

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

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

Datadog, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7372
(Primary Standard Industrial
Classification Code Number)
620 8th Avenue, 45th Floor
New York, New York 10018
(866) 329-4466

27-2825503
(I.R.S. Employer
Identification Number)

(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 this registration statement is declared effective.

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Class A common stock, par value \$0.00001 per share	27,600,000	\$22.00	\$607,200,000	\$73,593

(1) Includes 3,600,000 additional shares that the underwriters have the option to purchase.

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

(3) The registrant previously paid a registration fee of \$12,120 in connection with the initial filing of this Registration Statement.

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

PROSPECTUS

(Subject to Completion)
 Issued September 9, 2019



Class A Common Stock

24,000,000 Shares

This is an initial public offering of shares of Class A common stock of Datadog, Inc. Prior to this offering, there has been no public market for our Class A common stock. It is currently estimated that the initial public offering price will be between \$ 19.00 and \$ 22.00 per share.

Following this offering, we will have two classes of common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting, conversion and transfer rights. Each share of Class A common stock is entitled to one vote. Each share of Class B common stock is entitled to ten votes and is convertible at any time into one share of Class A common stock. All shares of our capital stock outstanding immediately prior to this offering, including all shares held by our executive officers, directors and their respective affiliates, and all shares issuable on the conversion of our outstanding convertible preferred stock, will be reclassified into shares of our Class B common stock immediately prior to the completion of this offering. The holders of our outstanding Class B common stock will hold approximately 99% of the voting power of our outstanding capital stock immediately following this offering.

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

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

Investing in our Class A common stock involves risks. See "Risk Factors" beginning on page 14.

	Price \$ a share		
Per Share	Price to Public	Underwriting Discounts and Commissions ⁽¹⁾	Proceeds to Datadog
Total	\$	\$	\$

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

At our request, the underwriters have reserved up to 5% of the shares of Class A common stock offered by this prospectus for sale, at the initial public offering price, to certain individuals associated with us. See the section titled "Underwriters-Directed Share Program."

We have granted the underwriters the option to purchase up to an additional 3,600,000 shares of Class A common stock from us on the same terms as set forth above to cover over-allotments, if any.


Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of Class A common stock to purchasers on _____, 2019.

Morgan Stanley Goldman Sachs & Co. LLC J.P. Morgan Credit Suisse
 Barclays Jefferies RBC Capital Markets
 JMP Securities Raymond James Stifel William Blair Needham & Company

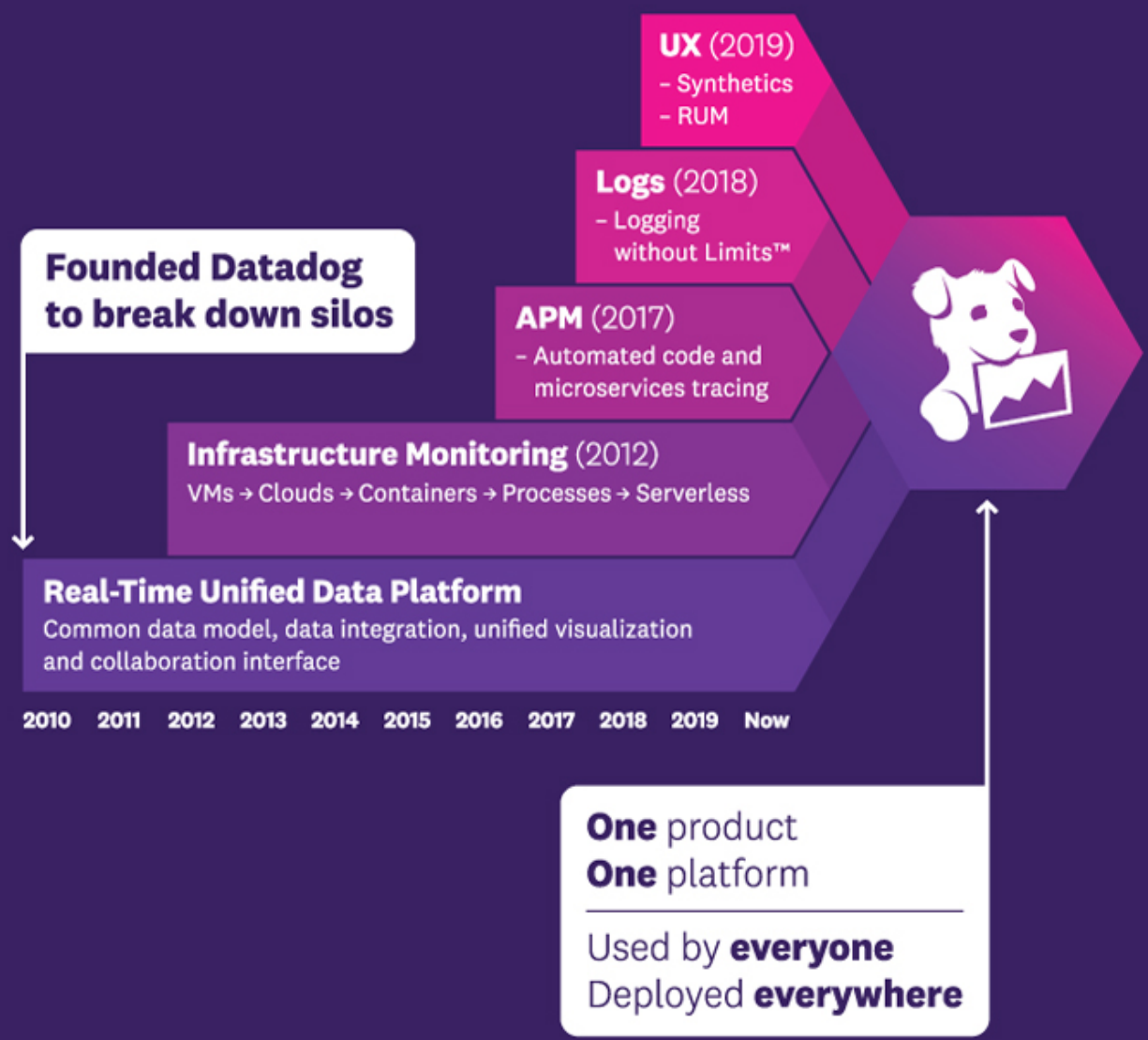
, 2019.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.



Monitoring and analytics for dev, ops, and business in the cloud age

Our History of Innovation



8,800+

Customers

82%

**Year-over-year
revenue growth^(b)**

590+

**Customers with
\$100K+ ARR^(a)**

146%

**Dollar-based
net retention rate^(a)**

40+

**Customers with
\$1M+ ARR^(a)**

(5)%

**Trailing 12-months
free cash flow margin^(a)**

40%

**Customers using
2+ products**

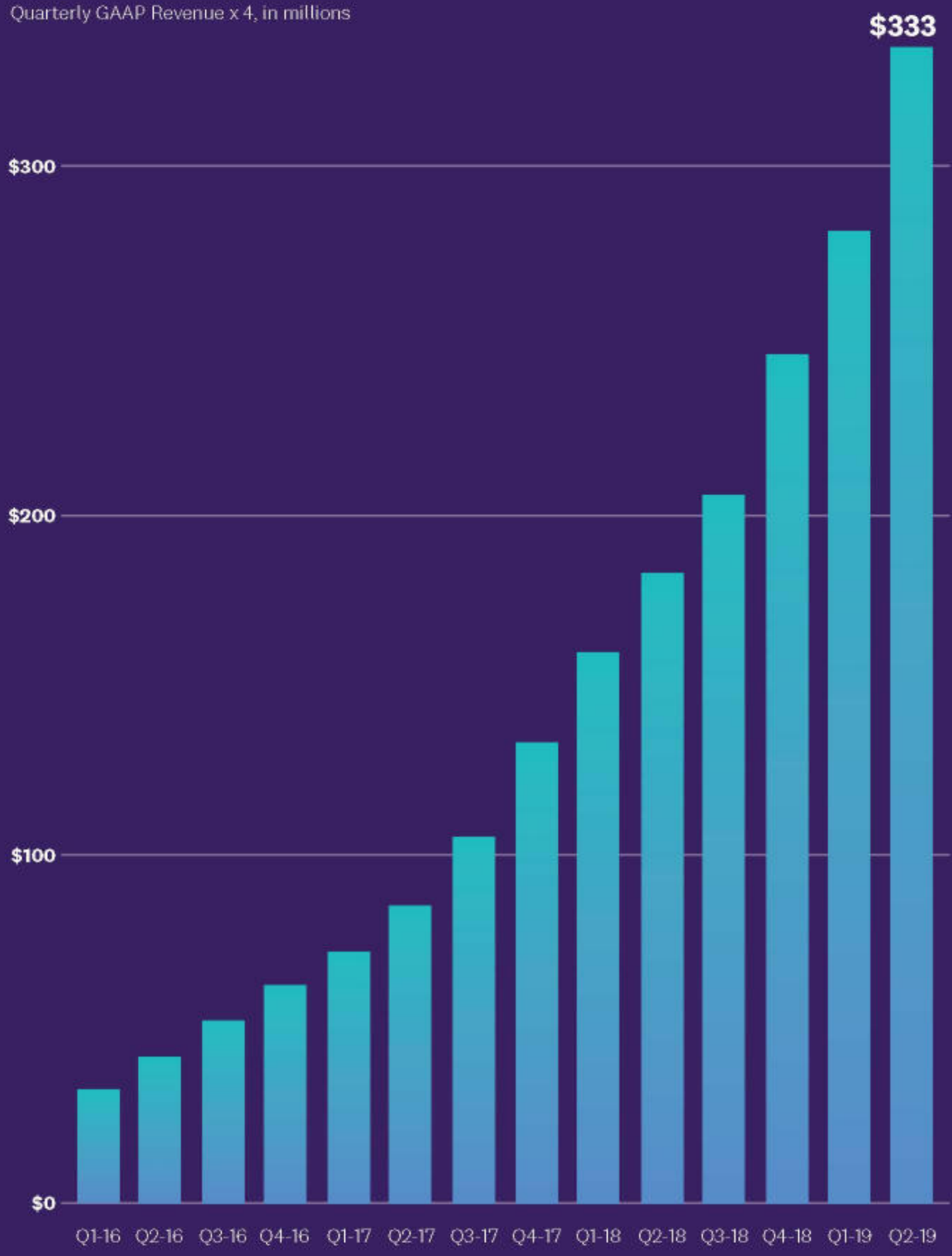
\$(14)MM

**Operating loss, six months
ended June 30, 2019^(c)**

All data as of June 30, 2019, unless otherwise indicated. (a) See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information on annual run-rate revenue (ARR, which is a different measure and calculation than our Quarterly Revenue Run Rate shown in the graphic on the next page), dollar-based net retention rate and free cash flow. (b) Represents the trailing 12-months ended June 30, 2019, compared to the trailing 12-months ended June 30, 2018. (c) Includes a \$5MM non-cash benefit to operating income related to a release of a non-income tax liability. See Note 7 in the Notes to the Consolidated Financial Statements for further discussion.

Quarterly Revenue Run Rate[†]

Quarterly GAAP Revenue x 4, in millions



[†]GAAP revenue was \$48 million, \$101 million, and \$198 million for 2016, 2017 and 2018, respectively.



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Through and including _____, 2019 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

We 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 give you. We are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our Class A common stock.

For investors outside the United States: neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our Class A common stock and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including the sections titled “Risk Factors,” “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, before making an investment decision. Unless the context otherwise requires, all references in this prospectus to “Datadog,” the “company,” “we,” “our,” “us” or similar terms refer to Datadog, Inc. and its subsidiaries.

DATADOG, INC.

Datadog is the monitoring and analytics platform for developers, IT operations teams and business users in the cloud age.

Our SaaS platform integrates and automates infrastructure monitoring, application performance monitoring and log management to provide unified, real-time observability of our customers’ entire technology stack. Datadog is used by organizations of all sizes and across a wide range of industries to enable digital transformation and cloud migration, drive collaboration among development, operations and business teams, accelerate time to market for applications, reduce time to problem resolution, understand user behavior and track key business metrics.

Software applications are transforming how organizations engage with customers and operate their businesses. Companies across all industries are re-platforming their businesses to cloud infrastructures to enable this digital transformation. Historically, engineering teams have been siloed, making the development of next generation applications on dynamic cloud environments challenging. We started Datadog to break this model and facilitate collaboration among development and operations teams, enabling the adoption of DevOps practices. Since then we have continuously pushed to unify separate tools into an integrated monitoring and analytics platform, readily available to everyone who cares about applications and their impact on business.

From our founding goal of breaking down silos between Dev and Ops, we set out in 2010 to build a real-time data integration platform to turn chaos from disparate sources into digestible and actionable insights. In 2012, we launched our first use case with infrastructure monitoring, purpose-built to handle increasingly ephemeral cloud-native architectures. This enabled us to be deployed on our customers’ entire cloud IT environments and gave our product broad usage across Dev, Ops and business teams, in turn allowing us to address a bigger set of challenges through our platform. In 2017 we launched our APM product, designed to be broadly deployed in very distributed, micro-services architectures. In 2018, we were the first to combine the “three pillars of observability” with the introduction of our log management product. To allow for full-stack observability, in 2019, we launched user experience monitoring and announced network performance monitoring. Today, we offer end-to-end monitoring and analytics, powered by a common data model that is extensible for potential new use cases.

Our proprietary platform combines the power of metrics, traces and logs to provide a unified view of infrastructure and application performance and the real-time events impacting this performance. Datadog is designed to be cloud agnostic and easy to deploy, with hundreds of out-of-the-box integrations, a built-in understanding of modern technology stacks and endless customizability. Customers can deploy our platform across their entire infrastructure, making it ubiquitous and a daily part of the lives of developers, operations engineers and business leaders.

We employ a land-and-expand business model centered around offering products that are easy to adopt and have a very short time to value. Our customers can expand their footprint with us on a self-service basis. Our

customers often significantly increase their usage of the products they initially buy from us and expand their usage to other products we offer on our platform. We grow with our customers as they expand their workloads in the public and private cloud. Our ability to expand within our customer base is best demonstrated by our dollar-based net retention rate. As of June 30, 2018 and 2019, our dollar-based net retention rate was 146%, and as of December 31, 2017 and 2018, it was 141% and 151%, respectively. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Performance” for additional information regarding our dollar-based net retention rate.

We have a highly efficient go-to-market model, which consists of a self-service tier, a high velocity inside sales team, and an enterprise sales force. As of June 30, 2019, we had approximately 8,800 customers, increasing from approximately 7,700, 5,400 and 3,800 customers as of December 31, 2018, 2017 and 2016, respectively. Approximately 590 of our customers as of June 30, 2019 had annual run-rate revenue, or ARR, of \$100,000 or more, increasing from approximately 450, 240 and 130 customers as of December 31, 2018, 2017 and 2016, respectively, accounting for approximately 72%, 68%, 60% and 48% of our ARR, respectively. Further, as of June 30, 2019, we had 42 customers with ARR of \$1.0 million or more, up from 29, 12 and two customers as of December 31, 2018, 2017 and 2016, respectively. As of June 30, 2019, our 10 largest customers represented approximately 14% of our ARR and no single customer represented more than 5% of our ARR. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Performance” for additional information regarding ARR.

Our business has experienced rapid growth and is capital efficient. Since inception, we have raised \$92.0 million of capital, net of share repurchases, and we had \$63.6 million of cash, cash equivalents and restricted cash as of June 30, 2019. We generated revenue of \$100.8 million and \$198.1 million in 2017 and 2018, respectively, representing year-over-year growth of 97%. Our revenue was \$85.4 million in the six months ended June 30, 2018 compared to \$153.3 million in the six months ended June 30, 2019, representing period-over-period growth of 79%. Substantially all of our revenue is subscription software sales. Our net (loss) income was \$(2.6) million, \$(10.8) million, \$0.5 million and \$(13.4) million for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2018 and 2019, respectively. We generated operating cash flow of \$13.8 million, \$10.8 million, \$10.6 million and \$3.0 million in 2017 and 2018 and the six months ended June 30, 2018 and 2019, respectively. Our free cash flow was \$6.0 million, \$(5.0) million, \$1.5 million and \$(6.4) million in 2017 and 2018 and the six months ended June 30, 2018 and 2019, respectively. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Free Cash Flow” for additional information.

Industry Background

Monitoring software is at the foundation of an organization’s IT stack. Without monitoring, organizations are blind to factors that impact performance, reliability, scalability and availability of systems in which they have invested large amounts of resources. Once installed, monitoring becomes integral to an organization’s performance and deeply embedded into business and operational workflows. There are a number of important industry trends that are transforming the way organizations use, deploy and manage software applications and their underlying technology infrastructure. These trends are creating a significant opportunity to displace existing monitoring solutions and reshape the corresponding product categories, and include:

- ***Organizations must digitally transform their businesses to compete.*** Today, software applications are a critical driver of business performance and software developers are becoming increasingly influential. This rise in influence is directly correlated to the increased amounts of resources organizations are dedicating to building differentiated mission-critical software. Companies across all industries are heavily investing to digitally transform their businesses and enhance the experience of their customers. At the same time, companies are significantly growing their investments to monitor

this digital transformation. According to Gartner, enterprises will quadruple their use of APM due to increasingly digitalized business processes from 2018 through 2021 to reach 20% of all business applications.

