and the Borrower and its Subsidiaries taken as a whole, on a consolidated basis, both before and after giving effect to the Loans, are Solvent.

SECTION 6.15 Intellectual Property.

(a) Schedule 6.15(a) (as updated in accordance with Section 5.22) sets forth a complete and accurate list as of the Closing Date or any relevant Delayed Draw Advance Date, as the case may be, of all (i) Patents including any Patent applications and other material so defined as Patents, (ii) registered and material unregistered Trademarks (including domain names) and any pending registrations for Trademarks, (iii) any other registered Intellectual Property and (iv) any commercially significant unregistered Intellectual Property, in each case (i) through (iv), owned, purportedly owned or licensed by the Borrower or any of the Subsidiaries. For each item of Intellectual Property listed on Schedule 6.15(a), the Borrower has, where relevant, indicated (A) the countries in each case in which such item is registered, (B) the application numbers, (C) the registration or patent numbers, (D) with respect to the Patents, the expected expiration date of the issued Patents, (E) the owner of such item of Intellectual Property and (F) with respect to Intellectual Property owned by any Third Party, an identification of the agreement pursuant to which that Intellectual Property is licensed to the Borrower or any Subsidiary.

(b) The Owned Intellectual Property and Licensed Intellectual Property together constitute all Intellectual Property necessary for the operation of the business of the Borrower and the Subsidiaries as currently conducted in all material respects and as currently proposed to be conducted by the Borrower and the Subsidiaries in all material respects.

(c) The Borrower and each Subsidiary owns, has a valid license or rights in any other form to all rights associated with Owned Intellectual Property and Licensed

Intellectual Property material to its business free and clear of any and all Liens other than Liens permitted pursuant to Section 8.3.

(d) Each of the Borrower and each Subsidiary, as applicable, is the sole and exclusive owner of all right, title and interest in and to all Owned Intellectual Property. All such Owned Intellectual Property is in full force and effect, and have not expired, lapsed or been forfeited, cancelled or abandoned unless permitted hereunder.

(e) Each of the Borrower and the Subsidiaries, as applicable, has taken commercially reasonable actions to maintain and protect all Owned Intellectual Property and there are no unpaid maintenance or renewal fees payable by the Borrower or any of the Subsidiaries that are currently overdue for any of such registered Owned Intellectual Property that could reasonably be expected to materially and adversely affect the same.

(f) There is no proceeding challenging the validity or enforceability of any Owned Intellectual Property, and none of the Borrower or any of the Subsidiaries is involved in any proceeding challenging the validity or enforceability of any Intellectual Property with any Person and none of the Owned Intellectual Property is the subject of any Other Administrative Proceeding.

(g) All Owned Intellectual Property is enforceable and, to the knowledge of the Borrower, valid. The Owned Intellectual Property has not been adjudged invalid or unenforceable in whole or in part.

(h) To the knowledge of the Borrower, no Third Party is committing any material act of Infringement of any Owned Intellectual Property.

(i) None of the Borrower or any of the Subsidiaries has received written notice from any Third Party alleging that the conduct of its business (including the development, manufacture, use, sale or other commercialization of any Product) Infringes in any material respect on any Intellectual Property of that Third Party and, to the knowledge of the Borrower, the conduct of its business and the business of the Subsidiaries (including the development, manufacture, use, sale or other commercialization of any Product) does not Infringe in any material respect any Intellectual Property of any Third Party.

(j) The Borrower and the Subsidiaries have used commercially reasonable efforts and precautions to protect their rights in, and with respect to, Confidential Business Information, maintain the confidentiality of, their respective Owned Intellectual Property.

(k) None of the Borrower or any of the Subsidiaries has incorporated any Copyleft Materials into any Products or used Copyleft Materials, in each case, in a manner that requires the Products, any portion thereof, or any Owned Intellectual Property, to be subject to Copyleft Licenses.

SECTION 6.16 Material Agreements. Set forth on Schedule 6.16 (as the same may be updated in accordance with Section 5.22) is a complete and accurate list as of the Closing Date or any relevant Delayed Draw Advance Date, as the case may be, of all Material Agreements (other than purchase orders made or received in the ordinary course of business) of the Borrower

or any of the Subsidiaries, with an adequate description of the parties thereto and amendments and modifications thereto as of such dates. As of such dates, respectively, each such Material Agreement (i) is in full force and effect and is binding upon and enforceable against the Borrower and the Subsidiaries party thereto and all other parties thereto in accordance with its terms, (ii) has not been amended or otherwise modified and (iii) has not suffered a default thereunder on the part of the Borrower or any Subsidiary, or, to the knowledge of the Borrower, any other party thereto. As of such dates, respectively, none of the Borrower or any of the Subsidiaries has taken any action that would permit any other Person party to any Material Agreement to have, and, to the knowledge of the Borrower, no such Person otherwise has, any material defenses, counterclaims, termination rights or rights of setoff thereunder, except for credit memos and other similar offsets in the ordinary course of business.

SECTION 6.17 Permits. The Borrower and the Subsidiaries have all Permits, including Environmental Permits, necessary or required for the ownership, operation and conduct of their business and the distribution of the Products. All such Permits are validly held and there are no defaults thereunder on the part of the Borrower or any Subsidiary, or, to the knowledge of the Borrower, any other party thereto.

SECTION 6.18 Regulatory Matters.

(a) The business of the Borrower and its Subsidiaries has been, and currently is, being conducted in compliance in all material respects with all applicable U.S. federal, state, local or foreign laws, Privacy Laws, statutes, ordinances, rules, regulations, guidances, judgments, orders, injunctions, decrees, arbitration awards and Key Permits issued by any Governmental Authority (collectively, "Laws").

(b) None of the Products of the Borrower or its Subsidiaries are subject to regulations by the U. S. Food & Drug Administration, or any comparable foreign Governmental Authority, as a medical device.

(c) To the Borrower's knowledge, no material investigation by any Governmental Authority with respect to the Borrower is pending or threatened. The Borrower has not received any written communication from any Person (including any Governmental Authority) alleging any material noncompliance with any Laws or any written communication from any Governmental Authority or accrediting organization of any material issues, problems, or concerns regarding the quality or performance of the Products, and to the knowledge of the Borrower, there is no basis for any material adverse regulatory action against the Borrower or any of the Subsidiaries.

(d) No right of the Borrower to receive reimbursements pursuant to any government program or private program has ever been terminated other than by the Borrower or the Subsidiaries in the ordinary course of business, or otherwise adversely affected in any material respect as a result of any investigation or enforcement action, whether by any Governmental Authority or other Third Party, and the Borrower has not been the subject of any inspection, investigation, or audit, by any Governmental Authority for the purpose of any material alleged improper activity.

(e) There is no arrangement relating to the Borrower providing for any rebates, kickbacks or other forms of compensation that are unlawful to be paid to any Person in return for the referral of business or for the arrangement for recommendation of such referrals. All billings by the Borrower for its services have been true and correct in all material respects and, to the Borrower's knowledge, are in compliance in all material respects with all applicable Laws, including the Federal False Claims Act or any applicable state false claim or fraud Law.

(f) The transactions contemplated by the Loan Documents (or contemplated by the conditions to effectiveness of any Loan Document) will not impair the Borrower's or any of the Subsidiaries' ownership of or rights under (or the license or other right to use, as the case may be) any Regulatory Authorizations relating to the Products in any material manner.

SECTION 6.19 Reserved.

SECTION 6.20 Investment Company Act. None of the Borrower or any Subsidiary is an "investment company" or is "controlled" by an "investment company," as such terms are defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

SECTION 6.21 OFAC. None of the Borrower, any Subsidiary or, to the knowledge of the Borrower, any Related Party (a) is currently the subject of any Sanctions, (b) is located, organized or residing in any Designated Jurisdiction, or (c) is or has been (within the previous five years) engaged in any transaction with any Person who is now or was then the subject of Sanctions or who is located, organized or residing in any Designated Jurisdiction. No Loan, nor the proceeds from any Loan, has been or will be used, directly or indirectly, to lend, contribute or provide to, or has been or will be otherwise made available to fund, any activity or business in any Designated Jurisdiction or to fund any activity or business of any Person located, organized or residing in any Designated Jurisdiction or who is the subject of any Sanctions, or in any other manner that will result in any violation by any Person (including the Lender and its Affiliates) of Sanctions.

SECTION 6.22 Deposit and Disbursement Accounts. Set forth on Schedule 6.22 (as the same may be updated in accordance with Section 5.22) is a complete and accurate list as of the Closing Date or any relevant Delayed Draw Advance Date, as the case may be, of all banks and other financial institutions at which the Borrower or any Subsidiary maintains deposit accounts, lockboxes, disbursement accounts, investment accounts or other similar accounts, such Schedule correctly identifies the name, address and telephone number of each bank or financial institution, the name in which each such account is held, the type of each such account, and the complete account number for each such account, and each such account is a Controlled Account as required pursuant to Section 7.13.

SECTION 6.23 Data Privacy and Information Security.

(a) The Borrower and its Subsidiaries maintain appropriate data security policies, processes, and controls and an appropriate comprehensive privacy program, all of which meet or exceed any requirements of applicable Law in all material respects. Schedule 6.23(a) sets forth the terms of each such policy or written data security or privacy program (or a reasonable description thereof) that has been adopted by the Borrower or a

Subsidiary at present time. None of the Borrower's or any Subsidiary's privacy statements or disclosures have been or are misleading or deceptive, and the contemplated transactions to be consummated hereunder as of the Closing will not violate any privacy statements, other consumer-facing disclosures or Laws. There is not currently pending and there has not been in the past five years any action, proceeding, suit or claim against the Borrower or its Subsidiaries with respect to privacy or data security, and, to the knowledge of the Borrower, neither the Borrower nor any Subsidiary nor any Products have experienced any security incident in which an unauthorized party accessed or acquired Personal Data or Confidential Business Information.

(b) The Borrower and its Subsidiaries have contractually obligated all Data Processors to commercially reasonable contractual terms relating to the protection and use of Personal Data and IT Assets, including without limitation obligations substantially similar to the following: (i) compliance with applicable Privacy Laws in all material respects, (ii) implementation of a commercially reasonable information security program that includes administrative, technical, and physical safeguards to protection the applicable data and/or systems, (iii) restricting processing of Personal Data to those authorized or required under the servicing, outsourcing, processing, or similar arrangement, and (iv) certifying or guaranteeing the return or adequate disposal or destruction of Personal Data. The Borrower and its Subsidiaries have taken commercially reasonable measures to ensure that all Data Processors have complied with their contractual obligations.

(c) The IT Assets are sufficient and operate and perform as is necessary to conduct the business of the Borrower and the Subsidiaries as currently conducted in all material respects and as currently proposed to be conducted by the Borrower and the Subsidiaries in all material respects. To the knowledge of the Borrower, neither the IT Assets nor any Products contain any "virus," "spyware," "malware," "worm," "Trojan horse" (as such terms are commonly understood in the software industry), disabling codes or instructions, or other similar code or software routines or components that are designed or intended to delete, destroy, disable, interfere with, perform unauthorized modifications to, or provide unauthorized access to any data, files, software, system, network, or other device. The Borrower and its Subsidiaries have established, implemented and tested backup and disaster recovery policies, procedures and systems consistent with generally accepted standards for the industry in which the Borrower operates and sufficient to maintain the operation of the business of the Borrower and the Subsidiaries as currently conducted in all material respects and as currently proposed to be conducted in all material respects by the Borrower and the Subsidiaries.

(d) The Borrower, its Subsidiaries, and, to the knowledge of Borrower, any Data Processors have implemented and maintained organizational, physical, administrative and technical measures consistent with generally accepted standards for the industry in which the Borrower operates to protect the operation, confidentiality, integrity, and security of all Confidential Business Information, Personal Data and IT Assets (including, for clarity, all information and transactions stored or contained therein or transmitted thereby) against unauthorized access, acquisition, interruption, alteration, modification, or use. To the knowledge of the Borrower, no Person has obtained unauthorized access to or use of any Confidential Business Information, Personal Data and IT Assets in the past 24 months.

(e) The Borrower and its Subsidiaries have taken or caused to be taken commercially reasonable precautions to ensure that all IT Assets (i) are free from any material defect, bug, virus or programming, design or documentation error or corruption or other defect, and (ii) are fully functional and operate and run in a commercially reasonable manner. None of the IT Assets have malfunctioned or failed or have experienced any breakdowns or continued substandard performance in the past 24 months that has caused material disruption or material interruption in the Borrower's or any Subsidiary's use thereof or to the business of the Borrower and the Subsidiaries.

SECTION 6.24 HIPAA.

(a) Neither the Borrower nor any Subsidiary is a Covered Entity. The Borrower and its Subsidiaries do not transmit any health information in electronic form in connection with a transaction covered by 45 C.F.R. Subtitle A, Subchapter C.

(b) The Borrower and its Subsidiaries are Business Associates. The Borrower, each Subsidiary and any Data Processors have entered into a Business Associate agreement, as required by 45 C.F.R. § 164.502(e)(2) and in compliance with 45 C.F.R. § 164.504(e), in each instance where the Borrower, such Subsidiary or such Data Processor (i) acts as a Business Associate or (ii) provides Protected Health Information to a Third Party that the Borrower, its Subsidiaries or Data Processors received from, or received, created, maintained or transmitted for or on behalf of, a Covered Entity or Business Associate, in each case as required by, and in compliance with all requirements applicable to Business Associates under, HIPAA. The Borrower, its Subsidiaries and, to the knowledge of the Borrower, Data Processors are, and have been, in material compliance with all applicable Business Associate agreements and those portions of HIPAA applicable to Business Associates.

(c) The Borrower and its Subsidiaries are in compliance with all security requirements required by HIPAA, including the HIPAA security rule. There has been no security incident or breach of any Protected Health Information, including any loss or unauthorized access, use or disclosure, of Protected Health Information that would constitute a breach for which notification to individuals, the media, or the U.S. Department of Health and Human Services is required under 45 C.F.R. Part 164, Subpart D.

(d) The Borrower and its Subsidiaries periodically perform a security risk analysis, as set forth in 45 C.F.R. § 164.308(a)(1)(ii)(A), that meets or exceeds the requirements for such assessment set forth in 45 C.F.R. Part 164, Subpart C. The Borrower and its Subsidiaries have addressed and remediated all material threats and deficiencies identified in every security risk analysis in accordance with applicable laws, including HIPAA.

ARTICLE VII AFFIRMATIVE COVENANTS

The Borrower covenants and agrees with the Lender that until the Termination Date has occurred, the Borrower will, and will cause the Subsidiaries to, perform or cause to be performed the obligations set forth below.

SECTION 7.1 Financial Information, Reports, Notices, Etc.. The Borrower will furnish the Lender copies of the following financial statements, reports, notices and information:

(a) as soon as available and in any event within 30 days after the end of each calendar month, in each case with supporting detail and certified by the chief financial or accounting Authorized Officer of the Borrower as presenting fairly in all material respects the financial condition of the Borrower and the Subsidiaries (subject to normal year-end audit adjustments), unaudited reports of (x) the Revenue Base, Technology Revenue Base and Consolidated EBITDA for the twelve-month period ending on such calendar month (on a month-by-month basis), and including in comparative form the figures for the corresponding calendar month in the immediately preceding Fiscal Year and (y) the Liquidity of the Borrower at the end of such calendar month and at the end of the corresponding calendar month in the preceding Fiscal Year, in comparative form;

(b) as soon as available and in any event within 45 days after the end of each Fiscal Quarter of each Fiscal Year, an unaudited consolidated balance sheet of the Borrower and the Subsidiaries as of the end of such Fiscal Quarter and consolidated statements of income and cash flow of the Borrower and the Subsidiaries for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, and including (in each case) in comparative form the figures for the corresponding Fiscal Quarter in, and the year to date portion of, the immediately preceding Fiscal Year, certified by the chief financial or accounting Authorized Officer of the Borrower as presenting fairly in all material respects the financial condition of the Borrower and the Subsidiaries (subject to normal year-end audit adjustments) (subject to normal year-end audit adjustments);

(c) as soon as available and in any event within 120 days after the end of each Fiscal Year beginning with the Fiscal Year ended December 31, 2018, a copy of the consolidated balance sheet of the Borrower and the Subsidiaries, and the related consolidated statements of income and cash flow of the Borrower and the Subsidiaries for such Fiscal Year, setting forth in comparative form the figures for the immediately preceding Fiscal Year, audited (without any Impermissible Qualification) by independent public accountants reasonably acceptable to the Lender;

(d) concurrently with the delivery of the financial information pursuant to clauses (a), (b) and (c), a Compliance Certificate, executed by the chief financial or accounting Authorized Officer of the Borrower, (i) showing compliance with the financial covenants set forth in Section 8.4 and stating that no Default has occurred and is continuing (or, if a Default has occurred, specifying the details of such Default and the action that the Borrower or any of the Subsidiaries has taken or proposes to take with respect thereto), (ii) stating that no Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate (or, if a Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate, a statement that such Subsidiary has complied with Section 7.8), and (iii) stating that no real property has been acquired by the Borrower or any of the Subsidiaries since the delivery of the last Compliance Certificate (or, if any real property has been acquired since the delivery of the last Compliance Certificate, a statement that the Borrower has complied with Section 7.8 with respect to such real property);

(e) as soon as possible and in any event within three days after the Borrower obtains knowledge of the occurrence of a Default, a statement of an Authorized Officer of the Borrower setting forth details of such Default and the action which the Borrower or any of the Subsidiaries has taken or proposes to take with respect thereto;

(f) as soon as possible and in any event within three days after the Borrower obtains knowledge of (i) the occurrence of any material adverse development with respect to any litigation, action, proceeding or labor controversy described in Schedule 6.7(a) or (ii) the commencement of any litigation, action, proceeding or labor controversy of the type and materiality described in Section 6.7, notice thereof and, to the extent the Lender requests, copies of all documentation relating thereto;

(g) as soon as possible and in any event within 30 days after the Borrower obtains knowledge of any return, recovery, dispute or claim related to Product that involves more than \$500,000.

(h) as soon as possible and in any event within three days after the Borrower obtains knowledge of (i) any claim that the Borrower, any of the Subsidiaries or one of their ERISA Affiliates has actual or potential liability under a Benefit Plan, (ii) any effort to unionize the employees of the Borrower or any Subsidiary, or (iii) correspondence with the Internal Revenue Service regarding the qualification of a retirement plan under Section 401(a) of the Code.

(i) promptly after the sending or filing thereof, copies of all reports, notices, prospectuses and registration statements which the Borrower or any of the Subsidiaries files with the SEC or any national securities exchange;

(j) concurrently with delivery thereof to the board of directors of the Borrower or any committees thereof, all notices and any materials delivered to the board of directors of the Borrower or any committees thereof in connection with a meeting of such board or committee, or with any action to be taken by written consent, including drafts of any material resolutions or actions proposed to be adopted by written consent, and all minutes of any such meetings promptly following such meetings; provided that the Borrower may withhold any such information and materials to the extent: (i) access thereto would adversely affect the attorney-client privilege between the Borrower and its counsel; or (ii) the Borrower's board of directors, in the exercise of its fiduciary obligations and with the advice of counsel, determines that it is in the best interest of the Borrower to do so because the Lender or any of its Affiliates has an interest in the subject matter under discussion; in the event the Borrower withholds any such information or materials, the Borrower shall provide to the Lender a reasonable general description, which shall be true and correct in all material respects, of such withheld information;

(k) promptly upon receipt thereof, copies of all "management letters" (or equivalent) submitted to the Borrower or any of the Subsidiaries by the independent public accountants referred to in clause (c) in connection with each audit made by such accountants;

(l) as soon as possible and in any event by the later of the delivery of the next following Compliance Certificate or 30 days after (i) the Borrower enters into a new Material Agreement or (ii) an existing Material Agreement is amended or terminated;

(m) as soon as available, but in any event not later than February 15 of each calendar year, the Borrower's financial and business projections and budget for such year, with evidence of approval thereof by the Borrower's board of directors; and

(n) such other financial and other information as the Lender may from time to time reasonably request (including information and reports in such detail as the Lender may request with respect to the terms of and information provided pursuant to the Compliance Certificate).

SECTION 7.2 Maintenance of Existence; Compliance with Contracts, Laws, Etc. Each of the Borrower and each Subsidiary will preserve and maintain its legal existence (except as otherwise permitted by Section 8.7), perform in all material respects its obligations under Material Agreements to which the Borrower or any of the Subsidiaries is a party, and comply in all material respects with all applicable Laws, rules, regulations and orders, including the payment (before the same become delinquent), of all Taxes, other than state or local Taxes not exceeding \$100,000 in the aggregate, imposed upon the Borrower or any of the Subsidiaries or upon their property except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on the books of the Borrower or any of the Subsidiaries, as applicable.

