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On August 21, 2015, the Company amended its payment processing agreement with Starbucks such that, as of October 1, 2015, the Company is no longer Starbucks' exclusive payment processing provider, Starbucks can terminate the agreement upon 30 days' prior notice, and any payment processing volumes will be subject to increased rates beginning on October 1, 2015. As part of this amendment, the previously unvested warrants related to processing targets in the United Kingdom and Japan have been canceled. Additionally, the Company agreed to facilitate the sale of 2,269,830 shares of Series D preferred stock owned by Starbucks to a third party. If the aggregate purchase price in a sale to a third party of the Series D preferred stock is less than \$37 million, then the Company will pay Starbucks the difference. This obligation terminates upon the expiration of any applicable lock-up period following an initial public offering. In the event that such obligation has not terminated, and the shares have not been sold, by October 30, 2016, the Company is obligated to repurchase the shares for \$37 million. The Company has designated this obligation as a derivative instrument initially valued at \$1.5 million to be measured at fair value on a recurring basis (see Note 2). The liability has been included in other current liabilities on the consolidated balance sheets.

Stock Option Plan

Under the 2009 Stock Option Plan (the "Plan"), shares of common stock are reserved for the issuance of incentive stock options (ISOs) or non-statutory stock options (NSOs) to eligible participants. The options may be granted at a price per share not less than the fair market value at the date of grant. Options granted generally vest over a four-year term from the date of grant, at a rate of 25% after one year, then monthly on a straight-line basis thereafter. Generally, options granted are exercisable for up to 10 years from the date of grant. The Plan allows for early exercise of employee stock options whereby the option holder is allowed to exercise prior to vesting. Any unvested shares are subject to repurchase by the Company at their original exercise prices.

Common shares purchased under the Plan are subject to certain restrictions, including the right of first refusal by the Company for sale or transfer of shares to outside parties. The Company's right of first refusal terminates upon completion of an initial public offering of common stock.

As of December 31, 2014, the Plan authorized 133,592,790 shares of common stock to be reserved for issuance on the exercise of stock options to purchase common stock, of which the right to purchase 4,535,900 shares remains available for issuance. As of September 30, 2015, the Plan authorized 162,561,028 shares of common stock to be reserved for issuance on the exercise of stock options to purchase common stock, of which the right to purchase 10,402,882 shares remains available for issuance.

In January 2015, the Company's Chief Executive Officer contributed 5,068,238 shares of common stock back to the Company for no consideration. The purpose of the contribution was to retire such shares in order to offset stock ownership dilution to existing investors in connection with future issuances under the 2009 Stock Plan.

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A summary of stock option activity for the year ended December 31, 2014 is as follows (in thousands, except share and per share data):

	Number of stock options outstanding	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Balance at December 31, 2013	71,463,130	\$ 2.40	7.67	\$ 479,434
Granted	32,697,751	8.09		
Exercised	(9,403,147)	1.57		
Forfeited	(7,286,321)	4.39		
Balance at December 31, 2014	<u>87,471,413</u>	\$ 4.46	8.36	\$ 490,227
Options vested and expected to vest at December 31, 2014	<u>77,857,421</u>	\$ 4.46	8.36	\$ 490,227