- ***We are in the early days of seismic shift to the cloud.*** There is a seismic shift from static on-premise IT architectures to distributed, dynamic multi-cloud and hybrid cloud architectures with ephemeral technologies such as containers, microservices and serverless architectures becoming increasingly common. According to Gartner, as the cloud becomes increasingly mainstream from 2018 to 2022, it will influence greater portions of enterprise IT decisions, with more than \$1 trillion in enterprise IT spend at stake in 2019. As companies migrate to the cloud and their underlying infrastructure changes, so does the monitoring of this infrastructure. We are still in the early days of this massive transformation. According to Gartner, only 5% of applications were monitored as of 2018.
- ***Modern technologies create significant challenges for IT.*** Technologies such as containers, microservices and serverless computing create IT environments that are highly ephemeral in nature compared to static legacy on-premise environments. The number of SaaS platforms and open source tools available to IT organizations has exploded. The scale of computing resources required in the cloud has increased exponentially and is often called upon in quick, sometimes unpredictable, bursts of expanded computing capacity. The rate of change of application development in the cloud has increased dramatically. These challenges have made it extremely difficult to gain visibility and insight into application and infrastructure performance and legacy monitoring tools have struggled to adapt.
- ***Collaboration of development and operations teams is critically important.*** DevOps is a practice and culture characterized by developers and IT operations teams working together collaboratively, each with ownership of the entire product development cycle. DevOps is essential to achieving the agility and speed required for developing and maintaining modern applications. In the static, on-premise world, developers and IT operations personnel functioned independently with separate goals, priorities and tools. In the cloud age, where the frequency of software updates is days or minutes, this communication and coordination between development and operations teams is essential to ensuring rapid execution and optimizing business performance.

Our Opportunity

Our platform provides comprehensive visibility and insights into IT infrastructure, application performance and the real time events impacting this performance. Our platform is employed across public cloud, private cloud, on-premise and multi-cloud hybrid environments. We believe that our platform currently addresses a significant portion of the IT Operations Management market. According to Gartner, the IT Operations Management market represents a \$37 billion opportunity in 2023. We believe a large portion of this spend is for legacy on-premise and private cloud environments, but does not fully include the opportunity in modern multi-cloud and hybrid cloud environments. Our platform is designed to address both legacy and modern environments.

We estimate our current market opportunity to be approximately \$35 billion. We calculate this figure using the total number of global companies with 200 or more employees, which we determined by referencing independent industry data from the S&P Capital IQ database. We then segment these companies into two cohorts based on the number of employees: companies that have between 200 and 999 employees and companies that have 1,000 or more employees. We then multiply the number of companies in each cohort by the average ARR per customer for each of our platform products. Our average ARR per customer is defined as the ARR in each platform product, for customers in the corresponding cohort of employee count, divided by the total number of customers in the corresponding platform product and cohort of employee count, as of June 30, 2019.

We believe that we are currently underpenetrated in our existing customer base. We expect our estimated market opportunity will continue to expand as customers deploy our solution across a larger portion of their IT environments and adopt a greater number of our platform products.

Our Solution and Key Strengths

Datadog was founded on the premise that the old model of siloed developers and IT operations engineers is broken, and that legacy tools used for monitoring static on-premise architectures do not work in modern cloud or hybrid environments. Datadog's cloud native platform enables development and operations teams to collaborate, quickly build and improve applications, and drive business performance. Empowered by our out-of-the box functionality and simple, self-service installation, our customers are able to rapidly deploy our platform to provide application- and infrastructure-wide visibility, often within minutes.

- **Built for dynamic cloud infrastructures.** Our innovative platform was born in the cloud and was built to work with ephemeral cloud technologies such as microservices, containers and serverless computing. Our data model was built to work at cloud scale with highly dynamic data sets and can process more than 10 trillion events a day.
- **Simple but not simplistic.** Our platform is easy-to-use with out-of-the-box integrations, customizable drag and drop dashboards, real-time visualization and prioritized alerting. The platform is deployed in a self-service installation process within minutes, allowing new users to quickly derive value without any specialized training or heavy implementation or customization. It is highly extensible across a wide array of use cases to a broad set of developers, operations engineers and business users. As a result, our platform is integral to business operations and used every day, and our users find increasing value in the solution over time.
- **Integrated data platform.** We were the first to combine the “three pillars of observability” - metrics, traces, and logs - with the introduction of our log management solution in 2018. Today, our platform combines infrastructure monitoring, application performance monitoring, log management, user experience monitoring, and network performance monitoring in one integrated data platform. This approach increases efficiency by reducing both the expense and friction of attempting to glean insights from disparate systems. We are able to provide a unified view across the IT stack, including infrastructure and application performance, as well as the real-time events impacting performance. Each of our products is integrated and taken together provide the ability to view metrics, traces and logs side-by-side and perform correlation analysis.
- **Built for collaboration.** Our platform was built to break down the silos between developers and operations teams in order to help organizations adopt DevOps practices and improve overall business performance. We provide development and operations teams with a common set of tools to develop a joint understanding of application performance and shared insights into the infrastructure supporting the applications. Additionally, our customizable and interactive dashboards can be shared with business teams to provide them with real-time actionable insights.
- **Cloud agnostic.** Our platform is designed to be deployable across all environments, including public cloud, private cloud, on-premise and multi-cloud hybrid environments, allowing organizations to diversify their infrastructure and reduce single vendor dependence.
- **Ubiquitous.** Datadog is frequently deployed across a customer's entire infrastructure, making it ubiquitous. Compared to legacy systems that are often used only by a few users in an organization's IT operations team, Datadog is a daily part of the lives of developers, operations engineers and business leaders. For example, a leading communications software technology provider has almost 800 Datadog users, about half of the company's total employee count and greater than the total number of the company's engineers. Further, a Fortune 500 financial services firm has over 3,000 Datadog users.
- **Integrates with our customers' complex environments.** We enable development and operations teams to harness the full spectrum of SaaS and open source tools. We have over 350 out-of-the-box integrations with technologies to provide significant value to our customers without the need for

professional services. Our integrations provide for comprehensive data point aggregation and consistent, up-to-date, high-quality customer experiences across heterogeneous IT environments as they are fully maintained by Datadog.

- **Powered by robust analytics and machine learning.** Our platform ingests massive amounts of data into our unified data warehouse. We develop actionable insights using our advanced analytics capabilities. Our platform features machine learning that can cross-correlate metrics, traces and logs to identify outliers and notify users of potential anomalies before they impact the business.
- **Scalable.** Our SaaS platform is highly scalable and is delivered through the cloud. Our platform is massively scalable, currently monitoring more than 10 trillion events a day and millions of servers and containers at any point in time. We offer secure, easily accessible data retention at full granularity for extensive periods of time, which can provide customers with a complete view of their historical data.

Key Benefits to Our Customers

Our platform provides the following key benefits to our customers:

- **Accelerate digital transformation.** We enable customers to take full advantage of the cloud to develop and maintain mission-critical applications with agility and with confidence in the face of increasing business and time pressure and complexity of underlying infrastructure. As a result, our platform helps accelerate innovation cycles, deliver exceptional digital experiences and optimize business performance.
- **Reduce time to problem detection and resolution.** Using infrastructure, application performance monitoring, or APM, and log data in our unified platform, our customers are able to quickly isolate the root cause of application issues in one place where they otherwise would be required to spend hours trying to investigate using multiple tools. Additionally, our machine learning algorithms are trained on the enormous amount of data that our customers send us to detect anomalies and predict failures in customer systems in real-time, something that is impossible to do manually. The reduction in mean time to detection, or MTTD, and mean time to resolution, or MTTR, helps our customers avoid lost revenues and enhance customer experience.
- **Improve agility of development, operations and business teams.** We eliminate the historical silos of development and operations teams and provide a platform that enables efficient and agile development through the adoption of DevOps. Our platform enables development and operations teams to collaborate closely with a shared understanding of data and analytics. This helps them develop a joint understanding of application performance and shared insights into the infrastructure supporting the applications. Additionally, for businesses, our customizable and easy-to-understand dashboards can be shared with business teams to provide them with real-time actionable insights into business performance.
- **Enable operational efficiency.** Our solution is easy to install, which eliminates the need for heavy implementation costs and professional services. We have over 350 out-of-the-box integrations with key technologies, from which our customers can derive significant value, avoiding internal development costs and professional services required to create those integrations. Our customer-centric pricing model is tailored to customers' desired usage needs. For example, our log management solution has differentiated pricing for logs indexed versus logs ingested. Our platform empowers customers to better understand the operational needs of their applications and IT environments, enabling greater efficiency in resource allocation and spend on cloud infrastructure.

Our customers span a variety of industries and their deployments of our platform include a variety of use cases. Customer success stories include:

- A large financial services institution consolidated numerous monitoring tools into a single platform, reducing operational complexity and overhead and offering executives a single source of truth about the health of their business and IT environment.
- A Fortune 100 pharmaceutical company monitors across public cloud, containerized and on-premise environments, helping eliminate engineers' alert fatigue from disparate tools, reducing mean time to resolution and improving compliance with service-level agreements.
- A global shipping and logistics company accelerates the delivery and development of applications, providing them the ability to drive efficiencies in their supply chain, such as fuel cost planning and tracking of shipments.
- A large retailer and e-commerce company avoids website outages that cause lost revenue and enables flexible capacity planning to scale-up infrastructure during peak customer demand.
- A large hospitality company improves development and operations teams collaboration and reduces mean time to resolution by visualizing service inter-dependencies, to ultimately improve customer satisfaction.

Our Growth Strategies

We intend to pursue the following growth strategies:

- ***Expand our customer base by acquiring new customers.*** Our market penetration is low. We believe there is a substantial opportunity to continue to grow our customer base. We intend to drive new customer additions by expanding our sales and marketing efforts in the markets we serve.
- ***Expand within our existing customer base through broader deployments, new use cases and new product adoption.*** Our base of approximately 8,800 customers represents a significant opportunity for further sales expansion. For example, for the six months ended June 30, 2019, over 35% of new ARR came from our newer platform products, APM and logs, up from over 10% in the same period a year earlier. We plan to continue to increase sales within our existing customer base through increased usage of our platform and the cross selling of additional products.
- ***Expand our technology leadership through continued investment and new products.*** Our goal is to expand our platform over time beyond our current three pillars of observability. We intend to invest in expanding the functionality of our current platform and adding capabilities that address new market opportunities. We have a history of continued innovation. For example, in 2017 we launched APM, in 2018 we launched log management, and in 2019 we launched user experience monitoring as well as announced network performance monitoring. This innovation strategy will provide new avenues for growth and allow us to continue to deliver differentiated outcomes to our customers. We have also selectively pursued acquisitions and strategic investments in businesses and technologies to drive product and market expansion and will continue to evaluate strategic acquisitions and investments on a case-by-case basis.
- ***Expand our customer base internationally.*** We believe there is a significant opportunity to expand usage of our platform outside of the United States, as international markets have increased the shift of their IT spend to the cloud. We have made significant investments in expanding our presence in EMEA and APAC. As of December 31, 2018, approximately 24% of our ARR came from customers outside of North America. We intend to add international sales team members to take advantage of this market opportunity while refining our go-to-market approach based on local market dynamics.

Risk Factors Summary

Investing in our Class A common stock involves substantial risk. The risks described in the section titled “Risk Factors” immediately following this summary may cause us to not realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the more significant challenges include, but are not limited to, the following:

- Our recent rapid growth may not be indicative of our future growth. Our rapid growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.
- We have a history of operating losses and may not achieve or sustain profitability in the future.
- We have a limited operating history, which makes it difficult to forecast our future results of operations.
- Our business depends on our existing customers purchasing additional subscriptions and products from us and renewing their subscriptions. Any decline in our customer expansions and renewals would harm our future operating results.
- If we are unable to attract new customers, our business, financial condition and results of operations may be adversely affected.
- Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our products.
- If we or our third-party service providers experience a security breach or unauthorized parties otherwise obtain access to our customers’ data, our data or our platform, our solution may be perceived as not being secure, our reputation may be harmed, demand for our platform and products may be reduced, and we may incur significant liabilities.
- Interruptions or performance problems associated with our products and platform capabilities may adversely affect our business, financial condition and results of operations.
- If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, or to changing customer needs, requirements or preferences, our platform and products may become less competitive.
- The markets in which we participate are competitive, and if we do not compete effectively, our business, financial condition and results of operations could be harmed.
- We may not be able to successfully manage our growth, and if we are not able to grow efficiently, our business, financial condition and results of operations could be harmed.
- The dual class structure of our common stock will have the effect of concentrating voting control with our executive officers, directors and their affiliates, which will limit your ability to influence the outcome of important transactions.

Corporate Information

We were incorporated in Delaware in June 2010. Our principal executive offices are located at 620 8th Avenue, 45th Floor, New York, New York 10018, and our telephone number is (866) 329-4466. Our website address is www.datadog.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

The Datadog logo, “Datadog” and our other registered and common law trade names, trademarks and service marks are the property of Datadog, Inc. or our subsidiaries. Other trade names, trademarks and service marks used in this prospectus are the property of their respective owners.

Implications of Being an Emerging Growth Company

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. We may take advantage of certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm under Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and any golden parachute payments. We may take advantage of these exemptions for up to five years or until we are no longer an emerging growth company, whichever is earlier. In addition, the JOBS Act provides that an “emerging growth company” can delay adopting new or revised accounting standards until those standards apply to private companies. We have elected to use the extended transition period under the JOBS Act. Accordingly, our financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards.

THE OFFERING

Class A common stock offered by us	24,000,000 shares
Class A common stock to be outstanding after this offering	24,000,000 shares
Class B common stock to be outstanding after this offering	265,834,665 shares
Total Class A common stock and Class B common stock to be outstanding after this offering	289,834,665 shares
Option to purchase additional shares of Class A common stock offered by us	3,600,000 shares

Use of proceeds

We estimate that our net proceeds from the sale of our Class A common stock that we are offering will be approximately \$460.9 million (or approximately \$531.8 million if the underwriters' option to purchase additional shares of our Class A common stock from us is exercised in full), assuming an initial public offering price of \$20.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses.

The principal purposes of this offering are to increase our capitalization and financial flexibility, and create a public market for our Class A common stock. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds to us from this offering. However, we currently intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds to acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments to enter into any acquisitions at this time. See the section titled "Use of Proceeds" for additional information.

Voting rights

We will have two classes of common stock: Class A common stock and Class B common stock. Class A common stock is entitled to one vote per share and Class B common stock is entitled to ten votes per share.

Holder of Class A common stock and Class B common stock will generally vote together as a single class, unless otherwise required by law or our amended and restated certificate of incorporation that will be in effect immediately prior to the completion of this offering. The holders of our outstanding Class B common stock will hold

approximately 99% of the voting power of our outstanding shares following this offering and will have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of our directors and the approval of any change in control transaction. See the sections titled “Principal Stockholders” and “Description of Capital Stock” for additional information.

Concentration of ownership

Once this offering is completed, based on the number of shares outstanding as of July 31, 2019, the holders of our outstanding Class B common stock will beneficially own approximately 92% of our outstanding shares and control approximately 99% of the voting power of our outstanding shares and our executive officers, directors and stockholders holding more than 5% of our outstanding shares, together with their affiliates, will beneficially own, in the aggregate, approximately 74% of our outstanding shares and control approximately 85% of the voting power of our outstanding shares, without giving effect to any purchases that these holders may make through our directed share program or otherwise in this offering.

Directed share program

At our request, the underwriters have reserved for sale at the initial public offering price per share up to 5% of the shares of Class A common stock offered by this prospectus, to certain individuals through a directed share program, including our directors, employees and certain other early supporters of Datadog identified by management. If purchased by these persons, these shares will not be subject to a lock-up restriction, except in the case of shares purchased by any director or executive officer. The number of shares of Class A common stock available for sale to the general public will be reduced by the number of reserved shares sold to these individuals. Any reserved shares not purchased by these individuals will be offered by the underwriters to the general public on the same basis as the other shares of Class A common stock offered under this prospectus. See the section titled “Underwriting.”

Risk factors

See the section titled “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 Class A common stock.

Proposed Nasdaq Global Select Market trading symbol “DDOG”

The number of shares of Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of Class A common stock and 265,834,665 shares of Class B common stock outstanding as of June 30, 2019, and excludes:

- 34,618,503 shares of Class B common stock issuable on the exercise of stock options outstanding as of June 30, 2019 under our 2012 Equity Incentive Plan, or 2012 Plan, with a weighted-average exercise price of \$1.53 per share;
- 30,250,000 shares of Class A common stock reserved for future issuance under our 2019 Equity Incentive Plan, or 2019 Plan, plus a number of shares of Class A common stock not to exceed

40,046,733 (consisting of the number of shares that remain available under the 2012 Plan as of immediately prior to the effective date of the 2019 Plan and any shares underlying options outstanding under the 2012 Plan that expire or otherwise terminate prior to exercise after the effective date of the 2019 Plan), as well as any future increases, including annual automatic evergreen increases, in the number of shares of Class A common stock reserved for issuance under our 2019 Plan; and

- 6,725,000 shares of Class A common stock reserved for issuance under our 2019 Employee Stock Purchase Plan, or ESPP, as well as any future increases, including annual automatic evergreen increases, in the number of shares of Class A common stock reserved for future issuance under our ESPP.

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

- a 3-for-1 stock split of our common stock effected on September 6, 2019;
- a 4-for-1 stock split of our common stock effected on January 2, 2018;
- the filing of our amended and restated certificate of incorporation and the effectiveness of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering;
- the reclassification of our outstanding common stock into an equal number of shares of our Class B common stock and the authorization of our Class A common stock, which will occur immediately prior to the completion of this offering;
- the automatic conversion of all outstanding shares of convertible preferred stock into an aggregate of 179,011,431 shares of Class B common stock, which will occur immediately prior to the completion of this offering;
- no exercise of the underwriters' option to purchase up to an additional 3,600,000 shares of Class A common stock from us in this offering; and
- no exercise of the outstanding stock options described above.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated statement of operations data for the years ended December 31, 2017 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated statements of operations data for the six months ended June 30, 2018 and 2019 and the summary consolidated balance sheet data as of June 30, 2019 have been derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements, and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly our financial position and results of operations. You should read the consolidated financial data set forth below in conjunction with our consolidated financial statements and the accompanying notes and the information in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained elsewhere in this prospectus. Our historical and interim results are not necessarily indicative of the results to be expected for the full year or any other period in the future.