SECTION 7.3 Maintenance of Properties. Each of the Borrower and the Subsidiaries will maintain, preserve, protect and keep its and their respective properties in good repair, working order and condition (ordinary wear and tear excepted), and make necessary repairs, renewals and replacements so that the business carried on by the Borrower or any of the Subsidiaries may be properly conducted at all times, unless the Borrower or any of the Subsidiaries determines in good faith that the continued maintenance of such property is no longer economically desirable, necessary or useful to the business of the Borrower or any of the Subsidiaries or the Disposition of such property is otherwise permitted by Section 8.7 or Section 8.8.

SECTION 7.4 Insurance. Each of the Borrower and each of the Subsidiaries will maintain:

(a) insurance on its property with financially sound and reputable insurance companies against business interruption, loss and damage in at least the amounts (and with only those deductibles) reasonably acceptable to the Lender, and against such risks as reasonably acceptable to the Lender; and

(b) all worker's compensation, employer's liability insurance or similar insurance as may be required under the laws of any state or jurisdiction in which it may be engaged in business.

Without limiting the foregoing, all insurance policies required pursuant to clause (a) of this Section shall (i) name the Lender as mortgagee and loss payee (in the case of property insurance)

and additional insured (in the case of liability insurance), as applicable, and provide that no cancellation of the policies will be made without providing at least 30 days prior written notice thereof of the Lender and (ii) be in addition to any requirements to maintain specific types of insurance contained in the other Loan Documents.

SECTION 7.5 Books and Records. Each of the Borrower and each of the Subsidiaries will keep books and records in accordance with GAAP which accurately reflect in all material respects all of its business affairs and transactions and permit the Lender or any of its representatives, at reasonable times and intervals upon reasonable notice to the Borrower, to visit the Borrower's or any of the Subsidiaries' offices, to discuss the Borrower's or any of the Subsidiaries' financial or other matters with its officers and employees, and its independent public accountants (and the Borrower hereby authorizes such independent public accountant to discuss the Borrower's and any of the Subsidiaries' financial and other matters with the Lender or its representatives whether or not any representative of the Borrower or any of the Subsidiaries is present) and to examine (and photocopy extracts from) any of its books and records. The Borrower shall pay any fees of such independent public accountant incurred in connection with the Lender's exercise of its rights pursuant to this Section.

SECTION 7.6 Environmental Law Covenant. Each of the Borrower and each of the Subsidiaries will (i) use and operate all of its and their businesses, facilities and properties in material compliance with all Environmental Laws, and keep and maintain all material Environmental Permits and remain in compliance therewith, and (ii) promptly notify the Lender of, and provide the Lender with copies of all material claims, complaints, notices or inquiries relating to, any actual or alleged non-compliance with any Environmental Laws or Environmental Permits or any material actual or alleged Environmental Liabilities. The Borrower and each of the Subsidiaries will promptly resolve, remedy and mitigate any such non-compliance or material Environmental Liabilities, and shall keep the Lender informed as to the progress of same.

SECTION 7.7 Use of Proceeds. The Borrower will use of the Loan to repay certain existing indebtedness of the Borrower and for general business and investment purposes.

SECTION 7.8 Equity Investment. After the Closing Date and on or before the date that is sixty (60) days following the Closing Date, the Borrower will enter into and consummate one or more transactions with Persons other than the Lender or its Affiliates pursuant to which (i) such Persons purchase Capital Securities of the Borrower (excluding, for the avoidance of doubt, any Capital Securities referred to in Section 5.21) and (ii) the Borrower receives on or before such date aggregate cash proceeds from all such purchases in an amount equal to at least \$5,000,000.

SECTION 7.9 Future Guarantors, Security, Etc.. The Borrower and each Subsidiary will execute any documents, financing statements, agreements and instruments, and take all further action that the Lender may reasonably request, in order to effectuate the transactions contemplated by the Loan Documents and in order to grant, preserve, protect and perfect the validity and first priority (subject to Liens permitted by Section 8.3) of the Liens created or intended to be created by the Loan Documents. The Borrower will cause (a) any subsequently acquired or organized Domestic Subsidiary to execute a supplement (in form and substance

reasonably satisfactory to the Lender) to the Guarantee and each other applicable Loan Document in favor of the Lender, effective upon its acquisition or formation and (b) 65% of the presently existing or thereafter arising issued and outstanding shares of Capital Securities of any Foreign Subsidiary to be pledged to the Lender pursuant to one or more pledge agreements or other documents reasonably acceptable to the Lender; provided that such pledge shall be perfected only under United States law as to any Foreign Subsidiary that owns assets with an aggregate value less than \$100,000. The Borrower will promptly notify the Lender of any subsequently acquired fee ownership interest in real property having a value exceeding \$500,000 and will provide the Lender with a description of such real property, the acquisition date thereof and the purchase price therefor. In addition, from time to time, each of the Borrower and each of the Domestic Subsidiaries will, at its cost and expense, promptly secure the Obligations by pledging or creating, or causing to be pledged or created (in each case pursuant to documentation reasonably prescribed by the Lender), perfected Liens with respect to such of Collateral as the Lender shall designate, it being agreed that it is the intent of the parties that the Obligations shall be secured by, among other things, substantially all the Collateral of the Borrower and the Domestic Subsidiaries (including fee interests in real property and personal property acquired subsequent to the Closing Date having a value exceeding \$500,000). Notwithstanding anything to the contrary, the Borrower shall have no obligation to provide any leasehold mortgages or deeds of trust over leasehold interests to the Lender, unless the value of any such leasehold interest exceeds \$500,000. Such Liens will be created under the Loan Documents in form and substance reasonably satisfactory to the Lender, and the Borrower and each of the Subsidiaries shall deliver or cause to be delivered to the Lender all such instruments and documents (including mortgages, legal opinions, title insurance policies and lien searches) as the Lender shall reasonably request to evidence compliance with this Section.

SECTION 7.10 Obtaining of Permits, Etc. With respect to Products, each of the Borrower and each of the Subsidiaries will obtain, maintain and preserve, and take all necessary action to timely renew all Permits and accreditations which are necessary in the proper conduct of its business in all material respects.

SECTION 7.11 Maintenance of Regulatory Authorizations, Contracts, Intellectual Property, Etc.

(a) With respect to the Products, each of the Borrower and each of the Subsidiaries will (i) maintain in full force and effect all Regulatory Authorizations, contract rights, authorizations or other rights necessary for the operations of its business in all material respects; (ii) maintain in full force and effect or pursue the prosecution of, as the case may be, and pay all costs and expenses relating to, all Owned Intellectual Property and all Material Agreements, except in the event that the Borrower determines in its reasonable commercial judgment not to do so; (iii) notify the Lender, promptly after learning thereof, of any Infringement or other material violation by any Person of any Owned Intellectual Property and diligently pursue any such Infringement or other violation except in any specific circumstances where both (x) the Borrower or any of the Subsidiaries are able to demonstrate that it is not commercially reasonable to do so and (y) where not doing so does not materially adversely affect any Product; (iv) use commercially reasonable efforts to pursue and maintain in full force and effect legal protection for, and protect against Infringement with respect to, all Owned Intellectual Property, including Patents; (v) notify the Lender, promptly after learning thereof, of

any claim by any Person that the conduct of the Borrower's or any of the Subsidiaries' business (including the development, manufacture, use, sale or other commercialization of any Product) Infringes any Intellectual Property of that Person and use commercially reasonable efforts to resolve such claim, except where the Borrower determines in its reasonable commercial judgment not to do so; and (vi) maintain an appropriate information security program with organizational, physical, administrative and technical measures consistent with generally accepted standards for the industry in which the Borrower operates to protect the operation, confidentiality, integrity, and security of all Confidential Business Information, Personal Data and IT Assets (including, for clarity, all information and transactions stored or contained therein or transmitted thereby) against unauthorized access, acquisition, interruption, alteration, modification, or use.

(b) Each of the Borrower and its Subsidiaries will furnish to the Lender prompt written notice of the following, and, with respect to clauses (i) and (ii) below, copies of any notices from, or responses to, any Governmental Authority:

(i) any notice that any Governmental Authority is limiting, suspending or revoking any material Regulatory Authorization, materially changing the market classification or labeling of or otherwise materially restricting the products of the Borrower or any of its Subsidiaries, or considering any of the foregoing;

(ii) the Borrower or any of its Subsidiaries becoming subject to any administrative or regulatory action, or notice of violation letter, or any product of the Borrower or any of its Subsidiaries being seized, withdrawn, recalled, detained, or subject to a suspension of manufacturing or import alert, or the commencement of any proceedings in the United States or any other jurisdiction seeking the withdrawal, recall, suspension, import detention or refusal, or seizure of any product are pending or threatened against the Borrower or any of its Subsidiaries; or

(iii) copies of any written recommendation from any Governmental Authority or other regulatory body that the Borrower or any of its Subsidiaries, or any obligor to which the Borrower or any of its Subsidiaries provides services, should have its licensure, provider or supplier number, or accreditation suspended, revoked, or limited in any way, or any penalties or sanctions imposed.

(c) Each of the Borrower and the Subsidiaries will promptly notify the Lender as soon as possible and in any event within 30 days of introducing any Product that is subject to regulation by the U. S. Food & Drug Administration, or any comparable foreign Governmental Authority, as a medical device.

SECTION 7.12 Inbound Licenses. Each of the Borrower and the Subsidiaries will, promptly after entering into or becoming bound by any material inbound license or agreement (other than off-the-shelf or "open-source" software that is commercially available to the public) on or prior to the delivery of the next following Compliance Certificate hereunder, provide written notice to the Lender of the material terms of such license or agreement with a description of its anticipated and projected impact on the Borrower's and the Subsidiaries' business and financial condition.

SECTION 7.13 Cash Management. Each of the Borrower and the Subsidiaries will:

(a) maintain a current and complete list of all deposit accounts and securities accounts (of the type initially set forth on Schedule 6.22) and (other than (a) accounts exclusively used for payroll, payroll taxes and other employee wage and benefit programs to or for the benefit of the Borrower's or a Subsidiary's employees, which shall in no event hold in the aggregate more than the amount reasonably expected to meet such payroll expenses for the following calendar month, including bonuses and other payments to be paid within the following calendar month and (b) petty cash deposit accounts that contain an aggregate amount not in excess of \$25,000 for any one account or \$50,000 in the aggregate for all such accounts (the "Excluded Accounts")) promptly deliver any updates to such list to the Lender; execute and maintain an "springing exclusive control" account control agreement for each such account (other than the Excluded Accounts), in form and substance reasonably acceptable to the Lender (each such account, a "Controlled Account"); and maintain each such account as a cash collateral account, with all cash, checks and other similar items of payment in such account securing payment of the Obligations (and in which the Borrower and the Subsidiaries shall have granted a Lien to the Lender);

(b) deposit promptly after the date of receipt thereof in accordance with prudent business practices all cash, checks, drafts or other similar items of payment relating to or constituting payments made in respect of any and all accounts and other rights and interests into Controlled Accounts except to the extent permitted to be kept in Excluded Accounts;

(c) at any time after the occurrence and during the continuance of an Event of Default, at the request of the Lender, promptly cause all payments constituting proceeds of accounts to be directed into lockbox accounts under agreements in form and substance satisfactory to the Lender; and

(d) notwithstanding anything to the contrary, the Borrower shall have no obligation to furnish to the Lender a deposit account control agreement as to the Borrower's existing deposit account located at Wells Fargo Bank, National Association, so long as (a) such account is closed within 6 months after the date hereof and (b) until such account is closed, substantially all of the cash contained in such account is swept to a Controlled Account on each business day.

SECTION 7.14 Lender Calls. The chief executive officer and other members of senior management requested by the Lender shall hold a meeting with the Lender (to the extent requested by Lender) in person or by teleconference, in either case as requested by Lender, within one month after the delivery by Borrower of its financial statements pursuant to Sections 7.1(b) and (c), to, at a minimum, discuss business operations and matters referenced in the board materials previously delivered to the Lender pursuant to Section 7 and review financial statements, in each case with respect to the Borrower and its Subsidiaries.

SECTION 7.15 Post-Closing Deliverables. Notwithstanding anything to the contrary herein or in the Loan Documents (it being understood that to the extent that the existence of any of the following post-closing obligations that is not overdue would otherwise cause any representation, warranty, covenant, default or event of default in this Agreement or any other

Loan Document to be in breach, the Lender hereby waives such breach for the period from the Closing Date until the first date on which such condition is required to be fulfilled (giving effect to any extensions thereof) pursuant to this Section 7.15), the Borrower shall or, in the case of the delivery under Section 7.15(b) shall use commercially reasonable efforts to, deliver or cause to be delivered the following items to the Lender no later than the dates set forth below (or such later date agreed to by the Lender in its sole discretion), and each such item shall be in form and substance reasonably satisfactory to the Lender:

(a) no later than thirty (30) days after the Closing Date, insurance endorsements from one or more insurance companies reasonably satisfactory to the Lender, evidencing property and liability coverage required to be maintained pursuant to each Loan Document, with the Lender named as loss payee or additional insured, as applicable;

(b) no later than and sixty (60) days after the Closing Date, a landlord access agreement from the landlord to the Borrower with respect to the property located at 3165 Millrock Drive, Suite 400, Salt Lake City, Utah 84121; and

(c) no later than and thirty (30) days after the Closing Date, evidence that all deposit accounts, lockboxes, disbursement accounts, investment accounts or other similar accounts of the Borrower and each Subsidiary are Controlled Accounts (other than Excluded Accounts and accounts described in Section 7.13(d)), which, for the avoidance of doubt, shall include execution of a (i) Deposit Account Control Agreement entered into by and among the Borrower, the Lender and Silicon Valley Bank and (ii) Securities Account Control Agreement entered into by and among the Borrower, the Lender, U.S. Bank, N.A., and SVB Asset Management.

ARTICLE VIII NEGATIVE COVENANTS

The Borrower covenants and agrees with the Lender that until the Termination Date has occurred, the Borrower and the Subsidiaries will perform or cause to be performed the obligations set forth below.

SECTION 8.1 Business Activities. None of the Borrower or any of the Subsidiaries will engage in any business activity except those business activities engaged in on the date of this Agreement and activities reasonably incidental thereto.

SECTION 8.2 Indebtedness. None of the Borrower or any of the Subsidiaries will create, incur, assume or permit to exist any Indebtedness, other than:

(a) Indebtedness in respect of the Obligations;

(b) until the Closing Date, Indebtedness that is to be repaid in full as further identified in Schedule 8.2(b);

(c) Indebtedness existing as of the Closing Date which is identified in Schedule 8.2(c), and refinancing of such Indebtedness in a principal amount not in excess of that

which is outstanding on the Closing Date (as such amount has been reduced following the Closing Date);

(d) unsecured Indebtedness in respect of performance, surety or appeal bonds provided in the ordinary course of business in an aggregate amount at any time outstanding not to exceed \$1,000,000;

(e) Purchase Money Indebtedness and Capitalized Lease Liabilities in a principal amount not to exceed \$1,000,000 in the aggregate outstanding at any time;

(f) Permitted Subordinated Indebtedness;

(g) Permitted A/R Facility Indebtedness;

(h) Indebtedness of any Subsidiary or the Borrower owing to the Borrower or any Subsidiary;

(i) Indebtedness incurred in connection with commercial credit cards incurred in the ordinary course of business;

and

(j) other Indebtedness of the Borrower and the Subsidiaries in an aggregate amount at any time outstanding not to exceed \$1,000,000;

provided that, no Indebtedness otherwise permitted by clauses (c), (e), (f), (h) or (j) shall be assumed, created or otherwise incurred if a Default has occurred and is then continuing or would result therefrom.

SECTION 8.3 Liens. None of the Borrower or any of the Subsidiaries will create, incur, assume or permit to exist any Lien upon any of its property (including Capital Securities of any Person), revenues or assets, whether now owned or hereafter acquired, except (collectively "Permitted Liens”):

(a) Liens securing payment of the Obligations;

(b) until the Closing Date, Liens securing payment of Indebtedness of the type described in clause (b) of Section 8.2;

(c) Liens existing as of the Closing Date and disclosed in Schedule 8.3(c) securing Indebtedness described in clause (c) of Section 8.2, and refinancings of such Indebtedness; provided that, no such Lien shall encumber any additional property and the amount of Indebtedness secured by such Lien is not increased from that existing on the Closing Date (as such Indebtedness may have been permanently reduced subsequent to the Closing Date);

(d) Liens securing Indebtedness of the Borrower or the Subsidiaries permitted pursuant to Section 8.2(e) (provided that (i) such Liens shall be created within 180 days of the acquisition of the assets financed with such Indebtedness and (ii) such Liens do not at any time encumber any property other than the property so financed and other customary related assets);

(e) Liens solely on assets permitted to secure Permitted A/R Facility Indebtedness securing payment of Permitted A/R Facility Indebtedness;

(f) Liens in favor of carriers, warehousemen, mechanics, materialmen and landlords granted in the ordinary course of business for amounts not overdue or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(g) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, bids, leases or other similar obligations (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety and appeal bonds or performance bonds;

(h) judgment Liens in existence for less than 45 days after the entry thereof or with respect to which execution has been stayed or the payment of which is covered in full (subject to a customary deductible) by insurance maintained with responsible insurance companies and which do not otherwise result in an Event of Default under Section 9.1(f);

(i) easements, rights-of-way, zoning restrictions, minor defects or irregularities in title and other similar encumbrances not interfering in any material respect with the value or use of the property to which such Lien is attached;

(j) Liens for Taxes not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(k) licenses and/or sublicenses of Intellectual Property in the ordinary course of business, and restrictions under licenses of Intellectual Property entered into in the ordinary course of business pursuant to which the Borrower is a licensee;

(l) banker's liens, rights of setoff and Liens in favor of financial institutions incurred made in the ordinary course of business arising in connection with the Borrower's or any Subsidiary's deposit accounts or securities accounts held at such institutions to secure solely payment of indemnities and fees and similar costs and expenses and provided such accounts are maintained in compliance with Section 7.13(a) hereof; and

(m) Liens with respect to security deposits given by Borrower or any Subsidiary to secure real estate leases not exceeding \$1,000,000 outstanding at any time.

The Lender agrees to execute and deliver such collateral subordination agreements and related documents as reasonably requested of it to confirm the priority of the Liens permitted pursuant to clause (e) of Section 8.3.

SECTION 8.4 Financial Covenants.

(a) Minimum Revenue Base. The Revenue Base for the twelve month period ended at the end of any Fiscal Quarter during any period as set forth in the table below shall not be less than the amount in effect for such Fiscal Quarter as set forth in the table below:

	Prior to the Delayed Draw Advance Date	After the Delayed Draw Advance Date
Fiscal Quarter Ending March 31, 2019	\$112,500,000	\$117,500,000
Fiscal Quarter Ending June 30, 2019	\$115,000,000	\$120,000,000
Fiscal Quarter Ending September 30, 2019	\$117,500,000	\$122,500,000
Fiscal Quarter Ending December 31, 2019	\$120,000,000	\$125,000,000
Fiscal Quarter Ending March 31, 2020	\$123,750,000	\$130,000,000
Fiscal Quarter Ending June 30, 2020	\$127,750,000	\$135,000,000
Fiscal Quarter Ending September 30, 2020	\$131,250,000	\$140,000,000
Fiscal Quarter Ending December 31, 2020 and thereafter	\$135,000,000	\$145,000,000

(b) Minimum Liquidity. The Liquidity of the Borrower shall not at any time be less than (i) on or prior to the initial Delayed Draw Advance Date, \$5,000,000 or (ii) after the initial Delayed Draw Advance Date, \$7,500,000. The Borrower shall maintain an amount equal to the amount required under this Section 8.4, along with its other cash and Cash Equivalent Investments, in a Controlled Account as required pursuant to Section 7.13(a) hereof.

SECTION 8.5 Investments. None of the Borrower or any of the Subsidiaries will purchase, make, incur, assume or permit to exist any Investment in any other Person, except (collectively, "Permitted Investments"):

(a) Investments existing on the Closing Date and identified in Schedule 8.5(a);

(b) Cash Equivalent Investments;

(c) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(d) Investments consisting of any deferred portion of the sales price received by the Borrower or any of the Subsidiaries in connection with any Disposition permitted under Section 8.8;

(e) Investments constituting (i) accounts receivable arising, (ii) trade debt granted, or (iii) deposits made in connection with the purchase price of goods or services, in each case in the ordinary course of business;

(f) Permitted Acquisitions;

(g) Investments by the Borrower or any Guarantor in the Borrower or any Guarantor; and

(h) cash Investments by the Borrower or any Guarantor in any Foreign Subsidiary (i) to cover ordinary, necessary, current operating expenses in the ordinary course of business not exceeding \$500,000 in any Fiscal Year or (ii) for other purposes so long as such other Investments do not exceed \$1,000,000 outstanding at any time;

(i) Investments consisting of endorsement of negotiable instruments for deposit or collection or other similar transactions in the ordinary course of business;

(j) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advanced in the ordinary course of business and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements in the ordinary course of business, in the case of each of (i) and (ii) so long as such Investments for (i) and (ii) taken together do not to exceed \$1,000,000 outstanding at any time;

(k) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates of the Borrower, in the ordinary course of business so long as such Investments do not exceed \$1,000,000 outstanding at any time; provided that this paragraph (k) shall not apply to Investments of Borrower in any Subsidiary; and

(l) other Investments in an amount not to exceed \$500,000 outstanding at any time.