	<u>Year Ended December 31,</u>		<u>Six Months Ended</u>	
	<u>2017</u>	<u>2018</u>	<u>2018</u>	<u>June 30,</u> <u>2019</u>
	(in thousands, except per share data)			
Consolidated Statements of Operations Data:				
Revenue	\$ 100,761	\$ 198,077	\$ 85,393	\$ 153,272
Cost of revenue(1)(2)	23,414	46,529	18,592	39,928
Gross profit	<u>77,347</u>	<u>151,548</u>	<u>66,801</u>	<u>113,344</u>
Operating expenses:				
Research and development(1)	24,734	55,176	23,297	46,847
Sales and marketing(1)	44,213	88,849	34,617	66,225
General and administrative(1)	11,356	18,556	8,611	13,928
Total operating expenses(3)	<u>80,303</u>	<u>162,581</u>	<u>66,525</u>	<u>127,000</u>
Operating (loss) income	(2,956)	(11,033)	276	(13,656)
Other income, net	843	793	301	556
(Loss) income before income taxes	(2,113)	(10,240)	577	(13,100)
Provision for income taxes	(457)	(522)	(79)	(340)
Net (loss) income	<u>\$ (2,570)</u>	<u>\$ (10,762)</u>	<u>\$ 498</u>	<u>\$ (13,440)</u>
Net (loss) income per share attributable to common stockholders, basic and diluted(4)	<u>\$ (0.04)</u>	<u>\$ (0.15)</u>	<u>\$ —</u>	<u>\$ (0.17)</u>
Weighted-average shares used to compute net (loss) income per share attributable to common stockholders, basic(4)	<u>61,321</u>	<u>70,951</u>	<u>67,856</u>	<u>79,566</u>
Weighted-average shares used to compute net (loss) income per share attributable to common stockholders, diluted(4)	<u>61,321</u>	<u>70,951</u>	<u>81,528</u>	<u>79,566</u>
Pro forma net loss per share attributable to common stockholders, basic and diluted(4)		<u>\$ (0.04)</u>		<u>(0.05)</u>
Weighted-average shares used to compute pro forma net loss per share attributable to common stockholders, basic and diluted(4)		<u>250,766</u>		<u>259,141</u>

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

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
	(in thousands)			
Cost of revenue	\$ 112	\$ 287	\$ 108	\$ 211
Research and development	1,160	1,641	544	1,775
Sales and marketing	977	1,910	719	1,736
General and administrative	819	1,406	372	1,617
Total stock-based compensation expense	\$ 3,068	\$ 5,244	\$ 1,743	\$ 5,339

- (2) Includes amortization of acquired intangibles expense as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
	(in thousands)			
Cost of revenue	\$ 484	\$ 511	\$ 220	\$ 352

- (3) Includes a \$2.3 million, \$0.4 million and \$2.3 million benefit within Research and development, Sales and marketing and General and Administrative expenses, respectively, related to the release of a non-income tax liability for the six months ended June 30, 2019. See Note 7 to our consolidated financial statements included elsewhere in this prospectus for further discussion.
- (4) See Note 12 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted earnings per share attributable to common stockholders, pro forma earnings per share attributable to common stockholders and the weighted-average number of shares used in the computation of the per share amounts.

	As of June 30, 2019		
	Actual	Pro	Pro Forma
		Forma(1)	As Adjusted(2)
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	\$ 52,286	\$ 52,286	\$ 513,166
Total assets	261,759	261,759	722,639
Working capital(4)	(10,764)	(10,764)	450,116
Convertible preferred stock	140,752	—	—
Total stockholders' (deficit) equity	(79,223)	61,529	522,409

- (1) The pro forma consolidated balance sheet data gives effect to (a) the reclassification of our outstanding common stock into Class B common stock, (b) the automatic conversion of all of our outstanding shares of convertible preferred stock into 179,011,431 shares of Class B common stock, and (c) the filing and effectiveness of our amended and restated certificate of incorporation, each of which will occur immediately prior to the completion of this offering.
- (2) The pro forma as adjusted consolidated balance sheet data reflects (a) the items described in footnote (1) above and (b) our receipt of estimated net proceeds from the sale of shares of Class A common stock that we are offering at an assumed initial public offering price of \$20.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses.
- (3) A \$1.00 increase (decrease) in the assumed initial public offering price of \$20.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) each of cash, total assets, working capital and total stockholders' (deficit) equity by \$22.8 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 the estimated underwriting discounts and commissions. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of Class A common stock offered by us would increase (decrease) each of cash, total assets, working capital and total stockholders' (deficit) equity by \$19.4 million, assuming the assumed initial public offering price of \$20.50 per share of Class A common stock remains the same, and after deducting the estimated underwriting discounts and commissions.
- (4) Working capital is defined as current assets less current liabilities.

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, as well as other information included in this prospectus, including our consolidated financial statements and related notes appearing elsewhere in this prospectus, before making an investment decision. The risks described below are not the only ones we face. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition or results of operations. In such case, the trading price of our Class A common stock could decline, and you may lose some or all of your original investment.

Risks Related to Our Business and Industry

Our recent rapid growth may not be indicative of our future growth. Our rapid growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

Our revenue was \$100.8 million, \$198.1 million, \$85.4 million and \$153.3 million for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2018 and 2019, respectively. You should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future performance. Even if our revenue continues to increase, we expect that our revenue growth rate will decline in the future as a result of a variety of factors, including the maturation of our business. Overall growth of our revenue depends on a number of factors, including our ability to:

- price our products effectively so that we are able to attract new customers and expand sales to our existing customers;
- expand the functionality and use cases for the products we offer on our platform;
- maintain and expand the rates at which customers purchase and renew subscriptions to our platform;
- provide our customers with support that meets their needs;
- continue to introduce our products to new markets outside of the United States;
- successfully identify and acquire or invest in businesses, products or technologies that we believe could complement or expand our platform; and
- increase awareness of our brand on a global basis and successfully compete with other companies.

We may not successfully accomplish any of these objectives, and as a result, it is difficult for us to forecast our future results of operations. If the assumptions that we use to plan our business are incorrect or change in reaction to changes in our market, or if we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile, and it may be difficult to achieve and maintain profitability. You should not rely on our revenue for any prior quarterly or annual periods as any indication of our future revenue or revenue growth.

In addition, we expect to continue to expend substantial financial and other resources on:

- our technology infrastructure, including systems architecture, scalability, availability, performance and security;
- our sales and marketing organization to engage our existing and prospective customers, increase brand awareness and drive adoption of our products;
- product development, including investments in our product development team and the development of new products and new functionality for our platform as well as investments in further optimizing our existing products and infrastructure;
- acquisitions or strategic investments;

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- international expansion; and
- general administration, including increased legal and accounting expenses associated with being a public company.

These investments may not result in increased revenue growth in our business. If we are unable to maintain or increase our revenue at a rate sufficient to offset the expected increase in our costs, our business, financial position, and results of operations will be harmed, and we may not be able to achieve or maintain profitability over the long term. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays, and other unknown factors that may result in losses in future periods. If our revenue growth does not meet our expectations in future periods, our business, financial position and results of operations may be harmed, and we may not achieve or maintain profitability in the future.

We have a history of operating losses and may not achieve or sustain profitability in the future.

We have experienced net losses in each period since inception. We generated net (loss) income of \$(2.6) million, \$(10.8) million, \$0.5 million and \$(13.4) million for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2018 and 2019, respectively. As of June 30, 2019, we had an accumulated deficit of \$120.3 million. While we have experienced significant revenue growth in recent periods, we are not certain whether or when we will obtain a high enough volume of sales to sustain or increase our growth or achieve or maintain profitability in the future. We also expect our costs and expenses to increase in future periods, which could negatively affect our future results of operations if our revenue does not increase. In particular, we intend to continue to expend significant funds to further develop our platform, including by introducing new products and functionality, and to expand our inside and field sales teams and customer success team to drive new customer adoption, expand use cases and integrations, and support international expansion. We will also face increased compliance costs associated with growth, the expansion of our customer base, and being a public company. Our efforts to grow our business may be costlier than we expect, or the rate of our growth in revenue may be slower than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications or delays, and other unknown events. If we are unable to achieve and sustain profitability, the value of our business and Class A common stock may significantly decrease.

We have a limited operating history, which makes it difficult to forecast our future results of operations.

We were founded in June 2010. As a result of our limited operating history, our ability to accurately forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. Our historical revenue growth should not be considered indicative of our future performance. Further, in future periods, our revenue growth could slow or our revenue could decline for a number of reasons, including slowing demand for our products, increasing competition, changes to technology, a decrease in the growth of our overall market, or our failure, for any reason, to continue to take advantage of growth opportunities. We have also encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described in this prospectus. If our assumptions regarding these risks and uncertainties and our future revenue growth are incorrect or change, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations, and our business could suffer.

Our business depends on our existing customers purchasing additional subscriptions and products from us and renewing their subscriptions. Any decline in our dollar-based net retention rate would harm our future operating results.

Our future success depends in part on our ability to sell additional subscriptions and products to our existing customers, and our customers renewing their subscriptions when the contract term expires. The terms of our

subscription agreements are primarily monthly or annual, with some quarterly, semi-annual and multi-year. Our customers have no obligation to renew their subscriptions for our products after the expiration of their subscription period. In order for us to maintain or improve our results of operations, it is important that our customers renew or expand their subscriptions with us. We cannot accurately predict our dollar-based net retention rate given the diversity of our customer base, in terms of size, industry and geography. Our dollar-based net retention rate may decline or fluctuate as a result of a number of factors, including business strength or weakness of our customers, customer usage, customer satisfaction with our products and platform capabilities and customer support, our prices, the capabilities and prices of competing products, mergers and acquisitions affecting our customer base, consolidation of affiliates' multiple paid business accounts into a single paid business account, the effects of global economic conditions, or reductions in our customers' spending on IT solutions or their spending levels generally. These factors may also be exacerbated if, consistent with our growth strategy, our customer base continues to grow to encompass larger enterprises, which may also require more sophisticated and costly sales efforts. If our customers do not purchase additional subscriptions and products from us or our customers fail to renew their subscriptions, our revenue may decline and our business, financial condition and results of operations may be harmed.

If we are unable to attract new customers, our business, financial condition and results of operations will be adversely affected.

To increase our revenue, we must continue to attract new customers. Our success will depend to a substantial extent on the widespread adoption of our platform and products as an alternative to existing solutions. Many enterprises have invested substantial personnel and financial resources to integrate traditional on-premise architectures into their businesses and, therefore, may be reluctant or unwilling to migrate to cloud computing. Further, the adoption of SaaS business software may be slower in industries with heightened data security interests or business practices requiring highly-customizable application software. In addition, as our market matures, our products evolve, and competitors introduce lower cost or differentiated products that are perceived to compete with our platform and products, our ability to sell subscriptions for our products could be impaired. Similarly, our subscription sales could be adversely affected if customers or users within these organizations perceive that features incorporated into competitive products reduce the need for our products or if they prefer to purchase other products that are bundled with solutions offered by other companies that operate in adjacent markets and compete with our products. As a result of these and other factors, we may be unable to attract new customers, which may have an adverse effect on our business, financial condition and results of operations.

Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our products.

Our ability to increase our customer base and achieve broader market acceptance of our products and platform capabilities will depend to a significant extent on our ability to expand our sales and marketing organization. We plan to continue expanding our direct sales force, both domestically and internationally. We also plan to dedicate significant resources to sales and marketing programs. All of these efforts will require us to invest significant financial and other resources, including in channels in which we have limited or no experience to date. Our business and results of operations will be harmed if our sales and marketing efforts do not generate significant increases in revenue or increases in revenue that are smaller than anticipated. We may not achieve anticipated revenue growth from expanding our sales force if we are unable to hire, develop, integrate and retain talented and effective sales personnel, if our new and existing sales personnel, on the whole, are unable to achieve desired productivity levels in a reasonable period of time, or if our sales and marketing programs are not effective.

If we or our third-party service providers experience a security breach or unauthorized parties otherwise obtain access to our customers' data, our data or our platform, our solution may be perceived as not being secure, our reputation may be harmed, demand for our platform and products may be reduced, and we may incur significant liabilities.

Our platform and products involve the storage and transmission of data, including personally identifiable information, and security breaches or unauthorized access to our platform and products could result in the loss of our or our customers' data, litigation, indemnity obligations, fines, penalties, disputes, investigations and other liabilities. We have previously and may in the future become the target of cyber-attacks by third parties seeking unauthorized access to our or our customers' data or to disrupt our ability to provide our services. For example, in July 2016 an unidentified third party gained unauthorized access to, and exfiltrated data from, certain of our infrastructure resources, including a database that stored our customers' credentials for our platform and for third-party integrations. Some of the customer credentials accessed and exfiltrated included confidential and personal information. As a precautionary measure, we reset customer passwords and instructed customers to revoke credentials that had been shared with us. While we have taken steps to protect the confidential and personal information that we have access to, our security measures or those of our third-party service providers that store or otherwise process certain of our and our customers' data on our behalf could be breached or we could suffer a loss of our or our customers' data. Our ability to monitor our third-party service providers' data security is limited. Cyber-attacks, computer malware, viruses, social engineering (including spear phishing and ransomware attacks), and general hacking have become more prevalent in our industry, particularly against cloud services. In addition, we do not directly control content that our customers store in our products. If our customers use our products for the transmission or storage of personally identifiable information and our security measures are or are believed to have been breached as a result of third-party action, employee error, malfeasance or otherwise, our reputation could be damaged, our business may suffer, and we could incur significant liability. In addition, our remediation efforts may not be successful.

We also process, store and transmit our own data as part of our business and operations. This data may include personally identifiable, confidential or proprietary information. There can be no assurance that any security measures that we or our third-party service providers have implemented will be effective against current or future security threats. While we have developed systems and processes to protect the integrity, confidentiality and security of our and our customers' data, our security measures or those of our third-party service providers could fail and result in unauthorized access to or disclosure, modification, misuse, loss or destruction of such data.

Because there are many different security breach techniques and such techniques continue to evolve, we may be unable to anticipate attempted security breaches, react in a timely manner or implement adequate preventative measures. Third parties may also conduct attacks designed to temporarily deny customers access to our cloud services. Any security breach or other security incident, or the perception that one has occurred, could result in a loss of customer confidence in the security of our platform and damage to our brand, reduce the demand for our products, disrupt normal business operations, require us to spend material resources to investigate or correct the breach and to prevent future security breaches and incidents, expose us to legal liabilities, including litigation, regulatory enforcement, and indemnity obligations, and adversely affect our business, financial condition and results of operations. These risks are likely to increase as we continue to grow and process, store, and transmit increasingly large amounts of data.

We use third-party technology and systems in a variety of contexts, including, without limitation, encryption and authentication technology, employee email, content delivery to customers, back-office support, credit card processing and other functions. Although we have developed systems and processes that are designed to protect customer data and prevent data loss and other security breaches, including systems and processes designed to reduce the impact of a security breach at a third-party service provider, such measures cannot provide absolute security.

Additionally, we cannot be certain that our insurance coverage will be adequate for data security liabilities actually incurred, will cover any indemnification claims against us relating to any incident, will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our reputation, business, financial condition and results of operations.

Interruptions or performance problems associated with our products and platform capabilities may adversely affect our business, financial condition and results of operations.

Our continued growth depends in part on the ability of our existing and potential customers to access our products and platform capabilities at any time and within an acceptable amount of time. We have experienced, and may in the future experience, disruptions, outages, and other performance problems due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints due to an overwhelming number of users accessing our products and platform capabilities simultaneously, denial of service attacks, or other security-related incidents.

It may become increasingly difficult to maintain and improve our performance, especially during peak usage times and as our products and platform capabilities become more complex and our user traffic increases. If our products and platform capabilities are unavailable or if our users are unable to access our products and platform capabilities within a reasonable amount of time or at all, we may experience a loss of customers, lost or delayed market acceptance of our platform and products, delays in payment to us by customers, injury to our reputation and brand, legal claims against us, and the diversion of our resources. In addition, to the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business, financial condition and results of operations may be adversely affected.

If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, or to changing customer needs, requirements or preferences, our platform and products may become less competitive.

Our ability to attract new users and customers and increase revenue from existing customers depends in large part on our ability to enhance and improve our existing products, increase adoption and usage of our products, and introduce new products and capabilities. The market in which we compete is relatively new and subject to rapid technological change, evolving industry standards, and changing regulations, as well as changing customer needs, requirements and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis. If we were unable to enhance our products and platform capabilities that keep pace with rapid technological and regulatory change, or if new technologies emerge that are able to deliver competitive products at lower prices, more efficiently, more conveniently, or more securely than our products, our business, financial condition and results of operations could be adversely affected.

The success of our platform depends, in part, on its ability to be deployed in a self-service installation process. We currently offer more than 350 out-of-the-box integrations to assist customers in deploying Datadog, and we need to continuously modify and enhance our products to adapt to changes and innovation in existing and new technologies to maintain and grow our integrations. We expect that the number of integrations we will need to support will continue to expand as developers adopt new software platforms, and we will have to develop new versions of our products to work with those new platforms. This development effort may require significant engineering, sales and marketing resources, all of which would adversely affect our business. Any failure of our products to operate effectively with future infrastructure platforms and technologies could reduce the demand for our products. If we are unable to respond to these changes in a cost-effective manner, our products may become less marketable and less competitive or obsolete, and our business, financial condition and results of operations could be adversely affected.

The markets in which we participate are competitive, and if we do not compete effectively, our business, financial condition and results of operations could be harmed.

Our unified platform combines functionality from numerous traditional product categories, and hence we compete in each of these categories with home-grown and open-source technologies, as well as a number of different vendors. With respect to on-premise infrastructure monitoring, we compete with diversified technology companies and systems management vendors including IBM, Microsoft Corporation, Micro Focus International plc, BMC Software, Inc. and Computer Associates International, Inc. With respect to APM, we compete with Cisco Systems, Inc., New Relic, Inc. and Dynatrace Software Inc. With respect to log management, we compete with Splunk Inc. and Elastic N.V. With respect to cloud monitoring, we compete with native solutions from cloud providers such as Amazon.com, Inc. (Amazon Web Services, or AWS), Alphabet Inc. (Google Cloud Platform, or GCP) and Microsoft Corporation (Microsoft Azure). In addition, we may increasingly choose to allow these third-party hosting providers to offer our solutions directly through their customer marketplaces. An increasing number of sales through cloud provider marketplaces could reduce both the number of customers with whom we have direct commercial relationships as well as our profit margins on sales made through such marketplaces.

With the introduction of new technologies and market entrants, we expect that the competitive environment will remain intense going forward. Some of our actual and potential competitors have been acquired by other larger enterprises and have made or may make acquisitions or may enter into partnerships or other strategic relationships that may provide more comprehensive offerings than they individually had offered or achieve greater economies of scale than us. In addition, new entrants not currently considered to be competitors may enter the market through acquisitions, partnerships or strategic relationships. As we look to market and sell our products and platform capabilities to potential customers with existing internal solutions, we must convince their internal stakeholders that our products and platform capabilities are superior to their current solutions.

We compete on the basis of a number of factors, including:

- ability to provide unified, real-time observability of IT environments;
- ability to operate in dynamic and elastic environments;
- extensibility across the enterprise, including development, operations and business users;
- propensity to enable collaboration between development, operations and business users;
- ability to monitor any combination of public clouds, private clouds, on-premise and multi-cloud hybrids;
- ability to provide advanced analytics and machine learning;
- ease of deployment, implementation and use;
- breadth of offering and key technology integrations;
- performance, security, scalability and reliability;
- quality of service and customer satisfaction;
- total cost of ownership; and
- brand recognition and reputation.

Our competitors vary in size and in the breadth and scope of the products offered. Many of our competitors and potential competitors have greater name recognition, longer operating histories, more established customer relationships and installed customer bases, larger marketing budgets and greater resources than we do. Further, other potential competitors not currently offering competitive solutions may expand their product or service offerings to compete with our products and platform capabilities, or our current and potential competitors may

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establish cooperative relationships among themselves or with third parties that may further enhance their resources and product offerings in our addressable market. Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, and customer requirements. An existing competitor or new entrant could introduce new technology that reduces demand for our products and platform capabilities. In addition to product and technology competition, we face pricing competition. Some of our competitors offer their solutions at a lower price, which has resulted in, and may continue to result in, pricing pressures.

For all of these reasons, we may not be able to compete successfully against our current or future competitors, and this competition could result in the failure of our platform to continue to achieve or maintain market acceptance, any of which would harm our business, results of operations, and financial condition.

We may not be able to successfully manage our growth, and if we are not able to grow efficiently, our business, financial condition and results of operations could be harmed.

As usage of our platform capabilities grow, we will need to devote additional resources to improving and maintaining our infrastructure and integrating with third-party applications. In addition, we will need to appropriately scale our internal business systems and our services organization, including customer support and professional services, to serve our growing customer base. Any failure of or delay in these efforts could result in impaired system performance and reduced customer satisfaction, resulting in decreased sales to new customers, lower dollar-based net retention rates, the issuance of service credits or requested refunds, which would hurt our revenue growth and our reputation. Further, any failure in optimizing our spend on third-party cloud services as we scale could negatively impact our gross margins. Even if we are successful in our expansion efforts, they will be expensive and complex, and require the dedication of significant management time and attention. We could also face inefficiencies or service disruptions as a result of our efforts to scale our internal infrastructure. We cannot be sure that the expansion of and improvements to our internal infrastructure will be effectively implemented on a timely basis, if at all, and such failures could harm our business, financial condition and results of operations.

We rely upon third-party providers of cloud-based infrastructure to host our products. Any disruption in the operations of these third-party providers, limitations on capacity or interference with our use could adversely affect our business, financial condition and results of operations.

We outsource substantially all of the infrastructure relating to our cloud solution to third-party hosting services. Customers of our cloud-based products need to be able to access our platform at any time, without interruption or degradation of performance, and we provide them with service-level commitments with respect to uptime. Our cloud-based products depend on protecting the virtual cloud infrastructure hosted by third-party hosting services by maintaining its configuration, architecture, features and interconnection specifications, as well as the information stored in these virtual data centers, which is transmitted by third-party internet service providers. Any limitation on the capacity of our third-party hosting services could impede our ability to onboard new customers or expand the usage of our existing customers, which could adversely affect our business, financial condition and results of operations. In addition, any incident affecting our third-party hosting services' infrastructure that may be caused by cyber-attacks, natural disasters, fire, flood, severe storm, earthquake, power loss, telecommunications failures, terrorist or other attacks, and other similar events beyond our control could negatively affect our cloud-based products. A prolonged service disruption affecting our cloud-based solution for any of the foregoing reasons would negatively impact our ability to serve our customers and could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers or otherwise harm our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the third-party hosting services we use.

In the event that our service agreements with our third-party hosting services are terminated, or there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider

connectivity or damage to such facilities, we could experience interruptions in access to our platform as well as significant delays and additional expense in arranging or creating new facilities and services and/or re-architecting our cloud solution for deployment on a different cloud infrastructure service provider, which could adversely affect our business, financial condition and results of operations.

We offer free trials and a free tier of our platform to drive developer awareness of our products, and encourage usage and adoption. If these marketing strategies fail to lead to customers purchasing paid subscriptions, our ability to grow our revenue will be adversely affected.

To encourage awareness, usage, familiarity and adoption of our platform and products, we offer free trials and a free tier of our platform. These strategies may not be successful in leading customers to purchase our products. Many users of our free tier may not lead to others within their organization purchasing and deploying our platform and products. To the extent that users do not become, or we are unable to successfully attract paying customers, we will not realize the intended benefits of these marketing strategies and our ability to grow our revenue will be adversely affected.

We expect fluctuations in our financial results, making it difficult to project future results, and if we fail to meet the expectations of securities analysts or investors with respect to our results of operations, our stock price and the value of your investment could decline.

Our results of operations have fluctuated in the past and are expected to fluctuate in the future due to a variety of factors, many of which are outside of our control. As a result, our past results may not be indicative of our future performance. In addition to the other risks described herein, factors that may affect our results of operations include the following:

- fluctuations in demand for or pricing of our platform and products;
- fluctuations in usage of our platform and products;
- our ability to attract new customers;
- our ability to retain our existing customers;
- customer expansion rates and the pricing and quantity of subscriptions renewed;
- the pricing of subscriptions from customers in our cloud-provider marketplaces;
- timing and amount of our investments to expand the capacity of our third-party cloud infrastructure providers;
- seasonality driven by industry conferences;
- the investment in new products and features relative to investments in our existing infrastructure and products;
- the timing of our customer purchases;
- fluctuations or delays in purchasing decisions in anticipation of new products or enhancements by us or our competitors;
- changes in customers' budgets and in the timing of their budget cycles and purchasing decisions;
- our ability to control costs, including our operating expenses;
- the amount and timing of payment for operating expenses, particularly research and development and sales and marketing expenses, including commissions;
- the amount and timing of non-cash expenses, including stock-based compensation, goodwill impairments and other non-cash charges;

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- the amount and timing of costs associated with recruiting, training and integrating new employees and retaining and motivating existing employees;
- the effects of acquisitions and their integration;
- general economic conditions, both domestically and internationally, as well as economic conditions specifically affecting industries in which our customers participate;
- the impact of new accounting pronouncements;
- changes in regulatory or legal environments that may cause us to incur, among other elements, expenses associated with compliance;
- changes in the competitive dynamics of our market, including consolidation among competitors or customers; and
- significant security breaches of, technical difficulties with, or interruptions to, the delivery and use of our products and platform capabilities.

Any of these and other factors, or the cumulative effect of some of these factors, may cause our results of operations to vary significantly. If our quarterly results of operations fall below the expectations of investors and securities analysts who follow our stock, the price of our Class A common stock could decline substantially, and we could face costly lawsuits, including securities class action suits.

Seasonality may cause fluctuations in our sales and results of operations.

Historically, we have experienced seasonality in new customer bookings, as we typically we enter into a higher percentage of subscription agreements with new customers and renewals with existing customers in the fourth quarter of the year. We believe that this results from the procurement, budgeting, and deployment cycles of many of our customers, particularly our enterprise customers. We expect that this seasonality will continue to affect our bookings and our results of operations in the future, and might become more pronounced as we continue to target larger enterprise customers.

Downturns or upturns in our sales may not be immediately reflected in our financial position and results of operations.

Because we recognize the majority of our revenue ratably over the term of the subscription agreement, any decreases in new subscriptions or renewals in any one period may not be immediately reflected as a decrease in revenue for that period, but could negatively affect our revenue in future quarters. This also makes it difficult for us to rapidly increase our revenue through the sale of additional subscriptions in any period, as revenue is recognized over the term of the subscription agreement. In addition, fluctuations in monthly subscriptions based on usage could affect our revenue on a period-over-period basis. If our quarterly results of operations fall below the expectations of investors and securities analysts who follow our stock, the price of our Class A common stock would decline substantially, and we could face costly lawsuits, including securities class actions.

We target enterprise customers, and sales to these customers involve risks that may not be present or that are present to a lesser extent with sales to smaller entities.

We have a field sales team that targets enterprise customers. As of June 30, 2019, we had approximately 590 customers with an ARR of \$100,000 or more, and 42 customers with an ARR of \$1.0 million or more. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a description of ARR. Sales to large customers involve risks that may not be present or that are present to a lesser extent with sales to smaller entities, such as longer sales cycles, more complex customer requirements, substantial upfront sales costs, and less predictability in completing some of our sales. For example, enterprise customers may require considerable time to evaluate and test our solutions and those of our competitors prior to

making a purchase decision and placing an order. A number of factors influence the length and variability of our sales cycle, including the need to educate potential customers about the uses and benefits of our solutions, the discretionary nature of purchasing and budget cycles, and the competitive nature of evaluation and purchasing approval processes. As a result, the length of our sales cycle, from identification of the opportunity to deal closure, may vary significantly from customer to customer, with sales to large enterprises typically taking longer to complete. Moreover, large enterprise customers often begin to deploy our products on a limited basis, but nevertheless demand configuration, integration services and pricing negotiations, which increase our upfront investment in the sales effort with no guarantee that these customers will deploy our products widely enough across their organization to justify our substantial upfront investment.

If we fail to retain and motivate members of our management team or other key employees, or fail to attract additional qualified personnel to support our operations, our business and future growth prospects would be harmed.

Our success and future growth depend largely upon the continued services of our executive officers, particularly Olivier Pomel, our co-founder and Chief Executive Officer, Alexis Lê-Quôc, our co-founder, President and Chief Technology Officer, and David Obstler, our Chief Financial Officer, as well as our other key employees in the areas of research and development and sales and marketing functions. From time to time, there may be changes in our executive management team or other key employees resulting from the hiring or departure of these personnel. Our executive officers and other key employees are employed on an at-will basis, which means that these personnel could terminate their employment with us at any time. The loss of one or more of our executive officers, or the failure by our executive team to effectively work with our employees and lead our company, could harm our business. We also are dependent on the continued service of our existing software engineers because of the complexity of our products and platform capabilities.

In addition, to execute our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel is intense, especially for engineers experienced in designing and developing SaaS applications and experienced sales professionals. If we are unable to attract such personnel in cities where we are located, we may need to hire in other locations which may add to the complexity and costs of our business operations. From time to time, we have experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or we have breached their legal obligations, resulting in a diversion of our time and resources. In addition, prospective and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, experiences significant volatility, or increases such that prospective employees believe there is limited upside to the value of our equity awards, it may adversely affect our ability to recruit and 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 would be harmed.

If we fail to maintain and enhance our brand, our ability to expand our customer base will be impaired and our business, financial condition and results of operations may suffer.

We believe that maintaining and enhancing the Datadog brand is important to support the marketing and sale of our existing and future products to new customers and expand sales of our platform and products to existing customers. We also believe that the importance of brand recognition will increase as competition in our market increases. Successfully maintaining and enhancing our brand will depend largely on the effectiveness of our marketing efforts, our ability to provide reliable products that continue to meet the needs of our customers at competitive prices, our ability to maintain our customers' trust, our ability to continue to develop new functionality and use cases, and our ability to successfully differentiate our products and platform capabilities from competitive products. Our brand promotion activities may not generate customer awareness or yield increased revenue, and even if they do, any increased revenue may not offset the expenses we incur in building

our brand. If we fail to successfully promote and maintain our brand, our business, financial condition and results of operations may suffer.

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

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

The market for our solutions may develop more slowly or differently than we expect.

It is difficult to predict customer adoption rates and demand for our products, the entry of competitive products or the future growth rate and size of the cloud-based software and SaaS business software markets. The expansion of these markets depends on a number of factors, including: the cost, performance, and perceived value associated with cloud-based and SaaS business software as an alternative to legacy systems, as well as the ability of cloud-based software and SaaS providers to address heightened data security and privacy concerns. If we have a security incident or other cloud-based software and SaaS providers experience security incidents, loss of customer data, disruptions in delivery or other similar problems, which is an increasing focus of the public and investors in recent years, the market for these applications as a whole, including our platform and products, may be negatively affected. If cloud-based and SaaS business software does not continue to achieve market acceptance, or there is a reduction in demand caused by a lack of customer acceptance, technological challenges, weakening economic conditions, data security or privacy concerns, governmental regulation, competing technologies and products, or decreases in information technology spending or otherwise, the market for our platform and products might not continue to develop or might develop more slowly than we expect, which would adversely affect our business, financial condition and results of operations.

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

The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate. Market opportunity estimates and growth forecasts included in this prospectus, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate, including the risks described herein. Even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of addressable users or companies covered by our market opportunity estimates will purchase our products at all or generate any particular level of revenue for us. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our platform and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecasted in this prospectus, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, the forecasts of market growth included in this prospectus should not be taken as indicative of our future growth.

We typically provide service-level commitments under our subscription agreements. If we fail to meet these contractual commitments, we could be obligated to provide credits for future service or face subscription termination with refunds of prepaid amounts, which would lower our revenue and harm our business, financial condition and results of operations.

Our subscription agreements typically contain service-level commitments. If we are unable to meet the stated service-level commitments, including failure to meet the uptime and response time requirements under our customer subscription agreements, we may be contractually obligated to provide these customers with service credits which could significantly affect our revenue in the periods in which the failure occurs and the credits are applied. We could also face subscription terminations and a reduction in renewals, which could significantly affect both our current and future revenue. Any service-level failures could also damage our reputation, which could also adversely affect our business, financial condition and results of operations.

Indemnity provisions in various agreements to which we are party potentially expose us to substantial liability for infringement, misappropriation or other violation of intellectual property rights, data protection and other losses.

Our agreements with our customers and other third parties may include indemnification provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims of infringement, misappropriation or other violation of intellectual property rights, data protection, damages caused by us to property or persons, or other liabilities relating to or arising from our software, services, platform, our acts or omissions under such agreements or other contractual obligations. Some of these indemnity agreements provide for uncapped liability and some indemnity provisions survive termination or expiration of the applicable agreement. Large indemnity payments could harm our business, financial condition and results of operations. Although we attempt to contractually limit our liability with respect to such indemnity obligations, we are not always successful and may still incur substantial liability related to them, and we may be required to cease use of certain functions of our platform or products as a result of any such claims. Any dispute with a customer or other third party with respect to such obligations could have adverse effects on our relationship with such customer or other third party and other existing or prospective customers, reduce demand for our products and services and adversely affect our business, financial conditions and results of operations. In addition, although we carry general liability insurance, our insurance may not be adequate to indemnify us for all liability that may be imposed or otherwise protect us from liabilities or damages with respect to claims alleging compromises of customer data, and any such coverage may not continue to be available to us on acceptable terms or at all.

If we fail to offer high-quality support, our reputation could suffer.

Our customers rely on our customer support personnel to resolve issues and realize the full benefits that our platform provides. High-quality support is also important for the renewal and expansion of our subscriptions with existing customers. The importance of our support function will increase as we expand our business and pursue new customers. If we do not help our customers quickly resolve issues and provide effective ongoing support, our ability to maintain and expand our subscriptions to existing and new customers could suffer, and our reputation with existing or potential customers could suffer.

Acquisitions, strategic investments, partnerships, or alliances could be difficult to identify, pose integration challenges, divert the attention of management, disrupt our business, dilute stockholder value, and adversely affect our business, financial condition and results of operations.

We have in the past and may in the future seek to acquire or invest in businesses, joint ventures, products and platform capabilities, or technologies that we believe could complement or expand our services and platform capabilities, enhance our technical capabilities, or otherwise offer growth opportunities. Further, our anticipated proceeds from this offering increase the likelihood that we will devote resources to exploring larger and more complex acquisitions and investments than we have previously attempted. Any such acquisition or investment

may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable opportunities, whether or not the transactions are completed, and may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products and platform capabilities, personnel or operations of any acquired companies, particularly if the key personnel of an acquired company choose not to work for us, their software is not easily adapted to work with our platform, or we have difficulty retaining the customers of any acquired business due to changes in ownership, management or otherwise. These transactions may also disrupt our business, divert our resources, and require significant management attention that would otherwise be available for development of our existing business. Any such transactions that we are able to complete may not result in any synergies or other benefits we had expected to achieve, which could result in impairment charges that could be substantial. In addition, we may not be able to find and identify desirable acquisition targets or business opportunities or be successful in entering into an agreement with any particular strategic partner. These transactions 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 the resulting business from such a transaction fails to meet our expectations, our business, financial condition and results of operations may be adversely affected or we may be exposed to unknown risks or liabilities.

We are subject to stringent and changing privacy laws, regulations and standards, information security policies and contractual obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could harm our business.