SECTION 8.6 Restricted Payments, Etc.. None of the Borrower or any of the Subsidiaries will declare or make a Restricted Payment, or make any deposit for any Restricted Payment, other than (a) Restricted Payments made by the Borrower or Subsidiaries to the Borrower or any Subsidiaries, (b) dividends by Borrower payable solely in the Borrower's common stock and (c) repurchases by Borrower of the stock of former employees or consultants pursuant to stock repurchase agreements so long as no Event of Default exists at the time of such repurchase and would not exist after giving effect to such repurchase and the agreement amount of such repurchases does not exceed \$250,000 in an Fiscal Year.

SECTION 8.7 Consolidation, Merger, Permitted Acquisitions, Etc.. None of the Borrower or any of the Subsidiaries will liquidate or dissolve, consolidate with, or merge into or with, any other Person, or purchase or otherwise acquire all or substantially all of the assets of any Person (or any division thereof), other than in connection with a Permitted Acquisition, except that, so long as no Event of Default has occurred and is continuing (or would occur), any Subsidiary may liquidate or dissolve voluntarily into, and may merge with and into, the

Borrower or any Subsidiary; and provided further, in connection with any Permitted Acquisition, the Borrower or any Subsidiary of the Borrower may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it, so long as (i) the Person surviving such merger with any Subsidiary shall be a direct or indirect wholly-owned Subsidiary of the Borrower and a Guarantor, and (ii) in the case of any such merger to which the Borrower is a party, the Borrower is the surviving Person.

SECTION 8.8 Permitted Dispositions. None of the Borrower or any of the Subsidiaries will Dispose of any of its assets (including accounts receivable and Capital Securities of the Borrower or Subsidiaries) to any Person in one transaction or series of transactions unless such Disposition (i) is inventory or obsolete, damaged, worn out or surplus property Disposed of in the ordinary course of its business, (ii) is a license for the use of Intellectual Property of the Borrower or its Subsidiaries that is on a non-exclusive basis, (iii) is permitted by Section 8.7, (iv) consists of Permitted Liens, (v) consists of Borrower's use or transfer of money or Cash Equivalent Investments in a manner that is not prohibited by this Agreement or the Loan Documents, (vi) consists of transfers of assets by the Borrower or any Guarantor to the Borrower or any Guarantor, (vi) consists of non-exclusive licenses of Intellectual Property permitted by Section 7.11 and (vii) so long as no Event of Default has occurred and is continuing, consists of other Dispositions (other than Intellectual Property) not otherwise permitted by this Section 8.8 with a fair market value not to exceed \$500,000 in any Fiscal Year that are made at fair market value and for which at least 75% of the consideration therefor consists of cash or Cash Equivalent Investments.

SECTION 8.9 Modification of Certain Agreements. None of the Borrower or any of the Subsidiaries will consent to any amendment, supplement, waiver or other modification of, or enter into any forbearance from exercising any rights with respect to, the terms or provisions contained in (i) any Organic Documents of the Borrower or any of the Subsidiaries, if the result would have an adverse effect on the rights or remedies of the Lender under this Agreement or any Loan Document, (ii) any Permitted A/R Facility Indebtedness if (a) the result would be prohibited by the relevant provisions of the subordination agreement or intercreditor agreement with respect thereto or (b) if there are no such relevant provisions, the result would have an adverse effect on the rights or remedies of the Lender under this Agreement or any Loan Document; or (iii) any agreement governing any Permitted Subordinated Indebtedness, if (a) the result would be prohibited by the relevant provisions of the subordination agreement or intercreditor agreement with respect thereto or (b) if there are no such relevant provisions, the result would advance the maturity date thereof or shorten the date on which any cash payment is required to be made thereon or would otherwise change any terms thereof in a manner adverse to the Lender.

SECTION 8.10 Transactions with Affiliates. None of the Borrower or any of the Subsidiaries will enter into or cause or permit to exist any arrangement, transaction or contract (including for the purchase, lease or exchange of property or the rendering of services) with any of its Affiliates, unless such arrangement, transaction or contract (A) (i) is on fair and reasonable terms no less favorable to the Borrower or any Subsidiary than it could obtain in an arm's-length transaction with a Person that is not one of its Affiliates and (ii) is of the kind which would be entered into by a prudent Person in its position with a Person that is not one of its Affiliates, (B) is a bona fide equity financing with Borrower's equity investors, (C) is a transaction between the

Borrower and any Guarantor or between Guarantors, (D) is a Permitted Investment of the type specified in Section 8.5 (g) or (h) and (E) constitutes reasonable and customary director and officer compensation (including bonuses and stock option programs) , benefits and indemnification arrangements, in the ordinary course of business and approved by the Board of Directors of the Borrower.

SECTION 8.11 Restrictive Agreements, Etc. None of the Borrower or any of the Subsidiaries will enter into any agreement prohibiting (i) the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired, (ii) the ability of the Borrower or any of the Subsidiaries to amend or otherwise modify any Loan Document, or (iii) the ability of the Borrower or any Subsidiary to make any payments, directly or indirectly, to the Borrower, including by way of dividends, advances, repayments of loans, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments. The foregoing prohibitions shall not apply to restrictions contained (w) in any Loan Document, or (x) in the case of clause (i), in any agreement governing any Indebtedness permitted by clause (e) of Section 8.2 as to the assets financed with the proceeds of such Indebtedness or (y) in the case of clause (i), in any agreement governing any Permitted A/R Facility Indebtedness as to the assets as to which the holder of such Indebtedness has a first priority Lien as set forth in the collateral subordination agreement or intercreditor agreement with respect to Permitted A/R Facility Indebtedness or (z) in the case of clause (ii), in any collateral subordination agreement or intercreditor agreement with respect to Permitted A/R Facility Indebtedness.

SECTION 8.12 Sale and Leaseback. None of the Borrower or any of the Subsidiaries will directly or indirectly enter into any agreement or arrangement providing for the sale or transfer by it of any property (now owned or hereafter acquired) to a Person and the subsequent lease or rental of such property or other similar property from such Person.

SECTION 8.13 Product Agreements. None of the Borrower or any of the Subsidiaries will enter into any amendment with respect to any existing Product Agreement or enter into any new Product Agreement that contains (a) any provision that permits any counterparty other than the Borrower or any of the Subsidiaries to terminate such Product Agreement for any reasons related to the change of control of the Borrower, (b) any provision which restricts or penalizes a security interest in, or the assignment of, any Product Agreements, upon the sale, merger or other disposition of all or a material portion of a Product to which such Product Agreement relates, or (c) any other provision that has or is likely to adversely effect, in any material respect, any Product to which such agreement relates or to the Lender's rights hereunder.

SECTION 8.14 Change in Name, Location or Executive Office or Executive Management; Change in Fiscal Year. None of the Borrower or any of the Subsidiaries will (i) change its legal name or any trade name used to identify it in the conduct of its business or ownership of its properties, (ii) change its jurisdiction of organization, (iii) relocate its chief executive office, principal place of business or any office in which it maintains books or records relating to its business (including the establishment of any new office or facility) without 30 days' prior written notice to the Lender, (iv) change its federal taxpayer identification number or organizational number (or equivalent) without 30 days' prior written notice to the Lender, (v) replace its chief executive officer or chief financial officer without written notification to the

Lender within 30 days thereafter, or (vi) change its Fiscal Year or any of its Fiscal Quarters, or (vi) enter into any Division/Series Transaction, or permit any of its Subsidiaries to enter into, any Division/Series Transaction (it being understood that none of the provisions in this Agreement nor any other Loan Document shall be deemed to permit any Division/Series Transaction).

SECTION 8.15 Benefit Plans and Agreements. None of the Borrower or any Subsidiary will (i) become the sponsor of, incur any responsibility to contribute to or otherwise incur actual or potential liability with respect to, any Benefit Plan, (ii) allow any “employee benefit plan” as defined in section 3(3) of ERISA that provides retirement benefits, is sponsored by the Borrower, any Subsidiary or any of their ERISA Affiliates, and is intended to be tax qualified under section 401 or 501 of the Code to cease to be tax qualified, (iii) allow the assets of any tax qualified retirement plan to become invested in Capital Securities of the Borrower or any Subsidiary, (iv) allow any employee benefit plan, program or arrangement sponsored, maintained, contributed to or required to be contributed to by the Borrower or any Subsidiary to fail to comply in all material respects with its terms and applicable law, or (v) allow any employee benefit plan as defined in Section 3(3) of ERISA that provides medical, dental, vision, or long-term disability benefits and that is sponsored by the Borrower or any of its Subsidiaries or any of their ERISA Affiliates (or under which any of these entities has any actual or potential liability), to cease to be fully insured by a third-party insurance company. The Borrower will not enter into any employment, severance, independent contractor, or consulting agreements or grant any equity awards other than in the ordinary course of business.

ARTICLE IX EVENTS OF DEFAULT

SECTION 9.1 Listing of Events of Default. Each of the following events or occurrences described in this Article shall constitute an “Event of Default”.

(a) Non-Payment of Obligations. The Borrower shall default in the payment or prepayment when due of (i) any principal any Loan, or (ii) any interest or fee described in Article III or any other monetary Obligation, and in the case of clause (ii) such default shall continue unremedied for a period of two Business Days after such amount was due.

(b) Breach of Warranty. Any representation or warranty made or deemed to be made by the Borrower or any of the Subsidiaries in any Loan Document (including any certificates delivered pursuant to Article V) is or shall be incorrect when made or deemed to have been made in any material respect.

(c) Non-Performance of Certain Covenants and Obligations. The Borrower or any Subsidiary shall default in the due performance or observance of any of its obligations under Section 7.7, Section 7.8 or Article VIII.

(d) Non-Performance of Other Covenants and Obligations. The Borrower or any Subsidiary shall default in the due performance and observance of any other covenant, obligation or agreement contained in any Loan Document executed by it, and such default shall continue unremedied for a period of 30 days (or, as to any default under Section 7.1 other than under Sections 7.1(a) through (d), 5 days) after the earlier to occur of (i) notice thereof given to

the Borrower by the Lender or (ii) the date on which the Borrower or any Subsidiary has knowledge of such default.

(e) Default on Other Indebtedness. A default shall occur in the payment of any amount when due (subject to any applicable grace period), whether by acceleration or otherwise, of any principal or stated amount of, or interest or fees on, any Indebtedness of the Borrower or any of the Subsidiaries having a principal or stated amount, individually or in the aggregate, in excess of \$500,000, or a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause or declare such Indebtedness to become due and payable or to require such Indebtedness to be prepaid, redeemed, purchased or defeased, or require an offer to purchase or defease such Indebtedness to be made, prior to its expressed maturity.

(f) Judgments. Any judgment or order for the payment of money individually or in the aggregate in excess of \$500,000 (exclusive of any amounts fully covered by insurance (less any applicable deductible) and as to which the insurer has acknowledged its responsibility to cover such judgment or order) shall be rendered against the Borrower or any of the Subsidiaries and such judgment shall not have been vacated or discharged or stayed or bonded pending appeal within 30 days after the entry thereof or enforcement proceedings shall have been commenced by any creditor upon such judgment or order.

(g) Change in Control. Any Change in Control shall occur.

(h) Bankruptcy, Insolvency, Etc. The Borrower or (except as permitted pursuant to Section 8.7) any of the Subsidiaries shall

(i) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due;

(ii) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, sequestrator or other custodian for any substantial part of the property of any thereof, or make a general assignment for the benefit of creditors;

(iii) in the absence of such application, consent or acquiescence in or permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days; provided that, the Borrower and each Subsidiary hereby expressly authorizes the Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend its rights under the Loan Documents;

(iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law or any dissolution, winding up or liquidation proceeding, in respect thereof, and, if any such case or proceeding is not commenced by the Borrower or any

Subsidiary, such case or proceeding shall be consented to or acquiesced in by the Borrower or such Subsidiary, as the case may be, or shall result in the entry of an order for relief or shall remain for 60 days undismissed; provided that, the Borrower and each Subsidiary hereby expressly authorizes the Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend its rights under the Loan Documents; or

(v) take any action authorizing, or in furtherance of, any of the foregoing.

(i) Impairment of Security, Etc. Any Loan Document or any Lien granted thereunder shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the Borrower or any Subsidiary thereto; the Borrower, any Subsidiary or any other party shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability; or, except as permitted under any Loan Document, any Lien securing any Obligation shall, in whole or in part, cease to be a perfected (to the extent perfection can be obtained by the filing of financing statements, control or other actions that have been taken or requested to be taken by the Lender) first priority Lien (subject to Permitted Liens).

(j) Key Permit Events. Any Key Permit or any of the Borrower's or any Subsidiary's material rights or interests thereunder is terminated or amended in any manner adverse to the Borrower or any Subsidiary in any material respect.

(k) Material Adverse Change. Any circumstance occurs that has had or could reasonably be expected to have a Material Adverse Effect.

(l) Key Person Event. If any of the following individuals ceases to be employed by the Borrower: (i) Dan Burton, (ii) Paul Horstmeier, (iii) Dale Sanders, or (iv) Tom Burton, unless, in each case, within 120 days after such individual ceases to be employed full time and actively working with the Borrower, the Borrower hires a replacement for such individual selected by the Borrower and reasonably acceptable to the Lender.

SECTION 9.2 Action if Bankruptcy. If any Event of Default described in clauses (i) through (iv) of Section 9.1(h) with respect to the Borrower shall occur, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of the Loans and all other Obligations shall automatically be and become immediately due and payable, without notice or demand to any Person.

SECTION 9.3 Action if Other Event of Default. If any Event of Default (other than any Event of Default described in clauses (i) through (iv) of Section 9.1(h)) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Lender may, by notice to the Borrower declare all or any portion of the outstanding principal amount of the Loans and other Obligations to be due and payable and/or the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of the Loans and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment, and the Commitments shall terminate.

ARTICLE X
MISCELLANEOUS PROVISIONS

SECTION 10.1 Waivers, Amendments, Etc.. The provisions of each Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Lender and the Borrower.

No failure or delay on the part of the Lender in exercising any power or right under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Borrower or any of the Subsidiaries in any case shall entitle it or any of them to any notice or demand in similar or other circumstances. No waiver or approval by the Lender under any Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

SECTION 10.2 Notices; Time. All notices and other communications provided under any Loan Document shall be in writing or by facsimile and addressed, delivered or transmitted, if to the Borrower or the Lender, to the applicable Person at its address or facsimile number set forth on Schedule 10.2 hereto, or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter. Unless otherwise indicated, all references to the time of a day in a Loan Document shall refer to New York City time.

SECTION 10.3 Payment of Costs and Expenses. The Borrower agrees to pay on demand all reasonable out-of-pocket expenses of the Lender (including the reasonable fees and out-of-pocket expenses of Covington & Burling LLP, counsel to the Lender, and of local counsel, if any, who may be retained by or on behalf of the Lender) in connection with

(a) the negotiation, preparation, execution and delivery of each Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to any Loan Document as may from time to time hereafter be required, whether or not the transactions contemplated hereby are consummated;

(b) the filing or recording of any Loan Document (including any financing statements) and all amendments, supplements, amendment and restatements and other modifications to any thereof, searches made following the Closing Date in jurisdictions where financing statements (or other documents evidencing Liens in favor of the Lender) have been recorded and any and all other documents or instruments of further assurance required to be filed or recorded by the terms of any Loan Document; and

(c) the preparation and review of the form of any document or instrument relevant to any Loan Document.

The Lender shall apply the \$100,000 expense deposit that the Borrower furnished to the Lender prior to the date hereof to the fees and expenses that are payable or reimburseable in accordance with the foregoing sentence. The Borrower further agrees to pay, and to hold the Lender harmless from all liability for, any stamp or other taxes which may be payable in connection with the execution or delivery of each Loan Document, the Loans or the issuance of the Note. The Borrower also agrees to reimburse the Lender upon demand for all reasonable out-of-pocket expenses (including reasonable attorneys' fees and legal expenses of counsel to the Lender) incurred by the Lender in connection with (x) the negotiation of any restructuring or "work-out" with the Borrower, whether or not consummated, of any Obligations and (y) the enforcement of any Obligations.

SECTION 10.4 Indemnification. In consideration of the execution and delivery of this Agreement by the Lender, the Borrower hereby indemnifies, agrees to defend, exonerates and holds the Lender and each of its officers, directors, employees and agents (collectively, the "Indemnified Parties") free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities, obligations and damages, and expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' and professionals' fees and disbursements, whether incurred in connection with actions between the parties hereto or the parties hereto and third parties (collectively, the "Indemnified Liabilities"), arising out of or relating to (i) the entering into and performance of any Loan Document by any of the Indemnified Parties (including any action brought by or on behalf of the Borrower as the result of any determination by the Lender pursuant to Article V not to fund any Loan), and (ii) any Environmental Liability, in each case with respect to an Indemnified Party except to the extent the Indemnified Liabilities arise due to the gross negligence or willful misconduct of such Indemnified Party as determined by a final judgment of a court of competent jurisdiction. If and to the extent that the foregoing indemnification may be unenforceable for any reason, the Borrower agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 10.5 Survival. All representations, warranties, covenants and agreement made by the Borrower herein or in the other Loan Documents shall continue in full force and effect until the Termination Date; provided that the obligations of the Borrower under Section 4.1, Section 4.2, Section 4.3, Section 10.3 and Section 10.4, shall in each case survive any assignment by the Lender and the occurrence of the Termination Date. The representations and warranties made by the Borrower in each Loan Document shall survive the execution and delivery of such Loan Document.

SECTION 10.6 Severability. Any provision of any Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 10.7 Headings. The various headings of each Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of such Loan Document or any provisions thereof.

SECTION 10.8 Execution in Counterparts, Effectiveness, Etc. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement. This Agreement shall become effective when counterparts hereof executed on behalf of the Borrower and the Lender, shall have been received by the Lender. Delivery of an executed counterpart of a signature page to this Agreement by email (e.g., “pdf” or “tiff”) or telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.9 Governing Law; Entire Agreement. EACH LOAN DOCUMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). The Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 10.10 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided that the Borrower may not assign or transfer its rights or obligations hereunder without the consent of the Lender.

SECTION 10.11 Other Transactions. Nothing contained herein shall preclude the Lender, from engaging in any transaction, in addition to those contemplated by the Loan Documents, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 10.12 Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, ANY LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE LENDER OR THE BORROWER IN CONNECTION HERewith OR THEREwith SHALL BE BROUGHT AND MAINTAINED IN THE COURTS OF THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED THAT, ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE LENDER’S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 10.2. THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH

COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

SECTION 10.13 Waiver of Jury Trial. THE LENDER AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE LENDER OR THE BORROWER IN CONNECTION THEREWITH. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE LENDER ENTERING INTO THE LOAN DOCUMENTS.

SECTION 10.14 Confidential Information. Subject to the provisions of Section 10.15, at all times prior to the Termination Date, the Receiving Party shall keep confidential and shall not publish or otherwise disclose any Confidential Information furnished to it by the Disclosing Party, except to those of the Receiving Party's employees, advisors or consultants who have a need to know such information to assist such Party in the performance of such Party's obligations or in the exercise of such Party's rights hereunder and who are subject to reasonable obligations of confidentiality (collectively, "Recipients"). Notwithstanding anything to the contrary set forth herein, (a) the Lender may disclose this Agreement and the terms and conditions hereof and any information related hereto, to (i) its Affiliates, (ii) potential and actual assignees of any of the Lender's rights hereunder and (iii) potential and actual investors in, or lenders to, the Lender (including, in each of the foregoing cases, such Person's employees, advisors or consultants); provided that in each case, unless an Event of Default has occurred and is continuing, each such Recipient shall be subject to reasonable obligations of confidentiality; and (b) the Borrower may disclose this Agreement and the terms and conditions hereof and information related hereto, to potential or actual permitted acquirers or assignees, collaborators and other (sub)licensees, permitted subcontractors, investment bankers, investors, lenders (including, in each of the foregoing cases, such Person's employees, advisors or consultants who have a need to receive and review such information); provided that in each case, each such Recipient shall be subject to reasonable obligations of confidentiality. In addition to the foregoing, the Receiving Party may disclose Confidential Information belonging to the Disclosing Party to the extent (and only to the extent) such disclosure is reasonably necessary in order to comply with applicable Laws (including any securities law or regulation or the rules of a securities exchange) and with judicial process, if in the reasonable opinion of the Receiving Party's counsel, such disclosure is necessary for such compliance, provided that the Receiving

Party (x) will only disclose those portions of the Confidential Information that are necessary or required to be so disclosed, and (y) to the extent legally permissible, will notify the Disclosing Party of the Receiving Party's intent to make any disclosure pursuant thereto sufficiently prior to making such disclosure so as to allow the Disclosing Party time to take whatever action it may deem appropriate to protect the confidentiality of the information to be disclosed.

SECTION 10.15 Exceptions to Confidentiality. The Receiving Party's obligations set forth in this Agreement shall not extend to any Confidential Information of the Disclosing Party:

(a) that is or hereafter becomes part of the public domain (other than as a result of a disclosure by the Receiving Party or its Recipients in violation of this Agreement);

(b) that is received from a Third Party without restriction on disclosure and without, to the knowledge of the Receiving Party, breach of any agreement between such Third Party and the Disclosing Party;

(c) that the Receiving Party can demonstrate by competent evidence was already in its possession without any limitation on disclosure prior to its receipt from the Disclosing Party;

(d) that is generally made available to Third Parties by the Disclosing Party without restriction on disclosure; or

(e) that the Receiving Party can demonstrate by competent evidence was independently developed by the Receiving Party without use of or reference to the Confidential Information.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

HEALTH CATALYST, INC.,

as the Borrower

By: /s/ J. Patrick Nelli

Name: J. Patrick Nelli

Title: Chief Financial Officer

ORBIMED ROYALTY OPPORTUNITIES II,

LP, as the Lender

By OrbiMed Advisors LLC,

its investment manager

By: /s/ W. Carter Neild

Name: W. Carter Neild

Title: Member

September 26, 2011

Dan Burton

Dear Dan:

Healthcare Quality Catalyst, LLC (the "Company") is pleased to offer you employment on the following terms:

1. **Position.** Your initial title will be CEO, and you will initially report to the Board of Directors. 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 \$250,000 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. In addition, you will be eligible to be considered for an incentive bonus for each fiscal year of the Company. The bonus (if any) will be awarded based on objective or subjective criteria established by the Chief Executive Officer and approved by the Board of Directors of HQC Moldings, Inc., the parent of the Company (the "Parent"). Your target bonus will be equal to 40% of your annual base salary. Any bonus for the fiscal year in which your employment begins will be prorated, based on the number of days you are employed by the Company during that fiscal year. The bonus for a fiscal year will be paid after the Company's books for that year have been closed and will be paid only if you are employed by the Company at the time of payment. The determinations of the Company's Board of Directors with respect to your bonus will be final and binding.

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 reserves the right to alter its benefits package and vacation policies at any time.

4. **Employee Invention and Confidentiality Agreement.** Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's standard Employee Invention and Confidentiality Agreement, a copy of which is attached hereto as **Exhibit A**.

5. **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 your job duties, title, compensation and benefits, as well as the Company's

personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company (other than you).

6. **Taxes.** 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. 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 Parent or its Board of Directors related to tax liabilities arising from your compensation.

7. **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 Utah 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 Salt Lake City, Utah in connection with any Dispute or any claim related to any Dispute.

8. **Arbitration.** Any controversy or claim arising out of this letter agreement and any and all claims relating to your employment with the Company will be settled by final and binding arbitration. The arbitration will take place in Salt Lake City, Utah. The arbitration will be administered by the American Arbitration Association under its National Rules for the Resolution of Employment Disputes. Any award or finding will be confidential. You and the Company agree to provide one another with reasonable access to documents and witnesses in connection with the resolution of the dispute. You and the Company will share the costs of arbitration equally. Each party will be responsible for its own attorneys’ fees, and the arbitrator may not award attorneys’ fees unless a statute or contract at issue specifically authorizes such an award. This Section 9 does not apply to claims for workers’ compensation benefits or unemployment insurance benefits. This Section 9 also does not apply to claims concerning the ownership, validity, infringement, misappropriation, disclosure, misuse or enforceability of any confidential information, patent right, copyright, mask work, trademark or any other trade secret or intellectual property held or sought by either you or the Company (whether or not arising under the Employee Invention and Confidentiality Agreement between you and the Company).

* * * * *

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 Employee Invention and Confidentiality Agreement and returning

them to me. This offer, if not accepted, will expire at the close of business on September 26, 2011. 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 your starting work with the Company on or before September 26, 2011.

If you have any questions, please call me at (208) 891-2084.

Very truly yours,

/s/ Jeff Selander

Healthcare Quality Catalyst, LLC

By: Jeff Selander

Title: CFO

I have read and accept this employment offer:

/s/ Dan Burton

Signature: Dan Burton

Dated: 9/26/2011

Attachment

Exhibit A: Employee Invention and Confidentiality Agreement

October 24, 2011

Mr. Dale Sanders

Dear Dale:

Healthcare Quality Catalyst, LLC (the "Company") is pleased to offer you employment on the following terms:

1. **Position.** Your title will be Senior Vice President, reporting to the CEO. Your employment will be classified as full-time with standard employee benefits. While employed by the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time), except for your continuing work with the Cayman Islands Health Advisory Group, your personal blog concerning healthcare data warehousing and analytics, and unpaid consulting work not to exceed 8 hours per month with the Advisory Board Company. By signing this agreement, you confirm that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

2. **Cash Compensation.** You will be paid a salary of \$150,000 per year, payable in accordance with the Company's standard payroll schedule. Salary increases, if any, will be as determined and approved by the Board. In addition to your salary and subject to Board approval, you will be eligible for a bonus, with an anticipated target of 200% of your base salary, tied to certain key strategic objectives at the sole discretion of the Board. More details regarding the structure of the bonus and the strategic objectives to be realized will be forthcoming.

3. **Employee Benefits.** As a full-time employee of the Company, you are eligible to participate in Company-sponsored benefits (e.g., health care, dental, vacation) as currently in effect. The Company reserves the right to establish employment policies and to amend or alter the same from time to time in the Company's sole discretion.

4. **Stock Options.** Subject to the approval of the Board, you may be granted an option to purchase up to 100,000 shares of the Company's Common Stock. The Board, in its sole discretion, will set the amount of your option grant. The exercise price per share will be determined by the Board when the option is granted. The option will be subject to the terms and conditions applicable to options granted under the Company's 2011 Stock Incentive Plan (the "Plan"), as described in the Plan and the applicable Stock Option Agreement. The option will be immediately exercisable, but the unvested portion of the purchased shares will be subject to repurchase by the Company at the exercise price in the event that your service terminates for any reason before you vest in the shares. 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 the applicable Stock Option Agreement.

5. **Employee Invention and Confidentiality Agreement.** You agree to and will sign, as a condition of employment, the Employee Invention and Confidentiality Agreement attached hereto as **Exhibit A**.

6. **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 and condition. Although your job duties, title, compensation and benefits, as well as the Company’s personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company other than you.

7. **Office Location.** It is understood that you will live in Durango, Colorado, while working for the Company. We will provide and pay for all necessary’ infrastructure to set up your home office.

8. **Education.** The company is supportive of your intent to pursue a graduate degree; accordingly, as part of your total compensation package, the Company will provide tuition reimbursement for actual documented expenses pertaining to your obtaining your graduate degree. As a condition of your employment you will provide to the Company regular reports regarding your progress toward obtaining said graduate degree.

9. **Independent Thought Leadership.** The Company supports your commitment to being an independent thought leader and promoting general education of health systems concerning the value of data warehousing, including, but not limited to contributing to your blog and engaging in other educational activities including national forums, which provide such opportunities.

10. **Taxes.** All forms of compensation referred to in this letter agreement are subject to applicable withholding and payroll taxes and other deductions required by law. You agree that the Company does not have a duty to you to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or Company’s Board of Directors related to your personal tax liabilities arising from compensation provided to you in cash or otherwise.

11. **Final Agreement.** 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.

* * * * *

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 Employee Invention and

Confidentiality Agreement and returning them to me. If not accepted, this offer will expire at the close of business on October 18, 2011.

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 your starting work with the Company on or before November 1, 2011.

If you have any questions, please call me at (801) 363-5140.

Sincerely,

/s/ David A. Burton

Healthcare Quality Catalyst, LLC

By: David A. Burton

Title: CEO

I have read and accept this employment offer:

/s/ Dale Sanders

Signature

Dale Sanders

Dated: 10/31/2011

Attachment

Exhibit A: Employee Invention and Confidentiality Agreement

May 20, 2013

Patrick Nelli

Dear Patrick,

We are pleased to extend to you this offer of full-time employment with Health Catalyst. We are confident that your skills, experience and hard work will contribute meaningfully to the success of the company. This offer is subject to the terms and conditions set forth in this offer. This letter does not represent a contract or agreement for employment; and employment with Health Catalyst ("HC") is at will.

Position: Financial Planning and Analysis Manager

Division/Department: Finance

Base salary: \$75,000 Annualized

FLSA status: Exempt

Start date: August 5, 2013

Location: Remote - San Francisco

Business hours: 8:00 AM - 5:00 PM, Monday through Friday

In addition to the base salary, this full-time employment offer includes the following benefit programs:

Bonus: You will be eligible to receive a bonus equal to 35% of your annual base salary subject to the individual, department, and company performance initiatives. This bonus will be prorated based upon the number of days you are employed during the fiscal year. The bonus for any fiscal year will be paid every 5 months, after approval from the Board of Directors and HC's books for that period have been closed. The bonus will only be paid if you are employed by HC at the time of bonus determination.

Stock Option Grant: You will also receive a Stock Option Grant for a certain number of shares of the Parent Company's Common Stock. The amount of your option grant is set within the sole discretion of the Board of Directors, at the next applicable board meeting, but is expected to be 4,000. This option is subject to the terms and conditions applicable to options granted under the Parent's 2011 Stock Incentive Plan as described in the Plan and the applicable Stock Option Agreement. You will be vested in 25% of the option share 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 the applicable Stock Option Agreement.

Insurance Plans: Eligibility begins on the first day of the month following 30-days of employment.

- *Medical and Dental Insurance:* HC pays 100% of the monthly insurance premium for the employee and 50% of the adjusted premium for dependents and spouse. HC offers both a Traditional and HSA-High Deductible Health Plan options. HC also provides an employer contribution to those enrolled in the HSA-HDHP
- *Vision Insurance:* The Vision Plan is an employee elective plan. The insurance premium is the responsibility of the employee. Premiums may be deducted as a pre-tax deduction on a per-pay period basis.
- *Life, Accidental Death and Dismemberment, and Disability Insurance:* These insurance programs are paid 100% by H
- *Flexible Spending Account:* HC offers FSAs for medical, limited purpose, dependent care and commuter expense accounts. FSAs allow you to contribute pre-tax dollars which can be used to pay for qualifying expenses not otherwise covered under normal health-related insurance plans. The Commuter Expense FSA allows you to set aside pre-tax dollars for use in qualifying commuter expenses.

Paid Time Off:

- *Holiday Pay:* Ten days of time off with pay according to the annual holiday schedule, including two personal holidays.

- **Paid Time Off:** PTO eligibility begins on your date of hire and may be used as soon as it is earned. PTO is accrued and awarded according to the following schedule:

Accrual Period	Hours	Hours Per Pay Period	Days Per Year
0-4 years of service	120	4.62	15
5 -9 years of service	160	6.15	20
10+ years- Maximum accrual	208	8.0	26

Retirement Plan: HC offers a Safe Harbor 401K Retirement Plan. Eligibility begins 90-days after employment. This Safe Harbor Plan allows for employee and employer contributions. HC matches employee contributions dollar-for-dollar up to 4% of annual base salary. The HC 401K Plan is an auto-enrollment plan with a 6% default employee contribution rate.

All benefits are subject to change. Additional details about each benefit are available in the Employee Handbook or by speaking directly with the Human Resource office.

Pay checks are issued on a bi-weekly basis with a total of 26 pay periods per calendar year. You are encouraged to participate in our direct deposit program as our payroll is outsourced.

With acceptance of this employment offer, you will be asked to sign this Employment Offer Letter and Agreement and an Employee Invention and Confidentiality Agreement (EICA) and agree to the on-going compliance with such agreements as a condition of employment. These agreements contain “employment at will”, “non-compete” and “non-disclosure” provisions. A copy of the EICA is available for your review upon request in advance of accepting employment. Otherwise, a personalized copy of the EICA will be provided to you prior to your start date.

At Will Employment

Employment with HC is “at-will.” This means that it is not for any specified period of time and can be terminated by you or by HC at any time, with or without advance notice or additional payment, and for any or no particular reason or cause. It also means that your job duties, title and responsibility and reporting level, compensation and benefits, as well as HC’s personnel policies and procedures, may be changed at any time, with or without notice, in the sole and absolute discretion of HC.

The “at-will” nature of your employment shall remain unchanged during your tenure as an employee and may not be changed, except in an express writing signed by you and by a duly authorized officer of HC.

In addition, we are required by law to obtain documentation within the first three days of employment that you are eligible to work in the United States. Please bring copies of your eligibility documentation on your first day of employment. Enclosed is a copy of INS Form 1-9, which contains a list of acceptable documentation.

If you accept this offer, this letter and the written agreements referenced in this letter shall constitute the complete agreement between you and HC with respect to the initial terms and conditions of your employment. Any representations not contained in this letter, or contrary to those contained in this letter (whether written or oral), that may have been made to you are expressly cancelled and superseded by this offer. Except as otherwise specified in this letter, the terms and conditions of your employment pursuant to this letter may not be changed, except by a writing signed by a duly authorized officer of HC.

HC reserves the right to provide you with additional policies in addition to any existing written policies that would apply to the terms of your employment.

Should your position, compensation, or benefits change over time the remaining sections of this agreement will still be valid. If any provision in this offer or compliance by you or HC with any provision of this offer constitutes a violation of any law, or is or becomes unenforceable or void, it will be deemed modified to the extent necessary so that it is no longer in violation of law, unenforceable or void, and such provision will be enforced to the fullest extent permitted by law. If such modification is not possible, said provision, to the extent that it is in violation of law, unenforceable or void, will be deemed severable from the remaining provisions of this offer, which provisions and terms will remain in effect.

This offer is valid until May 21, 2013 and requires a written response by 11:00 AM on this date. You should keep a copy of this letter for your own records. If you have any questions regarding this offer, please contact our Human Resource office at 801-708-6809 at your earliest convenience.

We look forward to you joining the Health Catalyst team.

Sincerely,

/s/ Heather Eastman

Heather Eastman
Human Resources Manager
Heather.eastman@healthcatalyst.com

Acknowledgement of Understanding and Acceptance

By signing below:

1. I acknowledge that I have read and understand the foregoing terms and conditions of this employment offer.
2. I accept this employment offer.

Accepted by: /s/ James Patrick Nelli Jr.
Signature

Date: 5/20/2013

September 26, 2011

Paul Horstmeier

Dear Paul:

Healthcare Quality Catalyst, LLC (the "Company") is pleased to offer you employment on the following terms:

1. **Position.** Your initial title will be CEO, and you will initially report to Dan Burton. 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 \$250,000 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. In addition, you will be eligible to be considered for an incentive bonus for each fiscal year of the Company. The bonus (if any) will be awarded based on objective or subjective criteria established by the Chief Executive Officer and approved by the Board of Directors of HQC Holdings, Inc., the parent of the Company (the "Parent"). Your target bonus will be equal to 40% of your annual base salary. Any bonus for the fiscal year in which your employment begins will be prorated, based on the number of days you are employed by the Company during that fiscal year. The bonus for a fiscal year will be paid after the Company's books for that year have been closed and will be paid only if you are employed by the Company at the time of payment. The determinations of the Company's Board of Directors with respect to your bonus will be final and binding.

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 reserves the right to alter its benefits package and vacation policies at any time.

4. **Employee Invention and Confidentiality Agreement.** Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's standard Employee Invention and Confidentiality Agreement, a copy of which is attached hereto as **Exhibit A**.

5. **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 your job duties, title, compensation and benefits, as well as the Company's

personnel policies and procedures, may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company (other than you).

6. **Taxes.** 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. 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 Parent or its Board of Directors related to tax liabilities arising from your compensation.

7. **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 Utah 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 Salt Lake City, Utah in connection with any Dispute or any claim related to any Dispute.

8. **Arbitration.** Any controversy or claim arising out of this letter agreement and any and all claims relating to your employment with the Company will be settled by final and binding arbitration. The arbitration will take place in Salt Lake City, Utah. The arbitration will be administered by the American Arbitration Association under its National Rules for the Resolution of Employment Disputes. Any award or finding will be confidential. You and the Company agree to provide one another with reasonable access to documents and witnesses in connection with the resolution of the dispute. You and the Company will share the costs of arbitration equally. Each party will be responsible for its own attorneys’ fees, and the arbitrator may not award attorneys’ fees unless a statute or contract at issue specifically authorizes such an award. This Section 9 does not apply to claims for workers’ compensation benefits or unemployment insurance benefits. This Section 9 also does not apply to claims concerning the ownership, validity, infringement, misappropriation, disclosure, misuse or enforceability of any confidential information, patent right, copyright, mask work, trademark or any other trade secret or intellectual property held or sought by either you or the Company (whether or not arising under the Employee Invention and Confidentiality Agreement between you and the Company).

* * * * *

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 Employee Invention and Confidentiality Agreement and returning

them to me. This offer, if not accepted, will expire at the close of business on September 26, 2011. 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 your starting work with the Company on or before September 26, 2011.

If you have any questions, please call me at (208) 891-2084.

Very truly yours,

/s/ Jeff Selander

Healthcare Quality Catalyst, LLC

By: Jeff Selander

Title: CFO

I have read and accept this employment offer:

/s/ Paul Horstmeier

Signature: Paul Horstmeier

Dated: 9/26/2011

Attachment

Exhibit A: Employee Invention and Confidentiality Agreement

May 22, 2013

Linda Llewelyn

Dear Linda,

We are pleased to extend to you this offer of full-time employment with Health Catalyst. We are confident that your skills, experience and hard work will contribute meaningfully to the success of the company. This offer is subject to the terms and conditions set forth in this offer. This letter does not represent a contract or agreement for employment; and employment with Health Catalyst ("HC") is at will.

Position: Human Resources Manager

Division/Department: Human Resources

Base salary: \$90,000 Annualized

FLSA status: Exempt

Start date: June 17, 2013

Location: Corporate Office - Salt Lake City, Utah

Business hours: 8:00 AM - 5:00 PM, Monday through Friday

In addition to the base salary, this full-time employment offer includes the following benefit programs:

Performance Based Raise: In 90 days from your actual start date, you will be eligible for a salary increase to \$105,000 if you meet the mutually agreed upon criteria.

Bonus: You will be eligible to receive a bonus equal to 10% of your annual base salary subject to the individual, department, and company performance initiatives. This bonus will be prorated based upon the number of days you are employed during the fiscal year. The bonus for any fiscal year will be paid every 6 months, after approval from the Board of Directors and HC's books for that period have been closed. The bonus will only be paid if you are employed by HC at the time of bonus determination.

Stock Option Grant: You will also receive a Stock Option Grant for a certain number of shares of the Parent Company's Common Stock. The amount of your option grant is set within the sole discretion of the Board of Directors, at the next applicable board meeting. This option is subject to the terms and conditions applicable to options granted under the Parent's 2011 Stock Incentive Plan as described in the Plan and the applicable Stock Option Agreement. You will be vested in 25% of the option share 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 the applicable Stock Option Agreement.

Insurance Plans: Eligibility begins on the first day of the month following 30-days of employment.

- *Medical and Dental Insurance:* HC pays 100% of the monthly insurance premium for the employee and 50% of the adjusted premium for dependents and spouse. HC offers both a Traditional and HSA-High Deductible Health Plan options. HC also provides an employer contribution to those enrolled in the HSA-HDHP
- *Vision Insurance:* The Vision Plan is an employee elective plan. The insurance premium is the responsibility of the employee. Premiums may be deducted as a pre-tax deduction on a per-pay period basis.
- *Life, Accidently Death and Dismemberment, and Disability Insurance:* These insurance programs are paid 100% by HC.
- *Flexible Spending Account:* HC offers FSAs for medical, limited purpose, dependent care and commuter expense accounts. FSAs allow you to contribute pre-tax dollars which can be used to pay for qualifying expenses not otherwise covered under normal health-related insurance plans. The Commuter Expense FSA allows you to set aside pre-tax dollars for use in qualifying commuter expenses.