We have legal and contractual obligations regarding the protection of confidentiality and appropriate use of personally identifiable information. We are subject to a variety of federal, state, local and international laws, directives and regulations relating to the collection, use, retention, security, disclosure, transfer and other processing of personally identifiable information. The regulatory framework for privacy and security issues worldwide is rapidly evolving and as a result implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future. We publicly post documentation regarding our practices concerning the collection, processing, use and disclosure of data. Although we endeavor to comply with our published policies and documentation, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policy and other documentation that provide promises and assurances about privacy and security can subject us to potential state and federal action if they are found to be deceptive, unfair, or misrepresentative of our actual practices. Any failure by us, our suppliers or other parties with whom we do business to comply with this documentation or with federal, state, local or international regulations could result in proceedings against us by governmental entities or others. In many jurisdictions, enforcement actions and consequences for noncompliance are rising. In the United States, these include enforcement actions in response to rules and regulations promulgated under the authority of federal agencies and state attorneys general and legislatures and consumer protection agencies. In addition, privacy advocates and industry groups have regularly proposed, and may propose in the future, self-regulatory standards with which we must legally comply or that contractually apply to us. If we fail to follow these security standards even if no customer information is compromised, we may incur significant fines or experience a significant increase in costs.

Internationally, virtually every jurisdiction in which we operate has established its own data security and privacy legal framework with which we or our customers must comply, including but not limited to the European Union, or EU. The EU's data protection landscape is currently unstable, resulting in possible significant operational costs for internal compliance and risk to our business. The EU has adopted the General Data Protection Regulation, or GDPR, which went into effect in May 2018 and contains numerous requirements and changes from previously existing EU law, including more robust obligations on data processors and heavier documentation requirements for data protection compliance programs by companies. Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States. While we have taken steps to mitigate the impact on us with respect to transfers of data, such as implementing standard contractual clauses and self-certifying under the EU-US Privacy Shield, the efficacy and longevity of these transfer mechanisms remains

uncertain. The GDPR also introduced numerous privacy-related changes for companies operating in the EU, including greater control for data subjects (including, for example, the “right to be forgotten”), increased data portability for EU consumers, data breach notification requirements and increased fines. In particular, under the GDPR, fines of up to 20 million euros or up to 4% of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR’s requirements. Such penalties are in addition to any civil litigation claims by customers and data subjects. The GDPR requirements apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, including employee information.

In addition to the GDPR, the European Commission has another draft regulation in the approval process that focuses on a person’s right to conduct a private life (in contrast to the GDPR, which focuses on protection of personal data). The proposed legislation, known as the Regulation on Privacy and Electronic Communications, or ePrivacy Regulation, would replace the current ePrivacy Directive. Originally planned to be adopted and implemented at the same time as the GDPR, the ePrivacy Regulation will likely be enacted sometime in 2019. While the new legislation contains protections for those using communications services (for example, protections against online tracking technologies), the timing of its proposed enactment following the GDPR means that additional time and effort may need to be spent addressing differences between the ePrivacy Regulation and the GDPR. New rules related to the ePrivacy Regulation are likely to include enhanced consent requirements in order to use communications content and communications metadata, which may negatively impact our platform and products and our relationships with our customers.

Complying with the GDPR and the ePrivacy Regulation, when it becomes effective, may cause us to incur substantial operational costs or require us to change our business practices. Despite our efforts to bring practices into compliance before the effective date of the GDPR and ePrivacy Regulation, we may not be successful in our efforts to achieve compliance either due to internal or external factors such as resource allocation limitations or a lack of vendor cooperation. Non-compliance could result in proceedings against us by governmental entities, customers, data subjects or others. We may also experience difficulty retaining or obtaining new European or multi-national customers due to the legal requirements, compliance cost, potential risk exposure, and uncertainty for these entities, and we may experience significantly increased liability with respect to these customers pursuant to the terms set forth in our engagements with them. While we utilize a data center in the European Economic Area to maintain certain customer data (which may include personal data) originating from the EU in the European Economic Area, we may find it necessary to establish additional systems and processes to maintain such data in the European Economic Area, which may involve substantial expense and distraction from other aspects of our business.

Domestic laws in this area are also complex and developing rapidly. Many state legislatures have adopted legislation that regulates how businesses operate online, including measures relating to privacy, data security and data breaches. Laws in all 50 states require businesses to provide notice to customers whose personally identifiable information has been disclosed as a result of a data breach. The laws are not consistent, and compliance in the event of a widespread data breach is costly. States are also constantly amending existing laws, requiring attention to frequently changing regulatory requirements. Further, California recently enacted the California Consumer Privacy Act, or CCPA, which is expected to take effect on January 1, 2020. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States, which could increase our potential liability and adversely affect our business.

Because the interpretation and application of many privacy and data protection laws along with contractually imposed industry standards are uncertain, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our

products and platform capabilities. If so, in addition to the possibility of fines, lawsuits, regulatory investigations, imprisonment of company officials and public censure, other claims and penalties, significant costs for remediation and damage to our reputation, we could be required to fundamentally change our business activities and practices or modify our products and platform capabilities, any of which could have an adverse effect on our business. Any inability to adequately address privacy and security concerns, even if unfounded, or comply with applicable privacy and data security laws, regulations, and policies, could result in additional cost and liability to us, damage our reputation, inhibit sales and adversely affect our business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to the businesses of our customers may limit the use and adoption of, and reduce the overall demand for, our products. Privacy and data security concerns, whether valid or not valid, may inhibit market adoption of our products, particularly in certain industries and foreign countries. If we are not able to adjust to changing laws, regulations, and standards related to the internet, our business may be harmed.

We are subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws, and non-compliance with such laws can subject us to criminal or civil liability and harm our business, financial condition and results of operations.

We are subject to the U.S. Foreign Corrupt Practices Act, or FCPA, U.S. domestic bribery laws, the UK Bribery Act, and other anti-corruption and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees and their third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. As we increase our international sales and business and sales to the public sector, we may engage with business partners and third-party intermediaries to market our products and to obtain necessary permits, licenses, and other regulatory approvals. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize such activities.

While we have policies and procedures to address compliance with such laws, we cannot assure you that all of our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international sales and business, our risks under these laws may increase.

Detecting, investigating, and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources, and attention from senior management. In addition, noncompliance with anti-corruption, anti-bribery, or anti-money laundering laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties or injunctions, suspension or debarment from contracting with certain persons, reputational harm, adverse media coverage, and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our business, financial condition and results of operations could be harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

Sales to government entities and highly regulated organizations are subject to a number of challenges and risks.

We may sell to U.S. federal, state, and local, as well as foreign, governmental agency customers, as well as to customers in highly regulated industries such as financial services, telecommunications and healthcare. Sales to such entities are subject to a number of challenges and risks. Selling to such entities can be highly competitive,

expensive, and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. Government contracting requirements may change and in doing so restrict our ability to sell into the government sector until we have attained the revised certification. Government demand and payment for our products are affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our products.

Further, governmental and highly regulated entities may demand contract terms that differ from our standard arrangements and are less favorable than terms agreed with private sector customers. Such entities may have statutory, contractual, or other legal rights to terminate contracts with us or our partners for convenience or for other reasons. Any such termination may adversely affect our ability to contract with other government customers as well as our reputation, business, financial condition and results of operations.

We are subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls.

Our platform and products are subject to U.S. export controls, including the Export Administration Regulations, and we incorporate encryption technology into certain of our products. These encryption products and the underlying technology may be exported outside of the United States only with the required export authorizations, including by license, a license exception, or other appropriate government authorizations, including the filing of an encryption classification request or self-classification report.

Furthermore, our activities are subject to U.S. economic sanctions laws and regulations administered by the Office of Foreign Assets Control that prohibit the shipment of most products and services to embargoed jurisdictions or sanctioned parties without the required export authorizations. Additionally, the Trump administration has been critical of existing trade agreements and may impose more stringent export controls. Obtaining the necessary export license or other authorization for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities. Violations of U.S. sanctions or export control regulations can result in significant fines or penalties and possible incarceration for responsible employees and managers.

If our channel partners fail to obtain appropriate import, export, or re-export licenses or permits, we may also be adversely affected through reputational harm, as well as other negative consequences, including government investigations and penalties.

Also, various countries, in addition to the United States, regulate the import and export of certain encryption and other technology, including import and export licensing requirements, and have enacted laws that could limit our ability to distribute our products or could limit our end-customers' ability to implement our products in those countries. Changes in our products or future changes in export and import regulations may create delays in the introduction of our platform in international markets, prevent our end-customers with international operations from deploying our platform globally or, in some cases, prevent the export or import of our products to certain countries, governments, or persons altogether. From time to time, various governmental agencies have proposed additional regulation of encryption technology. Any change in export or import regulations, economic sanctions or related legislation, increased export and import controls, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell our products to, existing or potential end-customers with international operations. Any decreased use of our platform or limitation on our ability to export or sell our products would adversely affect our business, results of operations, and growth prospects.

Any failure to obtain, maintain, protect or enforce our intellectual property and proprietary rights could impair our ability to protect our proprietary technology and our brand.

Our success depends to a significant degree on our ability to obtain, maintain, protect and enforce our intellectual property rights, including our proprietary technology, know-how and our brand. We rely on a

combination of trademarks, trade secret laws, patents, copyrights, service marks, contractual restrictions, and other intellectual property laws and confidentiality procedures to establish and protect our proprietary rights. However, the steps we take to obtain, maintain, protect and enforce our intellectual property rights may be inadequate. We will not be able to protect our intellectual property rights if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property rights. If we fail to protect our intellectual property rights adequately, our competitors may gain access to our proprietary technology and develop and commercialize substantially identical products, services or technologies, our business, financial condition, results of operations or prospects may be harmed. In addition, defending our intellectual property rights might entail significant expense. Any patents, trademarks, or other intellectual property rights that we have or may obtain may be challenged or circumvented by others or invalidated or held unenforceable through administrative process, including re-examination, *inter partes* review, interference and derivation proceedings and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings) or litigation. Despite our pending U.S. patent applications, there can be no assurance that our patent applications will result in issued patents. Even if we continue to seek patent protection in the future, we may be unable to obtain or maintain patent protection for our technology. In addition, any patents issued from pending or future patent applications or licensed to us in the future may not provide us with competitive advantages, or may be successfully challenged by third parties. There may be issued patents of which we are not aware, held by third parties that, if found to be valid and enforceable, could be alleged to be infringed by our current or future technologies or products. There also may be pending patent applications of which we are not aware that may result in issued patents, which could be alleged to be infringed by our current or future technologies or products. Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our products and platform capabilities and use information that we regard as proprietary to create products that compete with ours. Patent, trademark, copyright, and trade secret protection may not be available to us in every country in which our products are available. For example, as we have expanded internationally, we have been unable to register and obtain the right to use the Datadog trademark in certain jurisdictions, including in the EU, and as we continue to expand, we may face similar issues in other jurisdictions. The value of our intellectual property could diminish if others assert rights in or ownership of our trademarks and other intellectual property rights, or trademarks that are similar to our trademarks. We may be unable to successfully resolve these types of conflicts to our satisfaction. In some cases, litigation or other actions may be necessary to protect or enforce our trademarks and other intellectual property rights. Furthermore, third parties may assert intellectual property claims against us, and we may be subject to liability, required to enter into costly license agreements, or required to rebrand our products and/or prevented from selling some of our products if third parties successfully oppose or challenge our trademarks or successfully claim that we infringe, misappropriate or otherwise violate their trademarks or other intellectual property rights. In addition, the laws of some foreign countries may not be as protective of intellectual property rights as those in the United States, and mechanisms for enforcement of intellectual property rights may be inadequate. As we expand our international activities, our exposure to unauthorized copying and use of our products and platform capabilities and proprietary information will likely increase. Moreover, policing unauthorized use of our technologies, trade secrets, and intellectual property may be difficult, expensive, and time-consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other third parties, including suppliers and other partners. However, we cannot guarantee that we have entered into such agreements with each party that has or may have had access to our proprietary information, know-how and trade secrets. Moreover, no assurance can be given that these agreements will be effective in controlling access to, distribution, use, misuse, misappropriation, reverse engineering or disclosure of our proprietary information, know-how and trade secrets. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or

superior to our products and platform capabilities. These agreements may be breached, and we may not have adequate remedies for any such breach.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. 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. Further, 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, and if such defenses, counterclaims or countersuits are successful, we could lose valuable intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our products and platform capabilities, impair the functionality of our products and platform capabilities, delay introductions of new solutions, result in our substituting inferior or more costly technologies into our products, or injure our reputation.

We may become subject to intellectual property disputes, which are costly and may subject us to significant liability and increased costs of doing business.

We may become subject to intellectual property disputes. Our success depends, in part, on our ability to develop and commercialize our products and services without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. However, we may not be aware that our products or services are infringing, misappropriating or otherwise violating third-party intellectual property rights and such third parties may bring claims alleging such infringement, misappropriation or violation. Lawsuits are time-consuming and expensive to resolve and they divert management's time and attention. The software industry is characterized by the existence of a large number of patents, copyrights, trademarks, trade secrets, and other intellectual and proprietary rights. Companies in the software industry are often required to defend against litigation claims based on allegations of infringement, misappropriation or other violations of intellectual property rights. Our technologies may not be able to withstand any third-party claims against their use. In addition, many companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. We do not currently have a large patent portfolio, which could prevent us from deterring patent infringement claims through our own patent portfolio, and our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have. Any litigation may also involve patent holding companies or other adverse patent owners that have no relevant product revenue, and therefore, our patent applications may provide little or no deterrence as we would not be able to assert them against such entities or individuals. If a third party is able to obtain an injunction preventing us from accessing such third-party intellectual property rights, or if we cannot license or develop alternative technology for any infringing aspect of our business, we would be forced to limit or stop sales of our products and platform capabilities or cease business activities related to such intellectual property. Although we carry general liability insurance, our insurance may not cover potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed. We cannot predict the outcome of lawsuits and cannot ensure that the results of any such actions will not have an adverse effect on our business, financial condition or results of operations. Any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, may require us to do one or more of the following:

- cease selling or using products or services that incorporate the intellectual property rights that we allegedly infringe, misappropriate or violate;
- make substantial payments for legal fees, settlement payments or other costs or damages;
- obtain a license, which may not be available on reasonable terms or at all, to sell or use the relevant technology; or
- redesign the allegedly infringing products to avoid infringement, misappropriation or violation, which could be costly, time-consuming or impossible.

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 and operating results. Moreover, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and 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. We expect that the occurrence of infringement claims is likely to grow as the market for our platform and products grows. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further exhaust our financial and management resources.

Any future litigation against us could be costly and time-consuming to defend.

We may become 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 or employment claims made by our current or former employees. Litigation might result in substantial costs and may divert management's attention and resources, which might seriously harm our business, financial condition and results of operations. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, potentially harming our business, financial position and results of operations.

We use open source software in our products, which could negatively affect our ability to sell our services or subject us to litigation or other actions.

We use open source software in our products and we expect to continue to incorporate open source software in our services in the future. Few of the licenses applicable to open source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products. Moreover, we cannot ensure that we have not incorporated additional open source software in our software in a manner that is inconsistent with the terms of the applicable license or our current policies and procedures. If we fail to comply with these licenses, we may be subject to certain requirements, including requirements that we offer our solutions that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of applicable open source licenses. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our products that contained the open source software and required to comply with onerous conditions or restrictions on these products, which could disrupt the distribution and sale of these products. From time to time, there have been claims challenging the ownership rights in open source software against companies that incorporate it into their products and the licensors of such open source software provide no warranties or indemnities with respect to such claims. As a result, we and our customers could be subject to lawsuits by parties claiming ownership of what we believe to be open source software. Litigation could be costly for us to defend, have a negative effect on our business, financial condition and results of operations, or require us to devote additional research and development resources to change our products. In addition, although we employ open source software license screening measures, if we were to combine our proprietary software products with open source software in a certain manner we could, under certain open source licenses, be required to release the source code of our proprietary software products. Some open source projects have known vulnerabilities and architectural instabilities and are provided on an "as-is" basis which, if not properly addressed, could negatively affect the performance of our product. If we inappropriately use or incorporate open source software subject to certain types of open source licenses that challenge the proprietary nature of our products, we may be required to re-engineer such products, discontinue the sale of such products or take other remedial actions.

Unfavorable conditions in our industry or the global economy, or reductions in information technology spending, could limit our ability to grow our business and negatively affect our results of operations.

Our results of operations may vary based on the impact of changes in our industry or the global economy on us or our customers and potential customers. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth, financial and credit market fluctuations, international trade relations, political turmoil, natural catastrophes, warfare and terrorist attacks on the United States, Europe, the Asia Pacific region, Japan or elsewhere, could cause a decrease in business investments, including spending on information technology, and negatively affect the growth of our business. Competitors, many of whom are larger and have greater financial resources than we do, may respond to challenging market conditions by lowering prices in an attempt to attract our customers. In addition, the increased pace of consolidation in certain industries may result in reduced overall spending on our products and solutions. We cannot predict the timing, strength, or duration of any economic slowdown, instability, or recovery, generally or within any particular industry.

Our current operations are international in scope, and we plan further geographic expansion, creating a variety of operational challenges.

A component of our growth strategy involves the further expansion of our operations and customer base internationally. Customers outside North America generated 24% of ARR as of December 31, 2018. Beyond North America, we now have sales presence internationally, including in Dublin, Paris, London, Singapore, Tokyo, Seoul and Sydney. We are continuing to adapt to and develop strategies to address international markets, but there is no guarantee that such efforts will have the desired effect. For example, we anticipate that we will need to establish relationships with new partners in order to expand into certain countries, and if we fail to identify, establish and maintain such relationships, we may be unable to execute on our expansion plans. As of June 30, 2019, approximately 31% of our full-time employees were located outside of the United States, 50% of whom were located in France. We expect that our international activities will continue to grow for the foreseeable future as we continue to pursue opportunities in existing and new international markets, which will require significant dedication of management attention and financial resources.