Paid Time Off:

- *Holiday Pay:* Ten days of time off with pay according to the annual holiday schedule, including two personal holidays.
- *Paid Time Off:* PTO eligibility begins on your date of hire and may be used as soon as it is earned. PTO is accrued and awarded according to the following schedule:

Accrual Period	Hours	Hours Per Pay Period	Days Per Year
0-4 years of service	120	4.62	15
5-9 years of service	160	6.15	20
10+years-Maximum accrual	208	8.0	26

Retirement Plan: HC offers a Safe Harbor 401K Retirement Plan. Eligibility begins 90-days after employment. This Safe Harbor Plan allows for employee and employer contributions. HC matches employee contributions dollar-for-dollar up to 4% of annual base salary. The HC 401K Plan is an auto-enrollment plan with a 6% default employee contribution rate.

All benefits are subject to change. Additional details about each benefit are available in the Employee Handbook or by speaking directly with the Human Resource office.

Pay checks are issued on a bi-weekly basis with a total of 26 pay periods per calendar year. You are encouraged to participate in our direct deposit program as our payroll is outsourced.

With acceptance of this employment offer, you will be asked to sign this Employment Offer Letter and Agreement and an Employee Invention and Confidentiality Agreement (EICA) and agree to the on-going compliance with such agreements as a condition of employment. These agreements contain “employment at will”, “non-compete” and “non-disclosure” provisions. A copy of the EICA is available for your review upon request in advance of accepting employment. Otherwise, a personalized copy of the EICA will be provided to you prior to your start date.

At Will Employment

Employment with HC is “at-will.” This means that it is not for any specified period of time and can be terminated by you or by HC at any time, with or without advance notice or additional payment, and for any or no particular reason or cause. It also means that your job duties, title and responsibility and reporting level, compensation and benefits, as well as HC’s personnel policies and procedures, may be changed at any time, with or without notice, in the sole and absolute discretion of HC.

The “at-will” nature of your employment shall remain unchanged during your tenure as an employee and may not be changed, except in an express writing signed by you and by a duly authorized officer of HC.

In addition, we are required by law to obtain documentation within the first three days of employment that you are eligible to work in the United States. Please bring copies of your eligibility documentation on your first day of employment. Enclosed is a copy of INS Form 1-9, which contains a list of acceptable documentation.

If you accept this offer, this letter and the written agreements referenced in this letter shall constitute the complete agreement between you and HC with respect to the initial terms and conditions of your employment. Any representations not contained in this letter, or contrary to those contained in this letter (whether written or oral), that may have been made to you are expressly cancelled and superseded by this offer. Except as

otherwise specified in this letter, the terms and conditions of your employment pursuant to this letter may not be changed, except by a writing signed by a duly authorized officer of HC.

HC reserves the right to provide you with additional policies in addition to any existing written policies that would apply to the terms of your employment.

Should your position, compensation, or benefits change over time the remaining sections of this agreement will still be valid. If any provision in this offer or compliance by you or HC with any provision of this offer constitutes a violation of any law, or is or becomes unenforceable or void, it will be deemed modified to the extent necessary so that it is no longer in violation of law, unenforceable or void, and such provision will be enforced to the fullest extent permitted by law. If such modification is not possible, said provision, to the extent that it is in violation of law, unenforceable or void, will be deemed severable from the remaining provisions of this offer, which provisions and terms will remain in effect.

This offer is valid until May 28, 2013 and requires a response by 11:00 AM on this date. You should keep a copy of this letter for your own records. If you have any questions regarding this offer, please contact our Human Resource office at 801-708-6809 at your earliest convenience.

We look forward to you joining the Health Catalyst team.

Sincerely,

/s/ Heather Eastman

Heather Eastman
Human Resources Manager
Heather.eastman@healthcatalyst.com

Acknowledgement of Understanding and Acceptance

By signing below:

1. I acknowledge that I have read and understand the foregoing terms and conditions of this employment offer.
2. I accept this employment offer.

Accepted by: /s/ Linda Llewelyn Date: 5/28/2013
Signature

December 3, 2015
Daniel Orenstein
30 Sevinor Road
Marblehead, MA 01945

Dear Dan,

We are pleased to extend to you this offer of full-time employment with Health Catalyst. We are confident that your skills, experience and hard work will contribute meaningfully to the success of the company. This offer is subject to the terms and conditions set forth in this offer. This letter does not represent a contract or agreement for employment; and employment with Health Catalyst ("HC") is at will.

Position: SVP and General Counsel, Secretary

Division/Department: General and
Administrative

Base salary: \$290,000

FLSA status: Exempt

Start date: 01/4/2016

Location: Remote

Reports to: CEO

Business hours: 8:00 AM - 5:00 PM, Monday through Friday.

In addition to the base salary, this full-time employment offer includes the following benefit programs:

Bonus

You will be eligible to receive a bonus equal to 50% of your annual base salary subject to the individual, department, and company performance initiatives. This bonus will be prorated based upon the number of days you are employed during the fiscal year. The bonus for any fiscal year will be paid every 6 months, after approval from the Board of Directors and HC's books for that period have been closed. The bonus will only be paid if you are employed by HC at the time of bonus determination.

Stock Option Grant

You will also receive a Stock Option Grant for a certain number of shares of the Parent Company's Common Stock. The amount of your option grant is set within the sole discretion of the Board of Directors, at the next applicable board meeting, but is expected to be 350,000. This option is subject to the terms and conditions applicable to options granted under the Parent's 2011 Stock Incentive Plan as described in the Plan and the applicable Stock Option Agreement. You will be vested in 25% of the option share 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 the applicable Stock Option Agreement.

Insurance Plans

Eligibility begins on the first day of the month following your hire date.

- *Medical and Dental Insurance:* HC offers both a Traditional and HSA-High Deductible Health Plan options. HC also provides an employer contribution to those enrolled in the HSA-HDHP.

- *Vision Insurance:* The Vision Plan is an employee elective plan. The insurance premium is the responsibility of the employee. Premiums may be deducted as a pre-tax deduction on a per-pay period basis.
- *Life, Accidental Death and Dismemberment, and Disability Insurance:* These insurance programs are paid 100% by HC.
- *Flexible Spending Account:* HC offers FSAs for medical, limited purpose, dependent care and commuter expense accounts. FSAs allow you to contribute pre-tax dollars which can be used to pay for qualifying expenses not otherwise covered under normal health-related insurance plans. The Commuter Expense FSA allows you to set aside pre-tax dollars for use in qualifying commuter expenses.

Paid Time Off

- *Holiday Pay:* Nine paid holidays, the work week of Independence Day, the working days between December 24th and January 1st.
- *Paid Time Off:* PTO eligibility begins on date of hire and may be used on an as needed basis. There is no set limit to PTO and PTO is not paid out upon an employee's termination.

Retirement Plan

Health Catalyst offers a Safe Harbor 401K Retirement Plan. Eligibility begins 90-days after employment. This Safe Harbor Plan allows for employee and employer contributions. HC matches employee contributions dollar-for-dollar up to 6% of annual base salary. The HC 401K Plan is an auto-enrollment plan with a 6% default employee contribution rate.

All benefits are subject to change. Additional details about each benefit are available in the Employee Handbook or by speaking directly with the Human Resource office.

Payroll

Pay checks are issued on a bi-weekly basis with a total of 26 pay periods per calendar year. You are encouraged to participate in our direct deposit program as our payroll is outsourced.

EICA

With acceptance of this employment offer, you will be asked to sign the Employment Offer Letter and Agreement and an Employee Invention and Confidentiality Agreement (EICA), with such modifications as you and HC have agreed to, and agree to the on-going compliance with such agreements as a condition of employment. These agreements contain "employment at will", "non-solicit" and "non-disclosure" provisions. The personalized copy of the EICA, as agreed between you and HC will be provided to you for your execution prior to your start date.

Background Check and Drug Test

A background check and drug screen will be conducted through a third-party vendor, Justifacts Credential Verifications. Prior to the criminal background check and the drug screen, you will be asked to complete a consent form. This background check is a comprehensive criminal records investigation. This offer is contingent upon successful completion of the background check and drug screening.

Your Location and Travel Expectations

Dan, as we discussed, Health Catalyst plans to have a long-term presence in Boston. As such, we anticipate opening an office in the Boston area, and should you choose to join us, we would anticipate your direct involvement in site selection and leadership team representation at this office. We would also be open to hiring additional team members on the legal staff who may also be

located in the Boston area, in addition to utilizing the office to support other functional areas of the company.

Given that our company headquarters are in Salt Lake City, and our weekly leadership team meetings occur in Salt Lake City, we would anticipate a long-term need for you to participate face-to-face in a majority of these meetings. As we discussed, this face-to-face participation may change over time, with more face-to-face participation in the first 12 months (likely averaging 3-4 LT meetings/month face to face), then likely moving to a less frequent, yet consistent cadence of 2-3 LT meetings/month after the first 12 months.

One leadership and management principle we try to follow is not to micro-manage, but instead hire extremely capable individuals who understand our company's objectives and deeply buy in to our mission, our operating principles and our cultural attributes, and then trust these individuals to independently make good decisions based on these objectives and principles. We certainly view you as highly accomplished and capable, and therefore will trust you to make wise decisions relative to your travel schedule.

Another central principle we try to follow is the concept that this is a marathon, not a sprint, and that we need to pace ourselves in a way that this work becomes long-term sustainable. Your work/ life balance is really important to us, Dan, and as such, we will trust you to make wise decisions relative to your travel schedule such that you can sustain this schedule for an extended period of time.

Further, as we discussed, we do appreciate every team member being a good steward of the company's resources, and that our general policy is to reimburse for coach-fare tickets. However, given the frequency of your travel to Boston, we also feel it important for this travel to be sustainable and also productive, and will be supportive, at your discretion, to have the option of receiving reimbursement for first-class airline tickets where you feel it would significantly increase the sustainability of this work and your productivity as a leader at Health Catalyst.

Finally, Dan, as we discussed, it is important to us that your family feel excited about you joining Health Catalyst, and to that end, we would be delighted to host you and your family on a company-reimbursed trip to Utah at some point in the next month or so, as well as to have your family come to Utah up to two times each year on a company-reimbursed vacation experience of your choosing, to contribute to a sustained, positive experience related to you joining us at Health Catalyst, for the duration of your employment with us.

At Will Employment

Employment with HC is "at-will." This means that it is not for any specified period of time and can be terminated by you or by HC at any time, with or without advance notice or additional payment, and for any or no particular reason or cause. It also means that your job duties, title and responsibility and reporting level, compensation and benefits, as well as HC's personnel policies and procedures, may be changed at any time, with or without notice, in the sole and absolute discretion of HC.

The "at-will" nature of your employment shall remain unchanged during your tenure as an employee and may not be changed, except in an express writing signed by you and by a duly authorized officer of HC.

In addition, we are required by law to obtain documentation within the first three days of employment that you are eligible to work in the United States. Please bring copies of your eligibility documentation

on your first day of employment. Enclosed is a copy of INS Form 1-9, which contains a list of acceptable documentation.

If you accept this offer, this letter and the written agreements referenced in this letter shall constitute the complete agreement between you and HC with respect to the initial terms and conditions of your employment. Any representations not contained in this letter, or contrary to those contained in this letter (whether written or oral), that may have been made to you are expressly cancelled and superseded by this offer. Except as otherwise specified in this letter, the terms and conditions of your employment pursuant to this letter may not be changed, except by a writing signed by a duly authorized officer of HC.

HC reserves the right to provide you with additional policies in addition to any existing written policies that would apply to the terms of your employment.

Should your position, compensation, or benefits change over time the remaining sections of this agreement will still be valid. If any provision in this offer or compliance by you or HC with any provision of this offer constitutes a violation of any law, or is or becomes unenforceable or void, it will be deemed modified to the extent necessary so that it is no longer in violation of law, unenforceable or void, and such provision will be enforced to the fullest extent permitted by law. If such modification is not possible, said provision, to the extent that it is in violation of law, unenforceable or void, will be deemed severable from the remaining provisions of this offer, which provisions and terms will remain in effect.

This offer is valid until December 31, 2015 and requires a written response on or before this date. You should keep a copy of this letter for your own records. If you have any questions regarding this offer, please contact me directly at your earliest convenience.

We look forward to you joining the Health Catalyst team.

Sincerely,

/s/ Dan Burton

Dan Burton
Chief Executive Officer
Dan.Burton@healthcatalyst.com

Acknowledgement of Understanding and Acceptance

By signing below:

1. I acknowledge that I have read and understand the foregoing terms and conditions of this employment offer.
2. I accept this employment offer.

Accepted by: /s/ Daniel Orenstein
Signature

Date: 12/11/2015

HQC HOLDINGS, INC.

2011 STOCK INCENTIVE PLAN

ADOPTED ON OCTOBER 11, 2011

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HQC HOLDINGS, INC. 2011 STOCK INCENTIVE PLAN

SECTION 1. ESTABLISHMENT AND PURPOSE.

The purpose of the Plan is to offer selected persons an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by purchasing Shares of the Company's Stock. The Plan provides both for the direct award or sale of Shares and for the grant of Options to purchase Shares. Options granted under the Plan may include Nonstatutory Options as well as ISOs intended to qualify under Section 422 of the Code.

Capitalized terms are defined in Section 12.

SECTION 2. ADMINISTRATION.

(a) Committees of the Board of Directors. The Plan may be administered by one or more Committees. Each Committee shall consist of one or more members of the Board of Directors who have been appointed by the Board of Directors. Each Committee shall have such authority and be responsible for such functions as the Board of Directors has assigned to it. If no Committee has been appointed, the entire Board of Directors shall administer the Plan. Any reference to the Board of Directors in the Plan shall be construed as a reference to the Committee (if any) to whom the Board of Directors has assigned a particular function.

(b) Authority of the Board of Directors. Subject to the provisions of the Plan, the Board of Directors shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Plan. All decisions, interpretations and other actions of the Board of Directors shall be final and binding on all Purchasers, all Optionees and all persons deriving their rights from a Purchaser or Optionee.

SECTION 3. ELIGIBILITY.

(a) General Rule. Only Employees, Outside Directors and Consultants shall be eligible for the grant of Nonstatutory Options or the direct award or sale of Shares. Only Employees shall be eligible for the grant of ISOs.

(b) Ten-Percent Stockholders. A person who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company, its Parent or any of its Subsidiaries shall not be eligible for the grant of an ISO unless (i) the Exercise Price is at least 110% of the Fair Market Value of a Share on the date of grant and (ii) such ISO by its terms is not exercisable after the expiration of five years from the date of grant. For purposes of this Subsection (b), in determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

SECTION 4. STOCK SUBJECT TO PLAN.

(a) Basic Limitation. Not more than 1,505,000 Shares may be issued under the Plan (subject to Subsection (b) below and Section 8). All of these Shares may be issued upon the exercise of ISOs. The number of Shares that are subject to Options or other rights outstanding at

any time under the Plan shall not exceed the number of Shares that then remain available for issuance under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan. Shares offered under the Plan may be authorized but unissued Shares or treasury Shares.

(b) Additional Shares. In the event that Shares previously issued under the Plan are reacquired by the Company, such Shares shall be added to the number of Shares then available for issuance under the Plan. In the event that an outstanding Option or other right for any reason expires or is canceled, the Shares allocable to the unexercised portion of such Option or other right shall be added to the number of Shares then available for issuance under the Plan.

SECTION 5. TERMS AND CONDITIONS OF AWARDS OR SALES.

(a) Stock Purchase Agreement. Each award or sale of Shares under the Plan (other than upon exercise of an Option) shall be evidenced by a Stock Purchase Agreement between the Purchaser and the Company. Such award or sale shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Board of Directors deems appropriate for inclusion in a Stock Purchase Agreement. The provisions of the various Stock Purchase Agreements entered into under the Plan need not be identical.

(b) Duration of Offers and Nontransferability of Rights. Any right to acquire Shares under the Plan (other than an Option) shall automatically expire if not exercised by the Purchaser within 30 days after the grant of such right was communicated to the Purchaser by the Company. Such right shall not be transferable and shall be exercisable only by the Purchaser to whom such right was granted.

(c) Purchase Price. The Board of Directors shall determine the Purchase Price of Shares to be offered under the Plan at its sole discretion. The Purchase Price shall be payable in a form described in Section 7.

(d) Withholding Taxes. As a condition to the purchase of Shares, the Purchaser shall make such arrangements as the Board of Directors may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such purchase.

(e) Restrictions on Transfer of Shares. Any Shares awarded or sold under the Plan shall be subject to such special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Board of Directors may determine. Such restrictions shall be set forth in the applicable Stock Purchase Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally. A Stock Purchase Agreement may provide for accelerated vesting in the event of the Purchaser's death, Disability or retirement or other events.

SECTION 6. TERMS AND CONDITIONS OF OPTIONS.

(a) Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Board of Directors deems appropriate for inclusion in a Stock Option Agreement. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 8. The Stock Option Agreement shall also specify whether the Option is an ISO or a Nonstatutory Option.

(c) Exercise Price. Each Stock Option Agreement shall specify the Exercise Price. The Exercise Price of any Option shall not be less than 100% of the Fair Market Value of a Share on the date of grant, and in the case of an ISO a higher percentage may be required by Section 3(b). Subject to the preceding sentence, the Exercise Price shall be determined by the Board of Directors at its sole discretion. The Exercise Price shall be payable in a form described in Section 7.

(d) Exercisability. Each Stock Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. No Option shall be exercisable unless the Optionee (i) has delivered an executed copy of the Stock Option Agreement to the Company or (ii) otherwise agrees to be bound by the terms of the Stock Option Agreement. The Board of Directors shall determine the exercisability provisions of the Stock Option Agreement at its sole discretion. All of an Optionee's Options shall become exercisable in full if Section 8(b)(iv) applies.

(e) Basic Term. The Stock Option Agreement shall specify the term of the Option. The term shall not exceed 10 years from the date of grant, and in the case of an ISO a shorter term may be required by Section 3(b). Subject to the preceding sentence, the Board of Directors at its sole discretion shall determine when an Option is to expire. A Stock Option Agreement may provide for expiration prior to the end of its term in the event of the termination of the Optionee's Service or death.

(f) Termination of Service (Except by Death). Unless otherwise provided in the Stock Option Agreement, if an Optionee's Service terminates for any reason other than the Optionee's death, then the Optionee's Options shall expire on the earliest of the following occasions:

(i) The expiration date determined pursuant to Subsection (e) above;

(ii) The date three months after the termination of the Optionee's Service for any reason other than Disability, or such later date as the Board of Directors may determine; or

(iii) The date six months after the termination of the Optionee's Service by reason of Disability, or such later date as the Board of Directors may determine.

The Optionee may exercise all or part of the Optionee's Options at any time before the expiration of such Options under the preceding sentence, but only to the extent that such Options had become exercisable before the Optionee's Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Optionee's Service terminated (or vested as a result of the termination). The balance of such Options shall lapse when the Optionee's Service terminates. In the event that the Optionee dies after the termination of the Optionee's Service but before the expiration of the Optionee's Options, all or part of such Options may be exercised (prior to expiration) by the executors or administrators of the Optionee's estate or by any person who has acquired such Options directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that such Options had become exercisable before the Optionee's Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Optionee's Service terminated (or vested as a result of the termination).

(g) Leaves of Absence. For purposes of Subsection (f) above, Service shall be deemed to continue while the Optionee is on a bona fide leave of absence, if such leave was approved by the Company in writing and if continued crediting of Service for this purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company).

(h) Death of Optionee. If an Optionee dies while the Optionee is in Service, then the Optionee's Options shall expire on the earlier of the following dates:

(i) The expiration date determined pursuant to Subsection (e) above; or

(ii) The, date 12 months after the Optionee's death, or such later date as the Board of Directors may determine.

All or part of the Optionee's Options may be exercised at any time before the expiration of such Options under the preceding sentence by the executors or administrators of the Optionee's estate or by any person who has acquired such Options directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that such Options had become exercisable before the Optionee's death (or became exercisable as a result of the death) and the underlying Shares had vested before the Optionee's death (or vested as a result of the Optionee's death). The balance of such Options shall lapse when the Optionee dies.

(i) Restrictions on Transfer of Shares. Any Shares issued upon exercise of an Option shall be subject to such special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Board of Directors may determine. Such restrictions shall be set forth in the applicable Stock Option Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally.

(j) Transferability of Options. An Option shall be transferable by the Optionee only by a will or the laws of descent and distribution, except as provided in the next sentence. If

the applicable Stock Option Agreement so provides, a Nonstatutory Option shall also be transferable by gift or domestic relations order to a Family Member of the Optionee. An ISO may be exercised during the lifetime of the Optionee only by the Optionee or by the Optionee's guardian or legal representative.