Our current and future international business and operations involve a variety of risks, including:

- slower than anticipated availability and adoption of cloud and hybrid IT infrastructures by international businesses;
- changes in a specific country's or region's political or economic conditions, including in the United Kingdom as a result of the United Kingdom exiting the European Union, or Brexit;
- the need to adapt and localize our products for specific countries;
- greater difficulty collecting accounts receivable and longer payment cycles;
- potential changes in trade relations, regulations, or laws;
- unexpected changes in laws, regulatory requirements, or tax laws;
- more stringent regulations relating to privacy and data security and the unauthorized use of, or access to, commercial and personal information, particularly in Europe;
- differing and potentially more onerous labor regulations, especially in Europe, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations;
- challenges inherent in efficiently managing, and the increased costs associated with, an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits, and compliance programs that are specific to each jurisdiction;

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- potential changes in laws, regulations and costs affecting our U.K. operations and local employees due to Brexit;
- difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems, and regulatory systems;
- increased travel, real estate, infrastructure, and legal compliance costs associated with international operations;
- currency exchange rate fluctuations and the resulting effect on our revenue and expenses, and the cost and risk of entering into hedging transactions if we chose to do so in the future;
- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries;
- laws and business practices favoring local competitors or general market preferences for local vendors;
- limited or insufficient intellectual property protection or difficulties obtaining, maintaining, protecting or enforcing our intellectual property rights, including our trademarks and patents;
- political instability or terrorist activities;
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the FCPA, U.S. bribery laws, the UK Bribery Act, and similar laws and regulations in other jurisdictions; and
- adverse tax burdens and foreign exchange controls that could make it difficult to repatriate earnings and cash.

If we invest substantial time and resources to further expand our international operations and are unable to do so successfully and in a timely manner, our business and results of operations will suffer.

Legal, political and economic uncertainty surrounding the planned exit of the United Kingdom from the EU may be a source of instability in international markets, create significant currency fluctuations, adversely affect our operations in the United Kingdom and pose additional risks to our business, financial condition and results of operations.

On March 29, 2017, the United Kingdom formally notified the European Council of its intention to leave the EU Pursuant to Article 50 of the Treaty on European Union. The United Kingdom will cease to be an EU Member State either on the effective date of a withdrawal agreement or, failing that, two years following such notification of its intention to leave the EU, or the Brexit Date, unless the European Council (together with the United Kingdom) unanimously decides to extend the two year period. It is unclear how long it will take to negotiate a withdrawal agreement, but it appears likely that Brexit will continue to involve a process of lengthy negotiations between the United Kingdom and EU member states to determine the future terms of the United Kingdom's relationship with the EU To date, no formal withdrawal arrangements have been agreed, and there have been several extensions to the Brexit Date. On April 11, 2019, the Brexit Date was further extended to October 31, 2019. The purpose of this extension is to allow for the ratification of a withdrawal agreement by the U.K. House of Commons. If the withdrawal agreement is ratified, the United Kingdom will leave the EU earlier than October 31, 2019.

Lack of clarity about future U.K. laws and regulations as the United Kingdom determines which EU rules and regulations to replace or replicate in the event of a withdrawal, including financial laws and regulations, tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws and employment laws, could decrease foreign direct investment in the United Kingdom, increase costs, depress economic activity, and restrict access to capital. In addition, depending on the terms of the United Kingdom's withdrawal from the EU, the United Kingdom could lose the benefits of global trade agreements negotiated by the EU on behalf of its members. The long-term effects of Brexit will depend on any agreements (or lack thereof) between the United Kingdom and the EU and, in particular, any arrangements for the United Kingdom to retain access to EU markets either during a transitional period or more permanently.

Such a withdrawal from the EU is unprecedented, and it is unclear how the United Kingdom's access to the European single market for goods, capital, services and labor within the EU, or the European single market, and the wider commercial, legal and regulatory environment, will impact our U.K. operations, including our customers in the United Kingdom. We may also face new regulatory costs and challenges that could have an adverse effect on our operations. The announcement of Brexit has already created economic uncertainty, and its consequences could adversely impact our business, financial condition and results of operations.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our results of operations.

Our sales contracts are denominated in U.S. dollars, and therefore, our revenue is not subject to foreign currency risk. However, a strengthening of the U.S. dollar could increase the real cost of our products and platform capabilities to our customers outside of the United States, which could adversely affect our results of operations. In addition, an increasing portion of our operating expenses are incurred outside the United States. These operating expenses are denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates. If we are not able to successfully hedge against the risks associated with currency fluctuations, our results of operations could be adversely affected.

Our international operations may subject us to potential adverse tax consequences.

We are expanding our international operations to better support our growth into international markets. Our corporate structure and associated transfer pricing policies contemplate future growth in international markets, and consider the functions, risks, and assets of the various entities involved in intercompany transactions. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, including the United States, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to our intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest, and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. Our financial statements could fail to reflect adequate reserves to cover such a contingency.

The Tax Cuts and Jobs Act, or the Tax Act, makes broad and complex changes to the U.S. tax code including, among other things, changes to U.S. federal tax rates, imposes additional limitations on the deductibility of interest, has both positive and negative changes to the utilization of future net operating loss, or NOL, carryforwards, allows for the expensing of certain capital expenditures, and puts into effect the migration from a "worldwide" system of taxation to a territorial system. We completed our accounting with respect to the Tax Act in 2018, and did not make any measurement-period adjustments.

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

An increasing number of states have considered or adopted laws that attempt to impose tax collection obligations on out-of-state companies. Additionally, the Supreme Court of the United States recently ruled in *South Dakota v. Wayfair, Inc. et al*, or *Wayfair*, that online sellers can be required to collect sales and use tax despite not having a physical presence in the buyer's state. In response to *Wayfair*, or otherwise, states or local governments may adopt, or begin to enforce, laws requiring us to calculate, collect, and remit taxes on sales in their jurisdictions. A successful assertion by one or more states requiring us to collect taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. The imposition by state

governments or local governments of sales tax collection obligations on out-of-state sellers could also create additional administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on our competitors, and decrease our future sales, which could have a material adverse effect on our business and results of operations.

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 NOL carryforwards for federal and state income tax purposes of approximately \$28.0 million and \$24.2 million, respectively, which may be available to offset taxable income in the future, and which expire in various years beginning in 2031 for federal purposes and 2029 for state purposes if not utilized. 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, or 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 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 tax purposes. For these reasons, we may not be able to utilize a material portion of the NOLs reflected on our balance sheet, even if we attain profitability, which could potentially result in increased future tax liability to us and could adversely affect our operating results and financial condition.

Changes in our effective tax rate or tax liability may have an adverse effect on our results of operations.

Our effective tax rate could increase due to several factors, including:

- changes in the relative amounts of income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates;
- changes in tax laws, tax treaties, and regulations or the interpretation of them, including the Tax Act;
- changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business;
- the outcome of current and future tax audits, examinations, or administrative appeals; and
- limitations or adverse findings regarding our ability to do business in some jurisdictions.

Any of these developments could adversely affect our results of operations.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

U.S. generally accepted accounting principles, or GAAP, are subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported results of operations and could affect the reporting of transactions already completed before the announcement of a change.

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

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying

notes appearing elsewhere in this prospectus. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations- Critical Accounting Policies and Estimates.” The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and judgments involve revenue recognition, deferred contract costs, and the valuation of our stock-based compensation awards, including the determination of fair value of our common stock, among others. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our Class A common stock.

We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all.

We have funded our operations since inception primarily through equity financings and sales of our products. We cannot be certain when or if our operations will generate sufficient cash to fully fund our ongoing operations or the growth of our business. We intend to continue to make investments to support our business, which may require us to engage in equity or debt financings to secure additional funds. Additional financing may not be available on terms favorable to us, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could harm our business, operating results, and financial condition. If we incur additional debt, the debt holders would have rights senior to holders of common stock to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. Furthermore, if we issue additional equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future issuances of debt or equity securities. As a result, our stockholders bear the risk of future issuances of debt or equity securities reducing the value of our common stock and diluting their interests.

Risks Related to Ownership of Our Class A Common Stock

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

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

- actual or anticipated fluctuations in our financial condition or results of operations;
- variance in our financial performance from expectations of securities analysts;
- changes in the pricing of subscriptions to our products;
- changes in our projected operating and financial results;
- changes in laws or regulations applicable to our platform and products;
- announcements by us or our competitors of significant business developments, acquisitions, or new offerings;
- significant data breaches, disruptions to or other incidents involving our software;
- our involvement in litigation;
- future sales of our Class A common stock by us or our stockholders, as well as the anticipation of lock-up releases;
- changes in senior management or key personnel;

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- the trading volume of our Class A common stock;
- changes in the anticipated future size and growth rate of our market; and
- general economic and market conditions.

Broad market and industry fluctuations, as well as general economic, political, regulatory, and market conditions, may also negatively impact the market price of our Class A common stock. In addition, technology stocks have historically experienced high levels of volatility. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial expenses and divert our management's attention.

The dual class structure of our common stock will have the effect of concentrating voting control with our executive officers, directors and their affiliates, which will limit your ability to influence the outcome of important transactions.

Our Class B common stock has ten votes per share and our Class A common stock, which is the stock we are offering in this offering, has one vote per share. Our existing stockholders, all of which hold shares of Class B common stock, will collectively beneficially own shares representing approximately 99% of the voting power of our outstanding capital stock following the completion of this offering. Our directors and executive officers and their affiliates will collectively beneficially own, in the aggregate, shares representing approximately 85% of the voting power of our outstanding capital stock immediately following the completion of this offering, based on the number of shares outstanding as of July 31, 2019, and without giving effect to any purchases that these holders may make through our directed share program or otherwise in this offering. As a result, the holders of our Class B common stock will be able to exercise considerable influence over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or our assets, even if their stock holdings represent less than 50% of the outstanding shares of our capital stock. This concentration of ownership will limit the ability of other stockholders to influence corporate matters and may cause us to make strategic decisions that could involve risks to you or that may not be aligned with your interests. This control may adversely affect the market price of our Class A common stock.

Further, future transfers by holders of our Class B common stock will generally result in those shares converting into shares of our Class A common stock, subject to limited exceptions, such as certain transfers effected for tax or estate planning purposes. The conversion of shares of our Class B common stock into shares of our Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. For example, as of July 31, 2019, Olivier Pomel and Alexis Lê-Quôc represented approximately 24% of the voting power of our outstanding capital stock, and if they retain a significant portion of their holdings of our Class B common stock for an extended period of time, they could control a significant portion of the voting power of our capital stock for the foreseeable future. As board members, Messrs. Pomel and Lê-Quôc each owe a fiduciary duty to our stockholders and must act in good faith and in a manner they each reasonably believe to be in the best interests of our stockholders. As stockholders, Messrs. Pomel and Lê-Quôc are entitled to vote their shares in their own interests, which may not always be in the interests of our stockholders generally.

We cannot predict the impact our dual class structure may have on the market price of our Class A common stock.

We cannot predict whether our dual class structure, combined with the concentrated control of our stockholders who held our capital stock prior to the completion of our IPO, including our executive officers, employees and directors and their affiliates, will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple class share structures in certain of their indexes. For

example, in July 2017, FTSE Russell and Standard & Poor's announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Under the announced policies, our dual class capital structure would make us ineligible for inclusion in any of these indices. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

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

No public market for our Class A common stock currently exists. An active public trading market for our Class A common stock may not develop following the completion of this offering or, if developed, it may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

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

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

Future sales of our Class A common stock in the public market could cause the market price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock in the public market following the completion of this offering, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. Many of our existing equityholders have substantial unrecognized gains on the value of the equity they hold based upon the price of this offering, and therefore they may take steps to sell their shares or otherwise secure the unrecognized gains on those shares. We are unable to predict the timing of or the effect that such sales may have on the prevailing market price of our Class A common stock.

All of our directors and officers and the holders of substantially all of our capital stock and securities convertible into our capital stock are subject to lock-up agreements that restrict their ability to transfer shares of our capital stock for 180 days from the date of this prospectus, subject to certain exceptions; provided that such restricted period will end with respect to 20% of the shares subject to each lock-up agreement if at any time beginning 90 days after the date of this prospectus (1) we have filed at least one quarterly report on Form 10-Q or annual report on Form 10-K and (2) the last reported closing price of our Class A common stock is at least 33% greater than the initial public offering price of our Class A common stock for 10 out of any 15 consecutive

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trading days, including the last day, ending on or after the 90th day after the date of this prospectus; and provided further that, if 90 days after the date of this prospectus occurs within five trading days of a trading black-out period, the above referenced early expiration period will be the sixth trading day immediately preceding the commencement of the trading black-out period. In addition, with respect to shares not released as a result of such early release, if the 180th day after the date of this prospectus occurs within five trading days of a trading black-out period, the lock-up period will expire on the sixth trading day immediately preceding the commencement of the trading black-out period. Morgan Stanley & Co. LLC and either of Goldman Sachs & Co. LLC or J.P. Morgan Securities LLC may, in their sole discretion, permit our stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements, subject to applicable notice requirements. If not earlier released, all of the shares of Class A common stock sold in this offering will become eligible for sale upon expiration of the 180-day lock-up period, except for any shares held by our affiliates as defined in Rule 144 under the Securities Act.

In addition, there were 34,618,503 shares of Class A common stock issuable upon the exercise of options outstanding as of June 30, 2019. We intend to register all of the shares of Class A common stock issuable upon exercise of outstanding options or other equity incentives we may grant in the future, for public resale under the Securities Act of 1933, as amended, or the Securities Act. The shares of Class A common stock will become eligible for sale in the public market to the extent such options are exercised, subject to the lock-up agreements described above and compliance with applicable securities laws.

Further, based on shares outstanding as of June 30, 2019, holders of approximately 196,312,314 shares, or 68% of our capital stock after the completion of this offering, will have rights, subject to some conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders.

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

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors and consultants under our equity incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in companies, 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 Class A common stock to decline.

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

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

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

The initial public offering price of our Class A common stock will be substantially higher than the pro forma net tangible book value per share of our common stock immediately after this offering. If you purchase shares of our Class A common stock in this offering, you will suffer immediate dilution of \$18.70 per share, or

\$18.49 per share if the underwriters exercise their over-allotment option in full, representing the difference between our pro forma as adjusted net tangible book value per share after giving effect to the sale of Class A common stock in this offering and the assumed public offering price of \$20.50 per share, the midpoint of the price range set forth on the cover page of this prospectus. See the section titled “Dilution.”

We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our Class A common stock.

We have never declared or paid any cash dividends on our capital stock, and we do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, you may need to rely on sales of our Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on your investment.

We are an “emerging growth company,” and we cannot be certain if the reduced reporting and disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies,” including the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, or Section 404, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, 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. Pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to use the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make our Class A common stock less attractive to investors. In addition, if we cease to be an emerging growth company, we will no longer be able to use the extended transition period for complying with new or revised accounting standards.

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

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

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

As a public company, we will incur significant legal, accounting, and other expenses that we did not incur as a private company, which we expect to further increase after we are no longer an “emerging growth company.” The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the Nasdaq Global Select Market, or Nasdaq, and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel devote a

substantial amount of time to compliance with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. We cannot predict or estimate the amount of additional costs we will incur as a public company or the specific timing of such costs.

As a result of being a public company, we are obligated to develop and maintain proper and effective internal controls over financial reporting, and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our Class A common stock.

We are required, pursuant to Section 404 to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the fiscal year ending December 31, 2020. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting in our first annual report required to be filed with the SEC following the date we are no longer an “emerging growth company.” We have recently commenced the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404, but we may not be able to complete our evaluation, testing and any required remediation in a timely fashion once initiated. Our compliance with Section 404 will require that we incur substantial expenses and expend significant management efforts. We currently do not have an internal audit group, and we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404.

During the evaluation and testing process of our internal controls, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to certify that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our Class A common stock could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our Class A common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws, as they will be in effect upon the completion of this offering, may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws will include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights, and preferences determined by our board of directors that may be senior to our Class A common stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairperson of our board of directors, or our chief executive officer;

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- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- prohibit cumulative voting in the election of directors;
- provide that our directors may be removed for cause only upon the vote of at least 66 2/3% of our outstanding shares of voting stock;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum; and
- require the approval of our board of directors or the holders of at least 66 2/3% of our outstanding shares of voting stock to amend our bylaws and certain provisions of our certificate of incorporation.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally, subject to certain exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder. Any of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our Class A common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that you would receive a premium for your shares of our Class A common stock in an acquisition.

Our amended and restated certificate of incorporation will designate the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America as the exclusive forums for substantially all disputes between us and our stockholders, which will restrict our stockholders’ ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation, as will be in effect upon the completion of this offering, will provide that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: any derivative action or proceeding brought on our behalf; any action asserting a breach of a 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. The provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act. In addition, our amended and restated certificate of incorporation will provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

These choice of forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees. If a court were to find either choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. For example, the Court of Chancery of the State of Delaware recently determined that the exclusive forum provision of federal district courts of the United States of America for resolving any complaint asserting a cause of action arising under the Securities Act is not enforceable. However, this decision may be reviewed and ultimately overturned by the Delaware Supreme Court. If this ultimate adjudication were to occur, we would enforce the federal district court exclusive forum provision in our amended and restated certificate of incorporation.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- our expectations regarding our revenue, expenses and other operating results;
- our ability to acquire new customers and successfully retain existing customers;
- our ability to increase usage of our platform and upsell and cross sell additional products;
- our ability to achieve or sustain our profitability;
- future investments in our business, our anticipated capital expenditures and our estimates regarding our capital requirements;
- the costs and success of our sales and marketing efforts, and our ability to promote our brand;
- our reliance on key personnel and our ability to identify, recruit and retain skilled personnel;
- our ability to effectively manage our growth, including any international expansion;
- our ability to protect our intellectual property rights and any costs associated therewith;
- our ability to compete effectively with existing competitors and new market entrants; and
- the growth rates of the markets in which we compete.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

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

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

MARKET, INDUSTRY AND OTHER DATA

This prospectus contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. While we believe the industry and market data included in this prospectus are reliable and are based on reasonable assumptions, these data involve many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information. None of the industry publications referred to in this prospectus were prepared on our or on our affiliates' behalf or at our expense. 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 section titled "Risk Factors," that could cause results to differ materially from those expressed in these publications and other publicly available information.