(k) Withholding Taxes. As a condition to the exercise of an Option, the Optionee shall make such arrangements as the Board of Directors may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such exercise. The Optionee shall also make such arrangements as the Board of Directors may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with the disposition of Shares acquired by exercising an Option.

(l) No Rights as a Stockholder. An Optionee, or a transferee of an Optionee, shall have no rights as a stockholder with respect to any Shares covered by the Optionee's Option until such person becomes entitled to receive such Shares by filing a notice of exercise and paying the Exercise Price pursuant to the terms of such Option.

(m) Modification, Extension and Assumption of Options. Within the limitations of the Plan, the Board of Directors may modify, extend or assume outstanding Options or may accept the cancellation of outstanding Options (whether granted by the Company or another issuer) in return for the grant of new Options for the same or a different number of Shares and at the same or a different Exercise Price. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair the Optionee's rights or increase the Optionee's obligations under such Option.

SECTION 7. PAYMENT FOR SHARES.

(a) General Rule. The entire Purchase Price or Exercise Price of Shares issued under the Plan shall be payable in cash or cash equivalents at the time when such Shares are purchased, except as otherwise provided in this Section 7.

(b) Services Rendered. At the discretion of the Board of Directors, Shares may be awarded under the Plan in consideration of services rendered to the Company, a Parent or a Subsidiary prior to the award.

(c) Promissory Note. At the discretion of the Board of Directors, all or a portion of the Purchase Price or Exercise Price (as the case may be) of Shares issued under the Plan may be paid with a full-recourse promissory note. The Shares shall be pledged as security for payment of the principal amount of the promissory note and interest thereon. The interest rate payable under the terms of the promissory note shall not be less than the minimum rate (if any) required to avoid the imputation of additional interest under the Code. Subject to the foregoing, the Board of Directors (at its sole discretion) shall specify the term, interest rate, amortization requirements (if any) and other provisions of such note.

(d) Surrender of Stock. At the discretion of the Board of Directors, all or any part of the Exercise Price may be paid by surrendering, or attesting to the ownership of, Shares that

are already owned by the Optionee. Such Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value as of the date when the Option is exercised.

(e) Exercise/Sale. To the extent that a Stock Option Agreement so provides, and if Stock is publicly traded, all or part of the Exercise Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company.

(f) Other Forms of Payment. To the extent that a Stock Purchase Agreement or Stock Option Agreement so provides, the Purchase Price or Exercise Price of Shares issued under the Plan may be paid in any other form permitted by the Delaware General Corporation Law, as amended.

SECTION 8. ADJUSTMENT OF SHARES.

(a) General. In the event of a subdivision of the outstanding Stock, a declaration of a dividend payable in Shares, a combination or consolidation of the outstanding Stock into a lesser number of Shares, a reclassification, or any other increase or decrease in the number of issued shares of Stock effected without receipt of consideration by the Company, proportionate adjustments shall automatically be made in each of (i) the number of Shares available for future grants under Section 4, (ii) the number of Shares covered by each outstanding Option and (iii) the Exercise Price under each outstanding Option. In the event of a declaration of an extraordinary dividend payable in a form other than Shares in an amount that has a material effect on the Fair Market Value of the Stock, a recapitalization, a spin-off, or a similar occurrence, the Board of Directors at its sole discretion may make appropriate adjustments in one or more of (i) the number of Shares available for future grants under Section 4, (ii) the number of Shares covered by each outstanding Option or (iii) the Exercise Price under each outstanding Option; provided, however, that the Board of Directors shall in any event make such adjustments as may be required by applicable law.

(b) Change in Control. In the event that the Company undergoes a Change in Control, all outstanding Options shall be subject to the agreement governing the Change in Control transaction. Such agreement, without the Optionees' consent, may dispose of Options that are not exercisable as of the effective date of the Change in Control and do not become exercisable as a result of the Change in Control pursuant to the terms of the applicable Stock Option Agreement, in any manner permitted by applicable law, including (without limitation) the cancellation of such Options without the payment of any consideration. Such agreement shall provide for one or more of the following with respect to Options that are exercisable as of the effective date of the Change in Control or become exercisable as a result of the Change in Control pursuant to the terms of the applicable Stock Option Agreement:

- (i) The continuation of the Option by the Company (if the Company is the surviving corporation).

(ii) The assumption of the Option by the surviving corporation or its parent in a manner that complies with Section 424(a) of the Code (whether or not such Options are ISOs).

(iii) The substitution by the surviving corporation or its parent of new options for such outstanding Options in a manner that complies with Section 424(a) of the Code (whether or not such Options are ISOs).

(iv) Full exercisability of such outstanding Options and full vesting of the Shares subject to such Options, followed by the cancellation of such Options. The full exercisability of such Options and full vesting of the Shares subject to such Options may be contingent on the closing of such Change in Control transaction. The Optionee shall be able to exercise such Options during a period of not less than five full business days preceding the closing date of such Change in Control transaction, unless (A) a shorter period is required to permit a timely closing of such Change in Control transaction and (B) such shorter period still offers the Optionee a reasonable opportunity to exercise such Options. Any exercise of such Options during such period may be contingent on the closing of such Change in Control transaction.

(v) The cancellation of such outstanding Options and a payment to the Optionee equal to the excess of (A) the Fair Market Value of the Shares subject to such Options (whether or not such Options are then exercisable or such Shares are then vested) as of the closing date of such Change in Control transaction over (B) their Exercise Price. Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent with a Fair Market Value equal to the required amount. Such payment may be made in installments and may be deferred until the date or dates when such Options would have become exercisable or such Shares would have vested. Such payment may be subject to vesting based on the Optionee's continuing Service, provided that, the vesting schedule shall not be less favorable to the Optionees than the schedule under which such Options would have become exercisable or such Shares would have vested. If the Exercise Price of the Shares subject to such Options exceeds the Fair Market Value of such Shares, then such Options may be cancelled without making a payment to the Optionee. For purposes of this Paragraph (v), the Fair Market Value of any security shall be determined without regard to any vesting conditions that may apply to such security.

(c) Reservation of Rights. Except as provided in this Section 8, an Optionee or Purchaser shall have no rights by reason of (i) any subdivision or consolidation of shares of stock of any class, (ii) the payment of any dividend or (iii) any other increase or decrease in the number of shares of stock of any class. Any issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Shares subject to an Option. The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

SECTION 9. SECURITIES LAW REQUIREMENTS.

Shares shall not be issued under the Plan unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded.

SECTION 10. NO RETENTION RIGHTS.

Nothing in the Plan or in any right or Option granted under the Plan shall confer upon the Purchaser or Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Purchaser or Optionee) or of the Purchaser or Optionee, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

SECTION 11. DURATION AND AMENDMENTS.

(a) Term of the Plan. The Plan, as set forth herein, shall become effective on the date of its adoption by the Board of Directors, subject to the approval of the Company's stockholders. If the stockholders fail to approve the Plan within 12 months after its adoption by the Board of Directors, then any grants, exercises or sales that have already occurred under the Plan shall be rescinded and no additional grants, exercises or sales shall thereafter be made under the Plan. The Plan shall terminate automatically 10 years after the later of (i) the date when the Board of Directors adopted the Plan or (ii) the date when the Board of Directors approved the most recent increase in the number of Shares reserved under Section 4 that was also approved by the Company's stockholders. The Plan may be terminated on any earlier date pursuant to Subsection (b) below.

(b) Right to Amend or Terminate the Plan. The Board of Directors may amend, suspend or terminate the Plan at any time and for any reason; provided, however, that any amendment of the Plan shall be subject to the approval of the Company's stockholders if it (i) increases the number of Shares available for issuance under the Plan (except as provided in Section 8) or (ii) materially changes the class of persons who are eligible for the grant of ISOs. Stockholder approval shall not be required for any other amendment of the Plan. If the stockholders fail to approve an increase in the number of Shares reserved under Section 4 within 12 months after its adoption by the Board of Directors, then any grants, exercises or sales that have already occurred in reliance on such increase shall be rescinded and no additional grants, exercises or sales shall thereafter be made in reliance on such increase.

(c) Effect of Amendment or Termination. No Shares shall be issued or sold under the Plan after the termination thereof, except upon exercise of an Option granted prior to such termination. The termination of the Plan, or any amendment thereof, shall not affect any Share previously issued or any Option previously granted under the Plan.

SECTION 12. DEFINITIONS.

(a) “**Board of Directors**” shall mean the Board of Directors of the Company, as constituted from time to time.

(b) “**Change in Control**” shall mean:

(i) The consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, in which a person, or a group of related persons, who did not own more than 50% of the voting power of the outstanding securities of the Company immediately prior to such merger, consolidation or other reorganization own immediately after such merger, consolidation or other reorganization 50% or more of the voting power of the outstanding securities of each of (A) the continuing or surviving entity and (B) any direct or indirect parent corporation of such continuing or surviving entity; or

(ii) The sale, transfer or other disposition of all or substantially all of the Company’s assets.

A transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company’s incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction.

(c) “**Code**” shall mean the Internal Revenue Code of 1986, as amended.

(d) “**Committee**” shall mean a committee of the Board of Directors, as described in Section 2(a).

(e) “**Company**” shall mean HQC Holdings, Inc., a Delaware corporation.

(f) “**Consultant**” shall mean a person who performs bona fide services for the Company, a Parent or a Subsidiary as a consultant or advisor, excluding Employees and Outside Directors.

(g) “**Disability**” shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

(h) “**Employee**” shall mean any individual who is a common-law employee of the Company, a Parent or a Subsidiary.

(i) “**Exercise Price**” shall mean the amount for which one Share may be purchased upon exercise of an Option, as specified by the Board of Directors in the applicable Stock Option Agreement.

(j) “**Fair Market Value**” shall mean the fair market value of a Share, as determined by the Board of Directors in accordance with applicable law. Such determination shall be conclusive and binding on all persons.

(k) “**Family Member**” shall mean (i) any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, (ii) any person sharing the Optionee’s household (other than a tenant or employee), (iii) a trust in which persons described in Clause (i) or (ii) have more than 50% of the beneficial interest, (iv) a foundation in which persons described in Clause (i) or (ii) or the Optionee control the management of assets and (v) any other entity in which persons described in Clause (i) or (ii) or the Optionee own more than 50% of the voting interests.

(l) “**ISO**” shall mean an employee incentive stock option described in Section 422(b) of the Code.

(m) “**Nonstatutory Option**” shall mean a stock option not described in Sections 422(b) or 423(b) of the Code.

(n) “**Option**” shall mean an ISO or Nonstatutory Option granted under the Plan and entitling the holder to purchase Shares.

(o) “**Optionee**” shall mean a person who holds an Option.

(p) “**Outside Director**” shall mean a member of the Board of Directors who is not an Employee.

(q) “**Parent**” shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.

(r) “**Plan**” shall mean this HQC Holdings, Inc. 2011 Stock Incentive Plan.

(s) “**Purchase Price**” shall mean the consideration for which one Share may be acquired under the Plan (other than upon exercise of an Option), as specified by the Board of Directors.

(t) “**Purchaser**” shall mean a person to whom the Board of Directors has offered the right to acquire Shares under the Plan (other than upon exercise of an Option).

(u) “**Service**” shall mean service as an Employee, Outside Director or Consultant.

(v) “**Share**” shall mean one share of Stock, as adjusted in accordance with Section 8 (if applicable).

(w) “**Stock**” shall mean the Common Stock of the Company.

(x) “**Stock Option Agreement**” shall mean the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to the Optionee’s Option.

(y) “**Stock Purchase Agreement**” shall mean the agreement between the Company and a Purchaser who acquires Shares under the Plan that contains the terms, conditions and restrictions pertaining to the acquisition of such Shares.

(z) “**Subsidiary**” shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

AMENDMENT TO THE HQC HOLDINGS, INC. 2011 STOCK INCENTIVE PLAN

Adopted & Effective: December 19, 2012

RECITALS

This Amendment is adopted by the Board and approved by the Company's stockholders pursuant to Section 11(b) of the HQC Holdings, Inc. 2011 Stock Incentive Plan, as amended (the "*Plan*").

AMENDMENT

1. The first sentence of Section 4(a) of the Plan is hereby amended to read in its entirety as follows:

“(a) **Basic Limitation**. Not more than 3,602,834 Shares may be issued under the Plan (subject to Subsection (b) below and Section 8).”

SECOND AMENDMENT TO THE HQC HOLDINGS, INC. 2011 STOCK INCENTIVE PLAN

Adopted & Effective: January 7, 2014

RECITALS

This Amendment is adopted by the Board and approved by the Company's stockholders pursuant to Section 11(b) of the HQC Holdings, Inc. 2011 Stock Incentive Plan, as amended (the "*Plan*").

AMENDMENT

1. The first sentence of Section 4(a) of the Plan is hereby amended to read in its entirety as follows:

“(a) **Basic Limitation.** Not more than 5,602,834 Shares may be issued under the Plan (subject to Subsection (b) below and Section 8).”

THE OPTION GRANTED PURSUANT TO THIS AGREEMENT AND THE SHARES ISSUABLE UPON THE EXERCISE THEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

HQC HOLDINGS, INC. 2011 STOCK INCENTIVE PLAN:
STOCK OPTION AGREEMENT

SECTION 1. GRANT OF OPTION.

(a) Option. On the terms and conditions set forth in the Notice of Stock Option Grant and this Agreement, the Company grants to the Optionee on the Date of Grant the option to purchase at the Exercise Price the number of Shares set forth in the Notice of Stock Option Grant. The Exercise Price is agreed to be at least 100% of the Fair Market Value per Share on the Date of Grant (110% of Fair Market Value if this option is designated as an ISO in the Notice of Stock Option Grant and Section 3(b) of the Plan applies). This option is intended to be an ISO or an NSO, as provided in the Notice of Stock Option Grant.

(b) \$100,000 Limitation. Even if this option is designated as an ISO in the Notice of Stock Option Grant, it shall be deemed to be an NSO to the extent (and only to the extent) required by the \$100,000 annual limitation under Section 422(d) of the Code.

(c) Stock Incentive Plan and Defined Terms. This option is granted pursuant to the Plan, a copy of which the Optionee acknowledges having received. The provisions of the Plan are incorporated into this Agreement by this reference. Capitalized terms are defined in Section 14 of this Agreement.

SECTION 2. RIGHT TO EXERCISE.

(a) Exercisability. Subject to Subsection (b) below and the other conditions set forth in this Agreement, all or part of this option may be exercised prior to its expiration at the time or times set forth in the Notice of Stock Option Grant. In addition, this option shall become exercisable in full if Section 8(b)(iv) of the Plan applies.

(b) Stockholder Approval. Any other provision of this Agreement notwithstanding, no portion of this option shall be exercisable at any time prior to the approval of the Plan by the Company's stockholders.

SECTION 3. NO TRANSFER OR ASSIGNMENT OF OPTION.

Except as otherwise provided in this Agreement, this option and the rights and privileges conferred hereby shall not be sold, pledged or otherwise transferred (whether by operation

of law or otherwise) and shall not be subject to sale under execution, attachment, levy or similar process.

SECTION 4. EXERCISE PROCEDURES.

(a) Notice of Exercise. The Optionee or the Optionee's representative may exercise this option by giving written notice to the Company pursuant to Section 12(c). The notice shall specify the election to exercise this option, the number of Shares for which it is being exercised and the form of payment. The person exercising this option shall sign the notice. In the event that this option is being exercised by the representative of the Optionee, the notice shall be accompanied by proof (satisfactory to the Company) of the representative's right to exercise this option. The Optionee or the Optionee's representative shall deliver to the Company, at the time of giving the notice, payment in a form permissible under Section 5 for the full amount of the Purchase Price.

(b) Issuance of Shares. After receiving a proper notice of exercise, the Company shall cause to be issued one or more certificates evidencing the Shares for which this option has been exercised. Such Shares shall be registered (i) in the name of the person exercising this option, (ii) in the names of such person and his or her spouse as community property or as joint tenants with the right of survivorship or (iii) with the Company's consent, in the name of a revocable trust. The Company shall cause such certificates to be delivered to or upon the order of the person exercising this option.

(c) Withholding Taxes. In the event that the Company determines that it is required to withhold any tax as a result of the exercise of this option, the Optionee, as a condition to the exercise of this option, shall make arrangements satisfactory to the Company to enable it to satisfy all withholding requirements. The Optionee shall also make arrangements satisfactory to the Company to enable it to satisfy any withholding requirements that may arise in connection with the disposition of Shares purchased by exercising this option.

SECTION 5. PAYMENT FOR STOCK.

(a) Cash. All or part of the Purchase Price may be paid in cash or cash equivalents.

(b) Surrender of Stock. At the discretion of the Board of Directors, all or any part of the Purchase Price may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Optionee. Such Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value as of the date when this option is exercised.

(c) Exercise/Sale. All or part of the Purchase Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company. However, payment pursuant to this Subsection (c) shall be permitted only if (i) Stock then is publicly traded and (ii) such payment does not violate applicable law.

(d) Promissory Note. All or part of the Purchase Price may be paid with a full-recourse promissory note. However, the par value of the Shares, if newly issued, shall be paid in cash or cash equivalents. The Shares shall be pledged as security for payment of the principal amount of the promissory note and interest thereon. The interest rate payable under the terms of the promissory note shall not be less than the minimum rate, if any, required to avoid (i) the imputation of additional interest under the Code and (ii) adverse accounting consequences under the applicable guidelines issued by the Financial Accounting Standards Board. Subject to the foregoing, the Board of Directors (at its sole discretion) shall specify the term, interest rate, amortization requirements, if any, and other provisions of such note.

SECTION 6. TERM AND EXPIRATION.

(a) Basic Term. This option shall in any event expire on the expiration date set forth in the Notice of Stock Option Grant, which date is 10 years after the Date of Grant (five years after the Date of Grant if this option is designated as an ISO in the Notice of Stock Option Grant and Section 3(b) of the Plan applies).

(b) Termination of Service (Except by Death). If the Optionee's Service terminates for any reason other than death, then this option shall expire on the earliest of the following occasions:

- (i) The expiration date determined pursuant to Subsection (a) above;
- (ii) The date three months after the termination of the Optionee's Service for any reason other than Disability; or
- (iii) The date six months after the termination of the Optionee's Service by reason of Disability.

The Optionee may exercise all or part of this option at any time before its expiration under the preceding sentence, but only to the extent that this option had become exercisable before the Optionee's Service terminated. When the Optionee's Service terminates, this option shall expire immediately with respect to the number of Shares for which this option is not yet exercisable. In the event that the Optionee dies after termination of Service but before the expiration of this option, all or part of this option may be exercised (prior to expiration) by the executors or administrators of the Optionee's estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option had become exercisable before the Optionee's Service terminated.

(c) Death of the Optionee. If the Optionee dies while in Service, then this option shall expire on the earlier of the following dates:

- (i) The expiration date determined pursuant to Subsection (a) above; or
- (ii) The date 12 months after the Optionee's death.

All or part of this option may be exercised at any time before its expiration under the preceding sentence by the executors or administrators of the Optionee's estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option had become exercisable before the Optionee's death. When the Optionee dies, this option shall expire immediately with respect to the number of Shares for which this option is not yet exercisable.

(d) Part-Time Employment and Leaves of Absence. If the Optionee commences working on a part-time basis, then the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant in accordance with the Company's part-time work policy or the terms of an agreement between the Optionee and the Company pertaining to his or her part-time schedule. If the Optionee goes on a leave of absence, then the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant in accordance with the Company's leave of absence policy or the terms of such leave. Except as provided in the preceding sentence, Service shall be deemed to continue for any purpose under this Agreement while the Optionee is on a *bona fide* leave of absence, if (i) such leave was approved by the Company in writing and (ii) continued crediting of Service for such purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company). Service shall be deemed to terminate when such leave ends, unless the Optionee immediately returns to active work.

(e) Limitation of ISO Treatment. Even if this option is designated as an ISO in the Notice of Stock Option Grant, it ceases to qualify for favorable tax treatment as an ISO to the extent that it is exercised:

(i) More than three months after the date when the Optionee ceases to be an Employee for any reason other than death or permanent and total disability (as defined in Section 22(e)(3) of the Code);

(ii) More than 12 months after the date when the Optionee ceases to be an Employee by reason of permanent and total disability (as defined in Section 22(e)(3) of the Code); or

(iii) More than three months after the date when the Optionee has been on a leave of absence for 90 days, unless the Optionee's reemployment rights following such leave were guaranteed by statute or by contract.

SECTION 7. RIGHT OF FIRST REFUSAL.