The sources of certain statistical data, estimates and forecasts contained in this prospectus are the following independent industry publications or reports:

- Gartner: Market Insight: Cloud Shift—2018 to 2022, published August 24, 2018; Magic Quadrant for Application Performance Monitoring Suites, published March 14, 2018; Market Guide for IT Infrastructure Monitoring Tools, published July 9, 2018; Forecast: Enterprise Infrastructure Software, Worldwide, 2017-2023, 1Q19 Update, published March 26, 2019.
- IDC: Worldwide Semi-Annual Public Cloud Services Spending Guide 2018H1, published December 2018.

The Gartner reports described herein represent research opinions or viewpoints published as part of a syndicated subscription service by Gartner, Inc., and are not representations of fact. Each Gartner report speaks as of its original publication date (and not as of the date of this prospectus) and the opinions expressed in the Gartner reports are subject to change without notice.

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USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately \$460.9 million (or approximately \$531.8 million if the underwriters exercise their option to purchase additional shares of our Class A common stock from us in full) based on an assumed initial public offering price of \$20.50 per share of Class A common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$20.50 per share of Class A common stock would increase (decrease) the net proceeds to us from this offering by approximately \$22.8 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of Class A common stock offered by us would increase (decrease) the net proceeds to us from this offering by approximately \$19.4 million, assuming the assumed initial public offering price of \$20.50 per share of Class A common stock remains the same, and after deducting estimated underwriting discounts and commissions.

The principal purposes of this offering are to increase our capitalization and financial flexibility, and create a public market for our Class A common stock, and facilitate our future access to the capital markets. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds to us from this offering. However, we currently intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds to acquire complementary businesses, products, services or technologies. However, we do not have agreements or commitments to enter into any acquisitions at this time.

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

DIVIDEND POLICY

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

CAPITALIZATION

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

- on an actual basis;
- on a pro forma basis, giving effect to (1) the reclassification of our common stock into Class B common stock, (2) the automatic conversion of all of our outstanding shares of convertible preferred stock into 179,011,431 shares of Class B common stock, and (3) the filing and effectiveness of our amended and restated certificate of incorporation, each of which will occur immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis, giving effect to (1) the pro forma adjustments set forth above and (2) our receipt of estimated net proceeds from the sale of shares of Class A common stock that we are offering at an assumed initial public offering price of \$20.50 per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses.

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

	As of June 30, 2019		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands except share and per share amounts)		
Cash	\$ 52,286	\$ 52,286	\$ 513,166
Convertible preferred stock, \$0.00001 par value, 179,814,912 shares authorized, 179,011,431 shares issued and outstanding, actual, and no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	\$ 140,752	\$ —	\$ —
Stockholders’ (deficit) equity:			
Preferred stock, \$0.00001 par value, no shares authorized, issued, and outstanding, actual, and 20,000,000 shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	—
Common stock, \$0.00001 par value, 380,000,000 authorized, 86,823,234 shares issued and outstanding, actual, and no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	—	—	—
Class A common stock, \$0.00001 par value, no shares authorized, issued and outstanding, actual, 2,000,000,000 shares authorized and no shares issued and outstanding, pro forma, 2,000,000,000 shares authorized and 24,000,000 shares issued and outstanding, pro forma as adjusted	—	—	—
Class B common stock, \$0.00001 par value, no shares authorized, issued and outstanding, actual, 310,000,000 shares authorized and 179,011,431 shares issued and outstanding, pro forma and pro forma as adjusted	—	3	3
Accumulated other comprehensive loss	(9)	(9)	(9)
Additional paid-in capital	41,132	181,881	642,761
Accumulated deficit	(120,346)	(120,346)	(120,346)
Total stockholders’ (deficit) equity	(79,223)	61,529	522,409
Total capitalization	\$ 61,529	\$ 61,529	\$ 522,409

A \$1.00 increase (decrease) in the assumed initial public offering price of \$20.50 per share of Class A common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) each of our pro forma as adjusted cash, additional paid-in capital, total stockholders’ (deficit) equity and total capitalization by approximately \$22.8 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares of Class A common stock offered by us would increase (decrease) each of our pro forma as adjusted cash, additional paid-in capital, total stockholders’ (deficit) equity and total capitalization by approximately \$19.4 million, assuming the assumed initial public offering price of \$20.50 per share of Class A common stock remains the same, and after deducting estimated underwriting discounts and commissions.

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The number of shares of Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of Class A common stock and 265,834,665 shares of Class B common stock outstanding as of June 30, 2019, and excludes:

- 34,618,503 shares of Class B common stock issuable on the exercise of stock options outstanding as of June 30, 2019 under our 2012 Plan with a weighted-average exercise price of \$1.53 per share;
- 30,250,000 shares of Class A common stock reserved for future issuance under our 2019 Plan, plus a number of shares of Class A common stock not to exceed 40,046,733 (consisting of the number of shares that remain available under the 2012 Plan as of immediately prior to the effective date of the 2019 Plan and any shares underlying options outstanding under the 2012 Plan that expire or otherwise terminate prior to exercise after the effective date of the 2019 Plan), as well as any future increases, including annual automatic evergreen increases in the number of shares of Class A common stock reserved for issuance under our 2019 Plan; and
- 6,725,000 shares of Class A common stock reserved for issuance under our ESPP, as well as any future increases, including annual automatic evergreen increases in the number of shares of Class A common stock reserved for future issuance under our ESPP.

DILUTION

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

Our pro forma net tangible book value as of June 30, 2019 was \$60.6 million, or \$0.23 per share. Pro forma net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the number of our shares of common stock outstanding as of June 30, 2019, after giving effect to the automatic conversion of all outstanding shares of convertible preferred stock into an aggregate of 179,011,431 shares of Class B common stock immediately prior to the completion of this offering.

After giving effect to the sale by us of 24,000,000 shares of Class A common stock in this offering at an assumed initial public offering price of \$20.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses, our pro forma as adjusted net tangible book value as of June 30, 2019 would have been \$521.5 million, or \$1.80 per share. This amount represents an immediate increase in pro forma as adjusted net tangible book value of \$1.57 per share to our existing stockholders and an immediate dilution in pro forma as adjusted net tangible book value of \$18.70 per share to new investors purchasing Class A common stock in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the amount of cash that a new investor paid for a share of Class A common stock. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share	\$20.50
Historical net tangible book value per share as of June 30, 2019	\$(0.92)
Increase per share attributable to the pro forma adjustments described above	1.15
Pro forma net tangible book value per share as of June 30, 2019	0.23
Increase in pro forma as adjusted net tangible book value per share attributable to new investors purchasing shares in this offering	<u>1.57</u>
Pro forma as adjusted net tangible book value per share after this offering	<u>1.80</u>
Dilution in pro forma as adjusted net tangible book value per share to new investors in this offering	<u>\$18.70</u>

The dilution information discussed above is illustrative only and may change based on the actual initial public offering price and other terms of this offering. A \$1.00 increase (decrease) in the assumed initial public offering price of \$20.50 per share of Class A common stock, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by \$0.08 per share and increase (decrease) the dilution to new investors by \$0.92 per share, in each case assuming the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions. Similarly, each increase or decrease of 1,000,000 shares in the number of shares of Class A common stock offered by us would increase (decrease) our pro forma as adjusted net tangible book value by approximately \$0.06 per share and decrease (increase) the dilution to new investors by approximately \$0.06 per share, in each case assuming the assumed initial public offering price of \$20.50 per share of Class A common stock remains the same, and after deducting estimated underwriting discounts and commissions.

If the underwriters exercise their option to purchase additional shares of Class A common stock in full, the pro forma net tangible book value per share, as adjusted to give effect to this offering, would be \$2.02 per share, and the dilution in pro forma net tangible book value per share to investors in this offering would be \$18.48 per share.

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The following table summarizes, as of June 30, 2019, on a pro forma as adjusted basis as described above, the number of shares of our common stock, the total consideration and the average price per share (1) paid to us by existing stockholders, and (2) to be paid by new investors acquiring our Class A common stock in this offering at an assumed initial public offering price of \$20.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses.

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	265,834,665	91.7%	\$148,042,353	23.1%	\$ 0.56
New investors	24,000,000	8.3	492,000,000	76.9	\$ 20.50
Totals	<u>289,834,665</u>	<u>100.0%</u>	<u>\$640,042,353</u>	<u>100.0%</u>	

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$20.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the total consideration paid by new investors and total consideration paid by all stockholders by approximately \$24.0 million, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions.

The number of shares of Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of Class A common stock and 265,834,665 shares of Class B common stock outstanding as of June 30, 2019, and excludes:

- 34,618,503 shares of Class B common stock issuable on the exercise of stock options outstanding as of June 30, 2019 under our 2012 Plan with a weighted-average exercise price of \$1.53 per share;
- 30,250,000 shares of Class A common stock reserved for future issuance under our 2019 Plan, plus a number of shares of Class A common stock not to exceed 40,046,733 (consisting of the number of shares that remain available under the 2012 Plan as of immediately prior to the effective date of the 2019 Plan and any shares underlying options outstanding under the 2012 Plan that expire or otherwise terminate prior to exercise after the effective date of the 2019 Plan), as well as any future increases, including annual automatic evergreen increases, in the number of shares of Class A common stock reserved for issuance under our 2019 Plan; and
- 6,725,000 shares of Class A common stock reserved for issuance under our ESPP, as well as any future increases, including annual automatic evergreen increases, in the number of shares of Class A common stock reserved for future issuance under our ESPP.

To the extent that any outstanding options are exercised or new options are issued under our stock-based compensation plans, or we issue additional shares of common stock in the future, there will be further dilution to investors participating in this offering. If all outstanding options under our 2012 Plan as of June 30, 2019 were exercised or settled, then our existing stockholders, including the holders of these options, would own 92.6% and our new investors would own 7.4% of the total number of shares of our Class A common stock and Class B common stock outstanding on the completion of this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated statement of operations data for the years ended December 31, 2017 and 2018 and the selected consolidated balance sheet data as of December 31, 2017 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated statements of operations data for the six months ended June 30, 2018 and 2019 and the selected consolidated balance sheet data as of June 30, 2019 have been derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. The unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements, and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly our financial position and results of operations. You should read the consolidated financial data set forth below in conjunction with our consolidated financial statements and the accompanying notes and the information in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained elsewhere in this prospectus. Our historical and interim results are not necessarily indicative of the results to be expected for the full year or any other period in the future.

	<u>Year Ended December 31,</u>		<u>Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2018</u>	<u>2018</u>	<u>2019</u>
(in thousands, except per share data)				
Consolidated Statements of Operations Data:				
Revenue	\$ 100,761	\$ 198,077	\$ 85,393	\$ 153,272
Cost of revenue ⁽¹⁾⁽²⁾	23,414	46,529	18,592	39,928
Gross profit	77,347	151,548	66,801	113,344
Operating expenses:				
Research and development ⁽¹⁾	24,734	55,176	23,297	46,847
Sales and marketing ⁽¹⁾	44,213	88,849	34,617	66,225
General and administrative ⁽¹⁾	11,356	18,556	8,611	13,928
Total operating expenses ⁽³⁾	80,303	162,581	66,525	127,000
Operating (loss) income	(2,956)	(11,033)	276	(13,656)
Other income, net	843	793	301	556
(Loss) income before income taxes	(2,113)	(10,240)	577	(13,100)
Provision for income taxes	(457)	(522)	(79)	(340)
Net (loss) income	\$ (2,570)	\$ (10,762)	\$ 498	\$ (13,440)
Net (loss) income per share attributable to common stockholders, basic and diluted ⁽⁴⁾	\$ (0.04)	\$ (0.15)	\$ —	\$ (0.17)
Weighted-average shares used to compute net (loss) income per share attributable to common stockholders, basic ⁽⁴⁾	61,321	70,951	67,856	79,566
Weighted-average shares used to compute net (loss) income per share attributable to common stockholders, diluted ⁽⁴⁾	61,321	70,951	81,528	79,566
Pro forma net loss per share attributable to common stockholders, basic and diluted ⁽⁴⁾		\$ (0.04)		\$ (0.05)
Weighted-average shares used to compute pro forma net loss per share attributable to common stockholders, basic and diluted ⁽⁴⁾		250,766		259,141

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

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
	(in thousands)			
Cost of revenue	\$ 112	\$ 287	\$ 108	\$ 211
Research and development	1,160	1,641	544	1,775
Sales and marketing	977	1,910	719	1,736
General and administrative	819	1,406	372	1,617
Total stock-based compensation expense	<u>\$3,068</u>	<u>\$ 5,244</u>	<u>\$ 1,743</u>	<u>\$ 5,339</u>

- (2) Includes amortization of acquired intangibles expense as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
	(in thousands)			
Cost of revenue	\$ 484	\$ 511	\$ 220	\$ 352

- (3) Includes a \$2.3 million, \$0.4 million and \$2.3 million benefit within Research and development, Sales and marketing and General and Administrative expenses, respectively, related to the release of a non-income tax liability for the six months ended June 30, 2019. See Note 7 to our consolidated financial statements included elsewhere in this prospectus for further discussion.
- (4) See Note 12 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our basic and diluted earnings per share attributable to common stockholders, pro forma earnings per share attributable to common stockholders and the weighted-average number of shares used in the computation of the per share amounts.

	As of December 31,		As of
	2017	2018	June 30, 2019
Consolidated Balance Sheet Data:			
Cash and cash equivalents	\$ 60,024	\$ 53,639	\$ 52,286
Total assets	127,062	179,750	261,759
Working capital(1)	43,164	9,717	(10,764)
Convertible preferred stock	140,805	140,805	140,752
Total stockholders' deficit	(75,701)	(76,041)	(79,223)

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

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 the section titled "Selected Consolidated Financial Data" and the consolidated financial statements and related notes included elsewhere in this prospectus. Some of the information contained in this discussion and analysis, including information with respect to our planned investments in our research and development, sales and marketing and general and administrative functions, includes forward-looking statements that involve risks and uncertainties. You should review the sections titled "Special Note Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of forward-looking statements and important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

Datadog is the monitoring and analytics platform for developers, IT operations teams and business users in the cloud age.

Our SaaS platform integrates and automates infrastructure monitoring, application performance monitoring and log management to provide unified, real-time observability of our customers' entire technology stack. Datadog is used by organizations of all sizes and across a wide range of industries to enable digital transformation and cloud migration, drive collaboration among development, operations and business teams, accelerate time to market for applications, reduce time to problem resolution, understand user behavior and track key business metrics.

Software applications are transforming how organizations engage with customers and operate their businesses. Companies across all industries are re-platforming their businesses to cloud infrastructures to enable this digital transformation. Historically, engineering teams have been siloed, making the development of next generation applications on dynamic cloud environments challenging. We started Datadog to break this model and facilitate collaboration among development and operations teams, enabling the adoption of DevOps practices. Since then we have continuously pushed to unify separate tools into an integrated monitoring and analytics platform, readily available to everyone who cares about applications and their impact on business.

Our proprietary platform combines the power of metrics, traces and logs to provide a unified view of infrastructure and application performance and the real-time events impacting this performance. Datadog is designed to be cloud agnostic and easy to deploy, with hundreds of out-of-the-box integrations, a built-in understanding of modern technology stacks and endless customizability. Customers can deploy our platform across their entire infrastructure, making it ubiquitous and a daily part of the lives of developers, operations engineers and business leaders.

Datadog was founded in 2010, and we launched Datadog Infrastructure Monitoring in 2012 to provide enterprises with visibility across developers, IT operations teams and business users. Since then, we have added new functionality, launched new products and expanded our operations:

- **2010:** Founded in New York
- **2012:** Launched Datadog Infrastructure Monitoring
- **2013:** Surpassed 100 customers
- **2014:** Began monitoring containers
- **2015:** Expanded research and development to Paris
- **2015:** Surpassed 1,000 customers

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- **2016:** Began monitoring serverless environments
- **2016:** Established enterprise sales team
- **2017:** Launched Datadog APM
- **2017:** Opened first international sales office in Dublin
- **2017:** Surpassed 5,000 customers
- **2018:** Launched Datadog Log Management and Analytics
- **2018:** Opened first APAC sales office in Tokyo
- **2018:** Held inaugural DASH user conference in New York
- **2019:** Launched Datadog Synthetics
- **2019:** Established APAC headquarters in Singapore
- **2019:** Announced beta availability of Datadog Network Performance Monitoring and Real User Monitoring

We generate revenue from the sale of subscriptions to customers using our cloud-based platform. Our paid subscriptions are available in Pro and Enterprise tiers. The terms of our subscription agreements are primarily monthly or annual. Customers also have the option to purchase additional products, such as additional containers to monitor, custom metrics packages, anomaly detection and app analytics. Professional services are generally not required for the implementation of our products and revenue from such services has been immaterial to date.

We employ a land-and-expand business model centered around offering products that are easy to adopt and have a very short time to value. Our customers can expand their footprint with us on a self-service basis. Our customers often significantly increase their usage of the products they initially buy from us and expand their usage to other products we offer on our platform. We grow with our customers as they expand their workloads in the public and private cloud. Our ability to expand within our customer base is best demonstrated by our dollar-based net retention rate. As of June 30, 2018 and 2019, our dollar-based net retention rate was 146%, and as of December 31, 2017 and 2018, it was 141% and 151%, respectively.