(a) Right of First Refusal. In the event that the Optionee proposes to sell, pledge or otherwise transfer to a third party any Shares acquired under this Agreement, or any interest in such Shares, the Company shall have the Right of First Refusal with respect to all (and not less than all) of such Shares. If the Optionee desires to transfer Shares acquired under this Agreement, the Optionee shall give a written Transfer Notice to the Company describing fully the proposed transfer, including the number of Shares proposed to be transferred, the proposed transfer price, the name and address of the proposed Transferee and proof satisfactory to the Company that the proposed sale or transfer will not violate any applicable federal, state or foreign securities laws. The Transfer

Notice shall be signed both by the Optionee and by the proposed Transferee and must constitute a binding commitment of both parties to the transfer of the Shares. The Company shall have the right to purchase all, and not less than all, of the Shares on the terms of the proposal described in the Transfer Notice (subject, however, to any change in such terms permitted under Subsection (b) below) by delivery of a notice of exercise of the Right of First Refusal within 30 days after the date when the Transfer Notice was received by the Company.

(b) Transfer of Shares. If the Company fails to exercise its Right of First Refusal within 30 days after the date when it received the Transfer Notice, the Optionee may, not later than 90 days following receipt of the Transfer Notice by the Company, conclude a transfer of the Shares subject to the Transfer Notice on the terms and conditions described in the Transfer Notice, provided that any such sale is made in compliance with applicable federal, state and foreign securities laws and not in violation of any other contractual restrictions to which the Optionee is bound. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Optionee, shall again be subject to the Right of First Refusal and shall require compliance with the procedure described in Subsection (a) above. If the Company exercises its Right of First Refusal, the parties shall consummate the sale of the Shares on the terms set forth in the Transfer Notice within 60 days after the date when the Company received the Transfer Notice (or within such longer period as may have been specified in the Transfer Notice); provided, however, that in the event the Transfer Notice provided that payment for the Shares was to be made in a form other than cash or cash equivalents paid at the time of transfer, the Company shall have the option of paying for the Shares with cash or cash equivalents equal to the present value of the consideration described in the Transfer Notice.

(c) Additional or Exchanged Securities and Property. In the event of a merger or consolidation of the Company with or into another entity, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Shares subject to this Section 7 shall immediately be subject to the Right of First Refusal. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Shares subject to this Section 7.

(d) Termination of Right of First Refusal. Any other provision of this Section 7 notwithstanding, in the event that the Stock is readily tradable on an established securities market when the Optionee desires to transfer Shares, the Company shall have no Right of First Refusal, and the Optionee shall have no obligation to comply with the procedures prescribed by Subsections (a) and (b) above.

(e) Permitted Transfers. This Section 7 shall not apply to (i) a transfer by beneficiary designation, will or intestate succession or (ii) a transfer to one or more members of the Optionee's Immediate Family or to a trust established by the Optionee for the benefit of the Optionee and/or one or more members of the Optionee's Immediate Family, provided in either case that the

Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement. If the Optionee transfers any Shares acquired under this Agreement, either under this Subsection (e) or after the Company has failed to exercise the Right of First Refusal, then this Agreement shall apply to the Transferee to the same extent as to the Optionee.

(f) Termination of Rights as Stockholder. If the Company makes available, at the time and place and in the amount and form provided in this Agreement, the consideration for the Shares to be purchased in accordance with this Section 7, then after such time the person from whom such Shares are to be purchased shall no longer have any rights as a holder of such Shares (other than the right to receive payment of such consideration in accordance with this Agreement). Such Shares shall be deemed to have been purchased in accordance with the applicable provisions hereof, whether or not the certificate(s) therefor have been delivered as required by this Agreement.

(g) Assignment of Right of First Refusal. The Board of Directors may freely assign the Company's Right of First Refusal, in whole or in part. Any person who accepts an assignment of the Right of First Refusal from the Company shall assume all of the Company's rights and obligations under this Section 7.

SECTION 8. LEGALITY OF INITIAL ISSUANCE.

No Shares shall be issued upon the exercise of this option unless and until the Company has determined that:

(a) It and the Optionee have taken any actions required to register the Shares under the Securities Act or to perfect an exemption from the registration requirements thereof;

(b) Any applicable listing requirement of any stock exchange or other securities market on which Stock is listed has been satisfied; and

(c) Any other applicable provision of federal, state or foreign law has been satisfied.

SECTION 9. NO REGISTRATION RIGHTS.

The Company may, but shall not be obligated to, register or qualify the sale of Shares under the Securities Act or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the sale of Shares under this Agreement to comply with any law.

SECTION 10. RESTRICTIONS ON TRANSFER OF SHARES.

(a) Securities Law Restrictions. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act or have been registered or qualified under the securities laws of any state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the

Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any state or any other law.

(b) Market Stand-Off. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Company's initial public offering, the Optionee or a Transferee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Agreement without the prior written consent of the Company or its managing underwriter. Such restriction (the "Market Stand-Off") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriter. In no event, however, shall such period exceed 180 days plus such additional period as may reasonably be requested by the Company or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions, including (without limitation) the restrictions set forth in Rule 2711(f)(4) of the National Association of Securities Dealers and Rule 472(f)(4) of the New York Stock Exchange, as amended, or any similar successor rules. The Market Stand-Off shall in any event terminate two years after the date of the Company's initial public offering. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Subsection(b). This Subsection (b) shall not apply to Shares registered in the public offering under the Securities Act.

(c) Investment Intent at Grant. The Optionee represents and agrees that the Shares to be acquired upon exercising this option will be acquired for investment, and not with a view to the sale or distribution thereof.

(d) Investment Intent at Exercise. In the event that the sale of Shares under the Plan is not registered under the Securities Act but an exemption is available that requires an investment representation or other representation, the Optionee shall represent and agree at the time of exercise that the Shares being acquired upon exercising this option are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations as are deemed necessary or appropriate by the Company and its counsel.

(e) Legends. All certificates evidencing Shares purchased under this Agreement shall bear the following legend:

THE SHARES REPRESENTED HEREBY MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED OR IN ANY MANNER DISPOSED OF,

EXCEPT IN COMPLIANCE WITH THE TERMS OF A WRITTEN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER OF THE SHARES (OR THE PREDECESSOR IN INTEREST TO THE SHARES). SUCH AGREEMENT GRANTS TO THE COMPANY CERTAIN RIGHTS OF FIRST REFUSAL UPON AN ATTEMPTED TRANSFER OF THE SHARES. THE SECRETARY OF THE COMPANY WILL UPON WRITTEN REQUEST FURNISH A COPY OF SUCH AGREEMENT TO THE HOLDER HEREOF WITHOUT CHARGE.

All certificates evidencing Shares purchased under this Agreement in an unregistered transaction shall bear the following legend (and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law):

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

(f) Removal of Legends. If, in the opinion of the Company and its counsel, any legend placed on a stock certificate representing Shares sold under this Agreement is no longer required, the holder of such certificate shall be entitled to exchange such certificate for a certificate representing the same number of Shares but without such legend.

(g) Administration. Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 10 shall be conclusive and binding on the Optionee and all other persons.

SECTION 11. ADJUSTMENT OF SHARES.

In the event of any transaction described in Section 8(a) of the Plan, the terms of this option (including, without limitation, the number and kind of Shares subject to this option and the Exercise Price) shall be adjusted as set forth in Section 8(a) of the Plan. In the event that the Company is a party to a merger or consolidation, this option shall be subject to the agreement of merger or consolidation, as provided in Section 8(b) of the Plan.

SECTION 12. MISCELLANEOUS PROVISIONS.

(a) Rights as a Stockholder. Neither the Optionee nor the Optionee's representative shall have any rights as a stockholder with respect to any Shares subject to this option until the Optionee or the Optionee's representative becomes entitled to receive such Shares by filing a notice of exercise and paying the Purchase Price pursuant to Sections 4 and 5.

(b) No Retention Rights. Nothing in this option or in the Plan shall confer upon the Optionee any right to continue in Service for any period of specific duration or interfere with

or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Optionee) or of the Optionee, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

(c) Notice. Any notice required by the terms of this Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid or (iii) deposit with Federal Express Corporation, with shipping charges prepaid. Notice shall be addressed to the Company at its principal executive office and to the Optionee at the address that he or she most recently provided to the Company in accordance with this Subsection (c).

(d) Entire Agreement. The Notice of Stock Option Grant, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(e) Choice of Law. This Agreement shall be governed by, and construed in accordance with, the laws of the state of Delaware, as such laws are applied to contracts entered into and performed in such state.

SECTION 13. ACKNOWLEDGEMENTS OF THE OPTIONEE.

(a) Tax Consequences. The Optionee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes the Optionee's tax liabilities. The Optionee shall not make any claim against the Company or its Board of Directors, officers or employees related to tax liabilities arising from this option or the Optionee's other compensation. In particular, the Optionee acknowledges that this option is exempt from Section 409A of the Code only if the Exercise Price is at least equal to the Fair Market Value per Share on the Date of Grant. Since Shares are not traded on an established securities market, the determination of their Fair Market Value is made by the Board of Directors or by an independent valuation firm retained by the Company. The Optionee acknowledges that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and the Optionee shall not make any claim against the Company or its Board of Directors, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.

(b) Electronic Delivery of Documents. The Optionee agrees that the Company may deliver by email all documents relating to the Plan or this option (including, without limitation, a copy of the Plan) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the Securities and Exchange Commission). The Optionee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Optionee by email.

SECTION 14. DEFINITIONS.

(a) **“Agreement”** shall mean this Stock Option Agreement.

(b) **“Board of Directors”** shall mean the Board of Directors of the Company, as constituted from time to time or, if a Committee has been appointed, such Committee.

(c) **“Cause”** shall mean:

(i) An unauthorized use or disclosure by the Optionee of the Company’s confidential information or trade secrets, which use or disclosure causes material harm to the Company;

(ii) A material breach by the Optionee of any agreement between the Optionee and the Company;

(iii) A material failure by the Optionee to comply with the Company’s written policies or rules;

(iv) The Optionee’s conviction of, or plea of “guilty” or “no contest” to, a felony under the laws of the United States or any state thereof;

(v) The Optionee’s gross negligence or willful misconduct; or

(vi) A continued failure by the Optionee to perform assigned duties after receiving written notification of such failure from the Board of Directors.

(d) **“Change in Control”** shall mean:

(i) The consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, in which a person, or a group of related persons, who did not own more than 50% of the voting power of the outstanding securities of the Company immediately prior to such merger, consolidation or other reorganization own immediately after such merger, consolidation or other reorganization 50% or more of the voting power of the outstanding securities of each of (A) the continuing or surviving entity and (B) any direct or indirect parent corporation of such continuing or surviving entity; or

(ii) The sale, transfer or other disposition of all or substantially all of the Company’s assets.

A transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company’s incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction.

(e) **“Code”** shall mean the Internal Revenue Code of 1986, as amended.

(f) “**Committee**” shall mean a committee of the Board of Directors, as described in Section 2 of the Plan.

(g) “**Company**” shall mean HQC Holdings, Inc., a Delaware corporation.

(h) “**Consultant**” shall mean a person who performs bona fide services for the Company, a Parent or a Subsidiary as a consultant or advisor, excluding Employees and Outside Directors.

(i) “**Date of Grant**” shall mean the date of grant specified in the Notice of Stock Option Grant, which date shall be the later of (i) the date on which the Board of Directors resolved to grant this option or (ii) the first day of the Optionee’s Service.

(j) “**Disability**” shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

(k) “**Employee**” shall mean any individual who is a common-law employee of the Company, a Parent or a Subsidiary.

(l) “**Exercise Price**” shall mean the amount for which one Share may be purchased upon exercise of this option, as specified in the Notice of Stock Option Grant.

(m) “**Fair Market Value**” shall mean the fair market value of a Share, as determined by the Board of Directors in good faith. Such determination shall be conclusive and binding on all persons.

(n) “**Immediate Family**” shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and shall include adoptive relationships.

(o) “**ISO**” shall mean an employee incentive stock option described in Section 422(b) of the Code.

(p) “**Notice of Stock Option Grant**” shall mean the document so entitled to which this Agreement is attached.

(q) “**NSO**” shall mean a stock option not described in Sections 422(b) or 423(b) of the Code.

(r) “**Optionee**” shall mean the person named in the Notice of Stock Option Grant.

(s) “**Outside Director**” shall mean a member of the Board of Directors who is not an Employee.

(t) “**Parent**” shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than

the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(u) **“Plan”** shall mean the HQC Holdings, Inc. 2011 Stock Incentive Plan, as in effect on the Date of Grant.

(v) **“Purchase Price”** shall mean the Exercise Price multiplied by the number of Shares with respect to which this option is being exercised.

(w) **“Right of First Refusal”** shall mean the Company’s right of first refusal described in Section 7.

(x) **“Securities Act”** shall mean the Securities Act of 1933, as amended.

(y) **“Service”** shall mean service as an Employee, Outside Director or Consultant.

(z) **“Share”** shall mean one share of Stock, as adjusted in accordance with Section 8 of the Plan (if applicable).

(aa) **“Stock”** shall mean the Common Stock of the Company.

(bb) **“Subsidiary”** shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(cc) **“Transferee”** shall mean any person to whom the Optionee has directly or indirectly transferred any Share acquired under this Agreement.

(dd) **“Transfer Notice”** shall mean the notice of a proposed transfer of Shares described in Section 7.

HQC HOLDINGS, INC. 2011 STOCK INCENTIVE PLAN
NOTICE OF STOCK OPTION GRANT

The Optionee has been granted the following option to purchase shares of the Common Stock of HQC Holdings, Inc.:

Name of Optionee:

Total Number of Shares:

Type of Option:

[ISO Incentive Stock Option (ISO)]

[NSO Nonstatutory Stock Option (NSO)]

Exercise Price per Share:

\$

Date of Grant:

Vesting Schedule:

This Option vests and is therefore exercisable with respect to the first [__%] of the Shares subject to this Option when the Optionee completes [____] months of continuous Service beginning with the Vesting Commencement Date set forth below. The Options vests and is therefore exercisable with respect to an additional [__%] of the Shares subject to this Option when the Optionee completes each month of continuous Service thereafter. The Option vesting may be accelerated under Section 2(a) of the Stock Option Agreement.

Vesting Commencement Date:

Expiration Date:

This option expires earlier if the Optionee's Service terminates earlier, as provided in Section 6 of the Stock Option Agreement.

By signing below, the Optionee and HQC Holdings, Inc. agree that this option is granted under, and governed by the terms and conditions of, the HQC Holdings, Inc. 2011 Stock Incentive Plan and the Stock Option Agreement. Both of these documents are attached to, and made a part of, this Notice of Stock Option Grant. **Section 13 of the Stock Option Agreement includes important acknowledgements of the Optionee.**

OPTIONEE:

HQC HOLDINGS, INC.

By:

Title:

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**ACT**”), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 5.3 AND 5.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

WARRANT TO PURCHASE STOCK

Company: Health Catalyst, Inc., a Delaware corporation

Number of Shares: As set forth in Paragraph A below

Type/Series of Stock: Common Stock, \$0,001 par value per share

Warrant Price: \$5.33 per Share, subject to adjustment

Issue Date: October 6, 2017

Expiration Date: October 5, 2027 **See also Section 5.1(b).**

Credit Facility: This Warrant to Purchase Stock (“**Warrant**”) is issued in connection with that certain Mezzanine Loan and Security Agreement of even date herewith between Silicon Valley Bank and the Company (as amended and/or modified and in effect from time to time, the “**Loan Agreement**”).

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, SILICON VALLEY BANK (together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, “**Holder**”) is entitled to purchase up to such number of fully paid and non-assessable shares of the above-stated Type/Series of Stock (the “**Class**”) of the above-named company (the “**Company**”) as determined pursuant to Paragraph A below, at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant. Reference is made to Section 5.4 of this Warrant whereby Silicon Valley Bank shall transfer this Warrant to its parent company, SVB Financial Group.

A. **Number of Shares.** This Warrant shall be exercisable for the Initial Shares, plus the Additional Shares, if any (collectively, and as may be adjusted from time to time pursuant to the provisions of this Warrant, the “**Shares**”).

(1) **Initial Shares.** As used herein, “**Initial Shares**” means 127,669 shares of the Class, subject to adjustment from time to time pursuant to the provisions of this Warrant.

(2) **Additional Shares.** Subject to Paragraph A(4) below, upon the making of each Term Loan Advance (as defined in the Loan Agreement) to the Borrower, this Warrant automatically shall become exercisable for such number of additional shares of the Class as shall equal (a) the Additional Shares Pool, multiplied by (b) a fraction, the numerator of which shall equal the amount of such Term Loan Advance and the denominator of which shall equal \$20,000,000, subject to adjustment thereafter from time to time in accordance with the provisions of this Warrant.

All shares, if any, for which this Warrant becomes exercisable pursuant to this Paragraph A(2) are referred to herein cumulatively as the “**Additional Shares**.”

(3) Additional Shares Pool. As used herein, “**Additional Shares Pool**” means 127,668 shares of the Class, as such number may be adjusted from time to time in accordance with the provisions of this Warrant (as if the Additional Shares Pool constituted “Shares” hereunder at all times from and after the Issue Date for such purpose).

(4) Funding Milestone Event Shares. Notwithstanding Paragraph A(3) above, if, upon the occurrence (if any) of the Funding Milestone Event (as defined in the Loan Agreement), less than all of the shares in the Additional Shares Pool shall theretofore have become Additional Shares pursuant to Paragraph A(2), then upon such occurrence this Warrant automatically shall become exercisable for 63,834 shares of the Additional Shares Pool (or, if less than 63,834 shares remain in the Additional Shares Pool, such remaining shares), as such number may have been adjusted from time to time prior to such extension in accordance with the provisions of this Warrant as if such shares constituted “Shares” at all times from and after the Issue Date for such purpose (the “**Funding Milestone Event Shares**”). The Funding Milestone Event Shares shall be deemed to be and treated as Additional Shares for all purposes of this Warrant. If this Warrant becomes exercisable for the Funding Milestone Event Shares pursuant to this Paragraph A(4), then thereafter, for purposes of the calculations under Paragraph A(2) above in respect of Term Loan Advances made on or after the date thereof, (a) the Additional Shares Pool shall equal the Additional Shares Pool set forth in Paragraph A(3) above less (i) all Additional Shares for which this Warrant is exercisable as of immediately prior to such extension, and (ii) the Funding Milestone Event Shares, and (b) the denominator of the fraction described in clause (b) of Paragraph A(2) shall equal \$20,000,000 less the aggregate of Term Loan Advances made to the Borrower on or before as of immediately prior to such occurrence.

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A - B) / A$$

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value. If shares of the Class are then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "**Trading Market**"), the fair market value of a Share shall be the closing price or last sale price of a share of the Class reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If shares of the Class are not then traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Within a reasonable time after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

(a) Acquisition. For the purpose of this Warrant, "**Acquisition**" means any transaction or series of related transactions involving: (i) the sale, lease, exclusive license, or

other disposition of all or substantially all of the assets of the Company; (ii) any merger or consolidation of the Company into or with another person or entity (other than a merger or consolidation effected exclusively to change the Company's domicile), or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company's (or the surviving or successor entity's) outstanding voting power immediately after such merger, consolidation or reorganization (or, if such Company stockholders beneficially own a majority of the outstanding voting power of the surviving or successor entity as of immediately after such merger, consolidation or reorganization, such surviving or successor entity is not the Company); or (hi) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company's then-total outstanding combined voting power.

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "**Cash/Public Acquisition**"), and the fair market value of one Share as determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date immediately prior to such Cash/Public Acquisition, and Holder has not exercised this Warrant pursuant to Section 1.1 above as to all Shares, then this Warrant shall automatically be deemed to be Cashless Exercised pursuant to Section 1.2 above as to all Shares effective immediately prior to and contingent upon the consummation of a Cash/Public Acquisition. In connection with such Cashless Exercise, Holder shall be deemed to have restated each of the representations and warranties in Section 4 of the Warrant as of the date thereof and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon exercise. In the event of a Cash/Public Acquisition where the fair market value of one Share as determined in accordance with Section 1.3 above would be less than the Warrant Price in effect immediately prior to such Cash/Public Acquisition, then this Warrant will expire immediately prior to the consummation of such Cash/Public Acquisition.

(c) Upon the closing of any Acquisition other than a Cash/Public Acquisition, the acquiring, surviving or successor entity shall assume the obligations of this Warrant, and this Warrant shall thereafter be exercisable for the same securities and/or other property as would have been paid for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on and as of the closing of such Acquisition, subject to further adjustment from time to time in accordance with the provisions of this Warrant.

(d) As used in this Warrant, "**Marketable Securities**" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in a Trading Market, and (iii) following the closing of such Acquisition, Holder would not be restricted from publicly re-selling all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise this Warrant in full on or prior to the closing of such Acquisition, except to the extent that

any such restriction (x) arises solely under federal or state securities laws, rules or regulations, and (y) does not extend beyond six (6) months from the closing of such Acquisition.

1.7 Stockholders Agreement. Following any exercise of this Warrant and solely with respect to the Shares issued thereupon, Holder shall, if the Company so requests in writing, become a “Key Holder” party to, by execution and delivery to the Company of a counterpart signature page, joinder agreement, instrument of accession or similar instrument, that certain Fourth Amended and Restated Stockholders Agreement dated February 9, 2016, among the Company and the other parties named therein, as amended and in effect from time to time (the “**Stockholders Agreement**”), only if (i) holders of not less than eighty percent (80%) of the then-outstanding shares of the Class are then parties thereto, and (ii) such agreement is then by its terms in force and effect. Provided that the conditions described in the foregoing clauses (i) and (ii) are met as to the Stockholders Agreement at the time of any exercise of this Warrant, Holder shall, effective upon such exercise, automatically become bound by, and the Shares issued upon such exercise automatically become subject to, such agreement.

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in additional shares of the Class or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations, substitutions, replacements or other similar events.

2.3 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.4 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder as follows:

(a) The initial Warrant Price referenced on the first page of this Warrant is not greater than the fair market value of a share of the Class as determined by the most recently completed valuation, approved by the Company's Board of Directors, of the Company's stock for purposes of its compliance with Section 409A of the Internal Revenue Code of 1986, as amended.

(b) The number of Initial Shares first set forth above together with the number of shares constituting the Additional Shares Pool first set forth above collectively represent not less than 0.4250% of the Company's total issued and outstanding shares of common stock, calculated on and as of the Issue Date hereof on a fully-diluted, common stock-equivalent basis assuming (i) the conversion into common stock of all outstanding securities and instruments (including, without limitation, securities deemed to be outstanding pursuant to clause (ii) of this Section 3.1 (b)) convertible by their terms into shares of common stock (regardless of whether such securities or instruments are by their terms now so convertible), (ii) the exercise in full of all outstanding options, warrants (including, without limitation, this Warrant) and other rights to purchase or acquire shares of common stock or securities exercisable for or convertible into shares of common stock (regardless of whether such options, warrants or other rights to purchase or acquire are by their terms now exercisable); and (iii) the inclusion of all shares of common stock reserved for issuance under all of the Company's incentive stock and stock option plans and not now subject to outstanding grants or options.

(c) All Shares which may be issued upon the exercise of this Warrant shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class and other securities as will be sufficient to permit the exercise in full of this Warrant.

(d) The Company's capitalization table attached hereto as Schedule 1 is true and complete, in all material respects, as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time to:

- (a) declare any dividend or distribution upon the outstanding shares of the Class, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;
- (b) offer for subscription or sale pro rata to the holders of the outstanding shares of the Class any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights);
- (c) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class;
- (d) effect an Acquisition or to liquidate, dissolve or wind up; or
- (e) effect its initial, underwritten offering and sale of its securities to the public pursuant to an effective registration statement under the Act (the "IPO");

then, in connection with each such event, the Company shall give Holder:

- (1) in the case of the matters referred to in (a) and (b) above, at least seven (7) Business Days prior written notice of the earlier to occur of the effective date thereof or the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any;
- (2) in the case of the matters referred to in (c) and (d) above at least seven (7) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event and such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such event giving rise to the notice); and
- (3) with respect to the IPO, at least seven (7) Business Days prior written notice of the date on which the Company proposes to file its registration statement in connection therewith.

The Company will also provide information requested by Holder that is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the Shares to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as

a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 No Voting Rights. Holder, as a Holder of this Warrant, will not have any voting rights until the exercise of this Warrant.

4.7 Market Stand-off Agreement. The Holder agrees that the Shares shall be subject to the "holdback agreement" in Section 4 of the Stockholders Agreement.

SECTION 5. MISCELLANEOUS.

5.1 Term; Automatic Cashless Exercise Upon Expiration.

(a) Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, Pacific time, on the Expiration Date and shall be void thereafter.

(b) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares issued upon such exercise to Holder.

5.2 Legends. Each certificate evidencing Shares shall be imprinted with a legend in substantially the following form:

THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO SILICON VALLEY BANK DATED OCTOBER 6, 2017, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issued upon exercise of this Warrant may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to SVB Financial Group (Silicon Valley Bank's parent company) or any other affiliate of Holder, provided that any such transferee is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

5.4 Transfer Procedure. After receipt by Silicon Valley Bank of the executed Warrant, Silicon Valley Bank will transfer all of this Warrant to its parent company, SVB Financial Group. By its acceptance of this Warrant, SVB Financial Group hereby makes to the Company each of the representations and warranties set forth in Section 4 hereof and agrees to be bound by all of the terms and conditions of this Warrant as if the original Holder hereof. Subject to the

provisions of Section 5.3 and upon providing the Company with written notice, SVB Financial Group and any subsequent Holder may transfer all or part of this Warrant or the Shares issued upon exercise of this Warrant to any transferee, provided, however, in connection with any such transfer, SVB Financial Group or any subsequent Holder will give the Company notice of the portion of the Warrant and/or Shares being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable); and provided further, that any subsequent transferee other than SVB Financial Group shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant. Notwithstanding any contrary provision herein, at all times prior to the IPO, Holder may not, without the Company's prior written consent, transfer this Warrant or any portion hereof, or any Shares issued upon any exercise hereof, to any person or entity who directly competes with the Company, except in connection with an Acquisition of the Company by such a direct competitor.

5.5 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd) Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

SVB Financial Group
Attn: Treasury Department
3003 Tasman Drive, HC 215
Santa Clara, CA 95054
Telephone: (408) 654-7400
Facsimile: (408)988-8317
Email address: derivatives@svb.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

Health Catalyst, Inc.
Attn: Chief Financial Officer
3165 Millrock Drive, Suite 400
Salt Lake City, UT 84121
Telephone:
Facsimile:
Email:

With a copy (which shall not constitute notice) to:

LAW FIRM

Attn:

(ADDRESS)

Telephone:

Facsimile:

Email:

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

5.10 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.11 Business Days. "**Business Day**" is any day that is not a Saturday, Sunday or a day on which Silicon Valley Bank is closed.

[Remainder of page left blank intentionally]

[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

“COMPANY”

HEALTH CATALYST, INC.

By: /s/ Daniel Burton

Name: Daniel Burton

Title: CEO

“HOLDER”

SILICON VALLEY BANK

By: /s/ Mike Devery

Name: Mike Devery
(Print)

Title: Managing Director

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned Holder hereby exercises its right to purchase _____ shares of the Common/Series _____ Preferred [circle one] Stock of _____ (the "**Company**") in accordance with the attached Warrant To Purchase Stock, and tenders payment of the aggregate Warrant Price for such shares as follows:

- check in the amount of \$ _____ payable to order of the Company enclosed herewith
- Wire transfer of immediately available funds to the Company's account
- Cashless Exercise pursuant to Section 1.2 of the Warrant
- Other [Describe] _____

2. Please issue a certificate or certificates representing the Shares in the name specified below:

Holder's Name

(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Section 4 of the Warrant to Purchase Stock as of the date hereof.

HOLDER:

By: _____
Name: _____
Title: _____
(Date): _____

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**ACT**”), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 5.3 AND 5.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

WARRANT TO PURCHASE STOCK

Company: Health Catalyst, Inc., a Delaware corporation

Number of Shares: As set forth in Paragraph A below

Type/Series of Stock: Common Stock, \$0,001 par value per share

Warrant Price: \$5.33 per Share, subject to adjustment

Issue Date: October 6, 2017

Expiration Date: October 5, 2027 **See also Section 5.1(b).**

Credit Facility: This Warrant to Purchase Stock (“**Warrant**”) is issued in connection with that certain Mezzanine Loan and Security Agreement of even date herewith between Silicon Valley Bank and the Company (as amended and/or modified and in effect from time to time, the “**Loan Agreement**”) and the participation therein of WestRiver Mezzanine Loans - Loan Pool V, LLC pursuant to an arrangement among Silicon Valley Bank, Loan Manager, LLC and WestRiver Mezzanine Loans - Loan Pool V, LLC.

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, WESTRIVER MEZZANINE LOANS - LOAN POOL V, LLC (together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, “**Holder**”) is entitled to purchase up to such number of fully paid and non-assessable shares of the above-stated Type/Series of Stock (the “**Class**”) of the above-named company (the “**Company**”) as determined pursuant to Paragraph A below, at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant.

A. **Number of Shares.** This Warrant shall be exercisable for the Initial Shares, plus the Additional Shares, if any (collectively, and as may be adjusted from time to time pursuant to the provisions of this Warrant, the “**Shares**”).

(1) **Initial Shares.** As used herein, “**Initial Shares**” means 127,669 shares of the Class, subject to adjustment from time to time pursuant to the provisions of this Warrant.

(2) **Additional Shares.** Subject to Paragraph A(4) below, upon the making of each Term Loan Advance (as defined in the Loan Agreement) to the Borrower, this Warrant automatically shall become exercisable for such number of additional shares of the Class as shall equal (a) the Additional Shares Pool, multiplied by (b) a fraction, the numerator of which shall equal the amount of such Term Loan Advance and the denominator of which shall equal \$20,000,000,

subject to adjustment thereafter from time to time in accordance with the provisions of this Warrant. All shares, if any, for which this Warrant becomes exercisable pursuant to this Paragraph A(2) are referred to herein cumulatively as the “**Additional Shares**.”

(3) Additional Shares Pool. As used herein, “**Additional Shares Pool**” means 127,668 shares of the Class, as such number may be adjusted from time to time in accordance with the provisions of this Warrant (as if the Additional Shares Pool constituted “Shares” hereunder at all times from and after the Issue Date for such purpose).

(4) Funding Milestone Event Shares. Notwithstanding Paragraph A(3) above, if, upon the occurrence (if any) of the Funding Milestone Event (as defined in the Loan Agreement), less than all of the shares in the Additional Shares Pool shall theretofore have become Additional Shares pursuant to Paragraph A(2), then upon such occurrence this Warrant automatically shall become exercisable for 63,834 shares of the Additional Shares Pool (or, if less than 63,834 shares remain in the Additional Shares Pool, such remaining shares), as such number may have been adjusted from time to time prior to such extension in accordance with the provisions of this Warrant as if such shares constituted “Shares” at all times from and after the Issue Date for such purpose (the “**Funding Milestone Event Shares**”). The Funding Milestone Event Shares shall be deemed to be and treated as Additional Shares for all purposes of this Warrant. If this Warrant becomes exercisable for the Funding Milestone Event Shares pursuant to this Paragraph A(4); then thereafter, for purposes of the calculations under Paragraph A(2) above in respect of Term Loan Advances made on or after the date thereof, (a) the Additional Shares Pool shall equal the Additional Shares Pool set forth in Paragraph A(3) above less (i) all Additional Shares for which this Warrant is exercisable as of immediately prior to such extension, and (ii) the Funding Milestone Event Shares, and (b) the denominator of the fraction described in clause (b) of Paragraph A(2) shall equal \$20,000,000 less the aggregate of Term Loan Advances made to the Borrower on or before as of immediately prior to such occurrence.

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value. If shares of the Class are then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a “**Trading Market**”), the fair market value of a Share shall be the closing price or last sale price of a share of the Class reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If shares of the Class are not then traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Within a reasonable time after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

(a) Acquisition. For the purpose of this Warrant, “**Acquisition**” means any transaction or series of related transactions involving: (i) the sale, lease, exclusive license, or

other disposition of all or substantially all of the assets of the Company; (ii) any merger or consolidation of the Company into or with another person or entity (other than a merger or consolidation effected exclusively to change the Company's domicile), or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company's (or the surviving or successor entity's) outstanding voting power immediately after such merger, consolidation or reorganization (or, if such Company stockholders beneficially own a majority of the outstanding voting power of the surviving or successor entity as of immediately after such merger, consolidation or reorganization, such surviving or successor entity is not the Company); or (iii) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company's then-total outstanding combined voting power.

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "**Cash/Public Acquisition**"), and the fair market value of one Share as determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date immediately prior to such Cash/Public Acquisition, and Holder has not exercised this Warrant pursuant to Section 1.1 above as to all Shares, then this Warrant shall automatically be deemed to be Cashless Exercised pursuant to Section 1.2 above as to all Shares effective immediately prior to and contingent upon the consummation of a Cash/Public Acquisition. In connection with such Cashless Exercise, Holder shall be deemed to have restated each of the representations and warranties in Section 4 of the Warrant as of the date thereof and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon exercise. In the event of a Cash/Public Acquisition where the fair market value of one Share as determined in accordance with Section 1.3 above would be less than the Warrant Price in effect immediately prior to such Cash/Public Acquisition, then this Warrant will expire immediately prior to the consummation of such Cash/Public Acquisition.

(c) Upon the closing of any Acquisition other than a Cash/Public Acquisition, the acquiring, surviving or successor entity shall assume the obligations of this Warrant, and this Warrant shall thereafter be exercisable for the same securities and/or other property as would have been paid for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on and as of the closing of such Acquisition, subject to further adjustment from time to time in accordance with the provisions of this Warrant.

(d) As used in this Warrant, "**Marketable Securities**" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in a Trading Market, and (iii) following the closing of such Acquisition, Holder would not be restricted from publicly re-selling all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise this Warrant in full on or prior to the closing of such Acquisition, except to the extent that

any such restriction (x) arises solely under federal or state securities laws, rules or regulations, and (y) does not extend beyond six (6) months from the closing of such Acquisition.

1.7 Stockholders Agreement. Following any exercise of this Warrant and solely with respect to the Shares issued thereupon, Holder shall, if the Company so requests in writing, become a “Key Holder” party to, by execution and delivery to the Company of a counterpart signature page, joinder agreement, instrument of accession or similar instrument, that certain Fourth Amended and Restated Stockholders Agreement dated February 9, 2016, among the Company and the other parties named therein, as amended and in effect from time to time (the “**Stockholders Agreement**”), only if (i) holders of not less than eighty percent (80%) of the then-outstanding shares of the Class are then parties thereto, and (ii) such agreement is then by its terms in force and effect. Provided that the conditions described in the foregoing clauses (i) and (ii) are met as to the Stockholders Agreement at the time of any exercise of this Warrant, Holder shall, effective upon such exercise, automatically become bound by, and the Shares issued upon such exercise automatically become subject to, such agreement.

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in additional shares of the Class or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations, substitutions, replacements or other similar events.

2.3 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.4 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder as follows:

(a) The initial Warrant Price referenced on the first page of this Warrant is not greater than the fair market value of a share of the Class as determined by the most recently completed valuation, approved by the Company's Board of Directors, of the Company's stock for purposes of its compliance with Section 409A of the Internal Revenue Code of 1986, as amended.

(b) The number of Initial Shares first set forth above together with the number of shares constituting the Additional Shares Pool first set forth above collectively represent not less than 0.4250% of the Company's total issued and outstanding shares of common stock, calculated on and as of the Issue Date hereof on a fully-diluted, common stock-equivalent basis assuming (i) the conversion into common stock of all outstanding securities and instruments (including, without limitation, securities deemed to be outstanding pursuant to clause (ii) of this Section 3.1(b)) convertible by their terms into shares of common stock (regardless of whether such securities or instruments are by their terms now so convertible), (ii) the exercise in full of all outstanding options, warrants (including, without limitation, this Warrant) and other rights to purchase or acquire shares of common stock or securities exercisable for or convertible into shares of common stock (regardless of whether such options, warrants or other rights to purchase or acquire are by their terms now exercisable); and (iii) the inclusion of all shares of common stock reserved for issuance under all of the Company's incentive stock and stock option plans and not now subject to outstanding grants or options.

(c) All Shares which may be issued upon the exercise of this Warrant shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class and other securities as will be sufficient to permit the exercise in full of this Warrant.

(d) The Company's capitalization table attached hereto as Schedule 1 is true and complete, in all material respects, as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time to:

- (a) declare any dividend or distribution upon the outstanding shares of the Class, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;
- (b) offer for subscription or sale pro rata to the holders of the outstanding shares of the Class any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights);
- (c) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class;
- (d) effect an Acquisition or to liquidate, dissolve or wind up; or
- (e) effect its initial, underwritten offering and sale of its securities to the public pursuant to an effective registration statement under the Act (the "**IPO**"); then, in connection with each such event, the Company shall give Holder:
 - (1) in the case of the matters referred to in (a) and (b) above, at least seven (7) Business Days prior written notice of the earlier to occur of the effective date thereof or the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any;
 - (2) in the case of the matters referred to in (c) and (d) above at least seven (7) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event and such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such event giving rise to the notice); and
 - (3) with respect to the IPO, at least seven (7) Business Days prior written notice of the date on which the Company proposes to file its registration statement in connection therewith.

The Company will also provide information requested by Holder that is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the Shares to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of

the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 No Voting Rights. Holder, as a Holder of this Warrant, will not have any voting rights until the exercise of this Warrant.

4.7 Market Stand-off Agreement. The Holder agrees that the Shares shall be subject to the "holdback agreement" in Section 4 of the Stockholders Agreement.

SECTION 5. MISCELLANEOUS.

5.1 Term; Automatic Cashless Exercise Upon Expiration.

(a) Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, Pacific time, on the Expiration Date and shall be void thereafter.

(b) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares issued upon such exercise to Holder.

5.2 Legends. Each certificate evidencing Shares shall be imprinted with a legend in substantially the following form:

THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO WESTRIVER MEZZANINE LOANS - LOAN POOL V, LLC DATED OCTOBER 6, 2017, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issued upon exercise of this Warrant may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to an affiliate of Holder, provided that such affiliate is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

5.4 Transfer Procedure. Subject to the provisions of Section 5.3 and upon providing the Company with written notice, Holder may transfer all or part of this Warrant or the Shares issued upon exercise of this Warrant to any transferee, provided, however, in connection with any such transfer, Holder will give the Company notice of the portion of the Warrant and/or Shares being transferred with the name, address and taxpayer identification number of the transferee

and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable); and provided further, that any transferee shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant. Notwithstanding any contrary provision herein, at all times prior to the IPO, Holder may not, without the Company's prior written consent, transfer this Warrant or any portion hereof, or any Shares issued upon any exercise hereof, to any person or entity who directly competes with the Company, except in connection with an Acquisition of the Company by such a direct competitor.

5.5 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd) Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

WestRiver Mezzanine Loans - Loan Pool V, LLC
c/o Chief Financial Officer
3720 Carillon Point
Kirkland, Washington 98033-7455
Attention: Trent Dawson
Telephone: (425) 952-3951
Email: tdawson@westrivermgmt.com

With a copy (which shall not constitute notice) to:

Perkins Coie LLP
1201 Third Avenue, Suite 4800
Seattle, Washington 98101-3099
Attention: David C. Clarke
Telephone: (206) 359-8612
Email: dclarke@perkinscoie.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

Health Catalyst, Inc.
Attn: Chief Financial Officer
3165 Millrock Drive, Suite 400
Salt Lake City, UT 84121
Telephone:
Facsimile:
Email:

With a copy (which shall not constitute notice) to:

LAW FIRM

Attn:

(ADDRESS)

Telephone:

Facsimile:

Email:

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

5.10 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.11 Business Days. "**Business Day**" is any day that is not a Saturday, Sunday or a day on which banks in Washington are closed.

[Remainder of page left blank intentionally]

[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

“COMPANY”

HEALTH CATALYST, INC.

By: /s/ Daniel Burton

Name: Daniel Burton
(Print)

Title: CEO

"HOLDER"

WESTRIVER MEZZANINE LOANS - LOAN POOL V, LLC

By: Loan Manager, LLC, its
Managing Member

By: /s/ Trent Dawson
Trent Dawson, Chief Financial Officer

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned Holder hereby exercises its right to purchase _____ shares of the Common/Series _____ Preferred [circle one] Stock of _____ (the "**Company**") in accordance with the attached Warrant To Purchase Stock, and tenders payment of the aggregate Warrant Price for such shares as follows:

- check in the amount of \$_____ payable to order of the Company enclosed herewith
- Wire transfer of immediately available funds to the Company's account
- Cashless Exercise pursuant to Section 1.2 of the Warrant
- Other [Describe] _____

2. Please issue a certificate or certificates representing the Shares in the name specified below:

Holder's Name

(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Section 4 of the Warrant to Purchase Stock as of the date hereof.

HOLDER:

By: _____

Name: _____

Title: _____

(Date): _____

List of Subsidiaries of Health Catalyst, Inc.

Medicity LLC (Delaware, United States)

Health Catalyst UK Ltd (England and Wales)