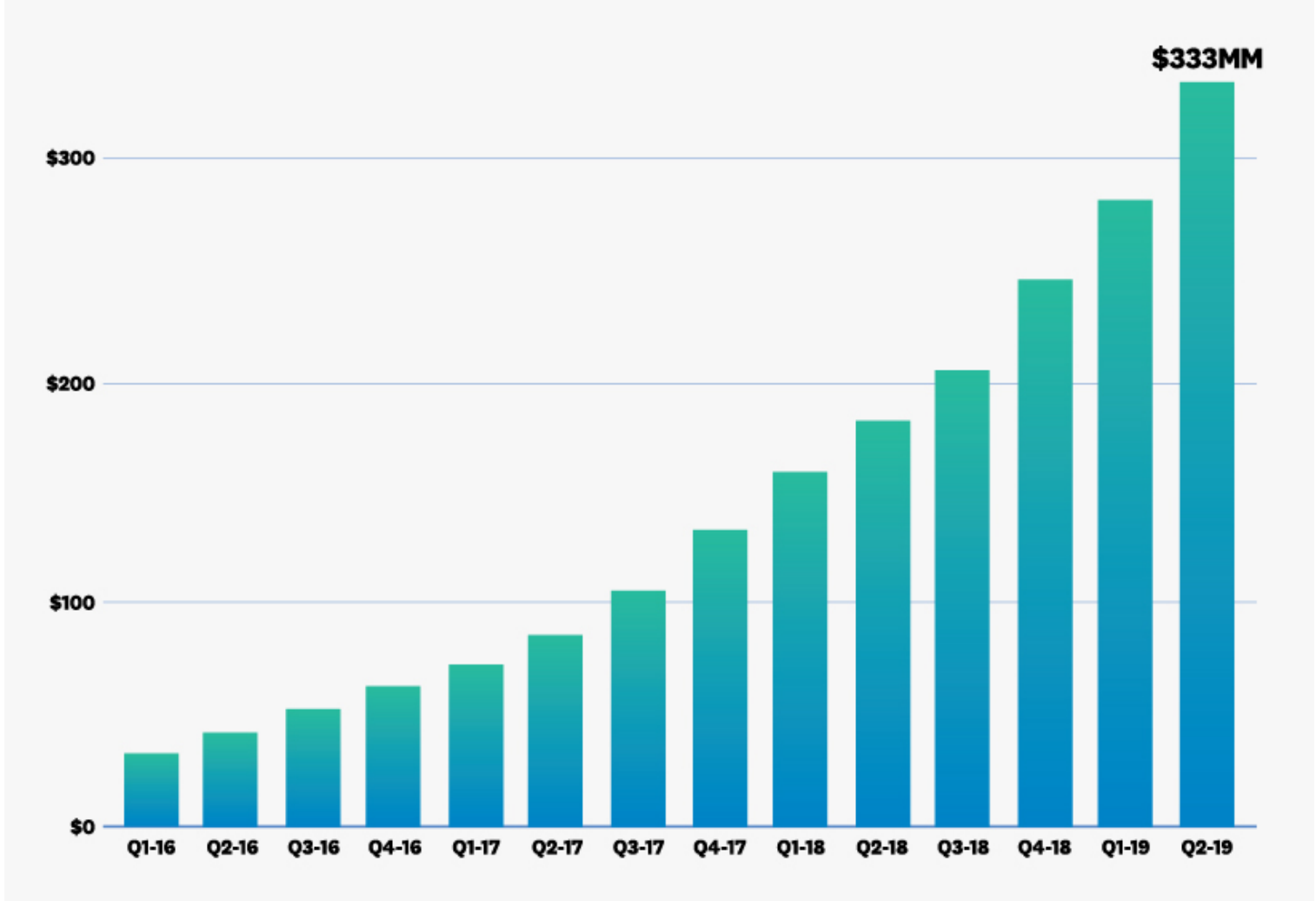
We have a highly efficient go-to-market model, which consists of a self-service tier, a high velocity inside sales team, and an enterprise sales force. As of June 30, 2019, we had 8,846 customers, increasing from 7,676, 5,403 and 3,785 customers as of December 31, 2018, 2017 and 2016, respectively. In addition, 594, 453, 239 and 126 of our customers had ARR of \$100,000 or more as of June 30, 2019 and December 31, 2018, 2017 and 2016, respectively, accounting for approximately 72%, 68%, 60% and 48% of our ARR, respectively. Further, as of June 30, 2019, we had 42 customers with ARR of \$1.0 million or more, up from 29, 12 and two customers as of December 31, 2018, 2017 and 2016, respectively. As of June 30, 2019, our 10 largest customers represented approximately 14% of our ARR and no single customer represented more than 5% of our ARR.

Our business has experienced rapid growth and is capital efficient. Since inception, we have raised \$92.0 million of capital, net of share repurchases, and we had \$63.6 million of cash, cash equivalents and restricted cash as of June 30, 2019. We generated revenue of \$100.8 million and \$198.1 million in 2017 and 2018, respectively, representing year-over-year growth of 97%. Our revenue was \$85.4 million in the six months ended June 30, 2018 compared to \$153.3 million in the six months ended June 30, 2019, representing period-over-period growth of 79%. Substantially all of our revenue is subscription software sales. Our net (loss) income was \$(2.6) million, \$(10.8) million, \$0.5 million and \$(13.4) million for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2018 and 2019, respectively. We generated operating cash flow of

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\$13.8 million, \$10.8 million, \$10.6 million and \$3.0 million in 2017 and 2018 and the six months ended June 30, 2018 and 2019, respectively. Our free cash flow was \$6.0 million, \$(5.0) million, \$1.5 million and \$(6.4) million in 2017 and 2018 and the six months ended June 30, 2018 and 2019, respectively. See the section titled “—Non-GAAP Free Cash Flow” for additional information.

The following table sets forth our quarterly revenue run rate, which represents our quarterly GAAP revenue multiplied by four, for the periods presented (in millions):



Factors Affecting Our Performance

Acquiring New Customers

We believe there is substantial opportunity to continue to grow our customer base. We intend to drive new customer acquisition by continuing to invest significantly in sales and marketing to engage our prospective customers, increase brand awareness and drive adoption of our platform and products. We also plan to continue to invest in building brand awareness within the development and operations communities. As of June 30, 2019, we had approximately 8,800 customers spanning organizations of a broad range of sizes and industries, compared to approximately 7,700, 5,400, and 3,800 customers as of December 31, 2018, 2017 and 2016, respectively. Our ability to attract new customers will depend on a number of factors, including the effectiveness and pricing of our products, offerings of our competitors, and the effectiveness of our marketing efforts.

We define the number of customers as the number of accounts with a unique account identifier for which we have an active subscription in the period indicated. Users of our free trials or tier are not included in our customer count. A single organization with multiple divisions, segments or subsidiaries is generally counted as a single

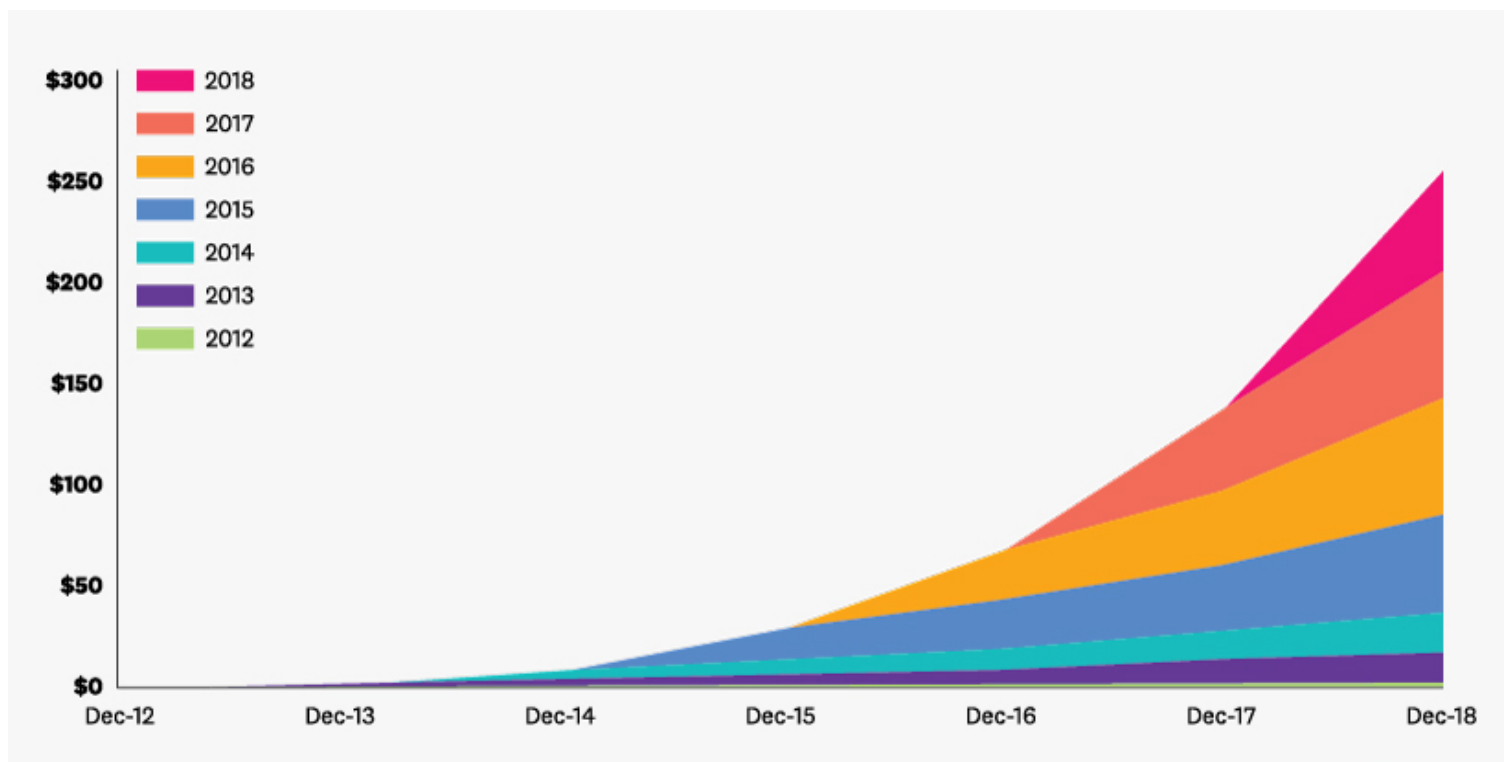
customer. However, in some cases where they have separate billing terms, we may count separate divisions, segments or subsidiaries as multiple customers.

Expanding Within Our Existing Customer Base

Our large base of customers represents a significant opportunity for further sales expansion. As of June 30, 2019, approximately 35% of the Fortune 100 were Datadog customers, while only about 20% were customers with ARR of \$100,000 or more. We believe this demonstrates that our product has been adopted by many of the largest enterprises in the United States, and that there is substantial opportunity to expand within these large enterprises. We believe that our land-and-expand business model allows us to efficiently increase revenue from our existing customer base. Our customers often expand the deployment of our platform across large teams and more broadly within the enterprise as they migrate more workloads to the cloud, find new use cases for our platform, and generally realize the benefits of our platform. We intend to continue to invest in enhancing awareness of our brand and developing more products, features and functionality, which we believe are important factors to achieve widespread adoption of our platform. Our ability to increase sales to existing customers will depend on a number of factors, including our customers' satisfaction with our solution, competition, pricing and overall changes in our customers' spending levels.

Once our platform is deployed we have experienced significant expansion historically, with customers engaging with our customer success team as well as increasing usage and spend in a self-serve manner. The chart below illustrates this expansion by presenting the ARR from each customer cohort over the years presented. We define ARR as the annual run-rate revenue of subscription agreements from all customers at a point in time. We calculate ARR by taking the monthly run-rate revenue, or MRR, and multiplying it by 12. MRR for each month is calculated by aggregating, for all customers during that month, monthly revenue from committed contractual amounts, additional usage and monthly subscriptions. See "Components of Results of Operations—Revenue" for additional information. ARR and MRR should be viewed independently of revenue, and do not represent our GAAP revenue on a monthly or annualized basis, as they are operating metrics that can be impacted by contract start and end dates and renewal rates. ARR and MRR are not intended to be replacements or forecasts of revenue. Each cohort represents customers that made their initial purchase from us in a given year. For example, the 2014 cohort includes all customers as of the end of 2014. This cohort increased their ARR from \$4.8 million as of December 31, 2014 to \$19.2 million as of December 31, 2018, representing a multiple of 4.0x. Additionally, the ARR from our top 25 customers as of December 31, 2018 increased by a median multiple of 33.9x, as measured from the ARR generated in each such customer's first month as a customer.

Customer Cohort Analysis (\$MM ARR)



A further indication of the propensity of our customer relationships to expand over time is our dollar-based net retention rate, which compares our ARR from the same set of customers in one period, relative to the year-ago period. As of June 30, 2018 and 2019, our dollar-based net retention rate was 146%, and as of December 31, 2017 and 2018, it was 141% and 151%, respectively. We calculate dollar-based net retention rate as of a period end by starting with the ARR from the cohort of all customers as of 12 months prior to such period-end, or the Prior Period ARR. We then calculate the ARR from these same customers as of the current period-end, or the Current Period ARR. Current Period ARR includes any expansion and is net of contraction or attrition over the last 12 months, but excludes ARR from new customers in the current period. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the point-in-time dollar-based net retention rate. We then calculate the weighted average of the trailing 12-month point-in-time dollar-based net retention rates, to arrive at the dollar-based net retention rate. Furthermore, our dollar-based gross retention rate, based on a cohort of all of our customers, has been in the low-to-mid 90% range as of the end of each of our last eight quarters. We believe this demonstrates the stickiness of the product category we operate in, and of our platform in particular. We calculate our dollar-based gross retention rate by first calculating the point-in-time gross retention as the previous year ARR minus ARR attrition over the last 12 months, divided by the previous year ARR. The ARR attrition for each month is calculated by identifying any customer that has changed their account type to a “free tier,” requested a downgrade through customer support or sent a formal termination notice to us during that month, and aggregating the dollars of ARR generated by each such customer in the prior month. We then calculate the dollar-based gross retention rate as the weighted average of the trailing 12-month point-in-time gross retention rates.

Sustaining Innovation and Technology Leadership

Our success is dependent on our ability to sustain innovation and technology leadership in order to maintain our competitive advantage. We believe that we have built a highly differentiated platform that will position us to further extend the adoption of our platform and products. Datadog is frequently deployed across a customer’s entire infrastructure, making it ubiquitous. Datadog is a daily part of the lives of developers, operations engineers and business leaders. We employ a land-and-expand business model centered around offering products that are easy to adopt and have a very short time to value. Our efficient go-to-market model enables us to prioritize significant investment in innovation. We have proven initial success of our platform approach, through expansion beyond our initial infrastructure monitoring solution, to include APM in 2017, logs in 2018, and both user experience and network performance monitoring in 2019. As of June 30, 2019, approximately 40% of our

customers were using more than one product, up from approximately 10% a year earlier. Additionally, in the six-month period ended June 30, 2019, approximately 60% of our new customers landed with more than one product, up from approximately 15% a year earlier. We believe these metrics indicate strong momentum in the uptake of our newer platform products.

We intend to continue to invest in building additional products, features and functionality that expand our capabilities and facilitate the extension of our platform to new use cases. We also intend to continue to evaluate strategic acquisitions and investments in businesses and technologies to drive product and market expansion. Our future success is dependent on our ability to successfully develop, market and sell existing and new products to both new and existing customers.

Expanding Internationally

We believe there is a significant opportunity to expand usage of our platform outside of the United States. As of December 31, 2018, approximately 24% of our ARR was generated by customers outside of North America. In addition, we have made and plan to continue to make significant investments to expand geographically, particularly in EMEA and APAC. Although these investments may adversely affect our operating results in the near term, we believe that they will contribute to our long-term growth. Beyond North America, we now have sales presence internationally, including in Dublin, London, Paris, Singapore, Sydney and Tokyo.

Components of Results of Operations

Revenue

We generate revenue from the sale of subscriptions to customers using our cloud-based platform. The terms of our subscription agreements are primarily monthly or annual, with the majority of our revenue coming from annual subscriptions. Our customers can enter into a subscription for a committed contractual amount of usage that is apportioned ratably on a monthly basis over the term of the subscription period, a subscription for a committed contractual amount of usage that is delivered as used, or a monthly subscription based on usage. To the extent that our customers' usage exceeds the committed contractual amounts under their subscriptions, either on a monthly basis in the case of a ratable subscription or once the entire commitment is used in the case of a delivered-as-used subscription, they are charged for their incremental usage.

Usage is measured primarily by the number of hosts or by the volume of data indexed. A host is generally defined as a server, either in the cloud or on-premise. Our infrastructure monitoring and APM products are priced per host, while the logs product is priced primarily per log events indexed and secondarily by events ingested. Customers also have the option to purchase additional products, such as additional container or serverless monitoring, custom metrics packages, anomaly detection, synthetic monitoring and app analytics.

In the case of subscriptions for committed contractual amounts of usage, revenue is recognized ratably over the term of the subscription agreement, generally beginning on the date that our platform is made available to a customer. As a result, much of our revenue is generated from subscriptions entered into during previous periods. Consequently, any decreases in new subscriptions or renewals in any one period may not be immediately reflected as a decrease in revenue for that period, but could negatively affect our revenue in future quarters. This also makes it difficult for us to rapidly increase our revenue through the sale of additional subscriptions in any period, as revenue is recognized over the term of the subscription agreement. In the case of a subscription for a committed contractual amount of usage that is delivered as used, a monthly subscription based on usage, or usage in excess of a ratable subscription, we recognize revenue as the product is used, which may lead to fluctuations in our revenue and results of operations. In addition, historically, we have experienced seasonality in new customer bookings, as we typically enter into a higher percentage of subscription agreements with new customers in the fourth quarter of the year.

Due to ease of implementation of our products, professional services generally are not required and revenue from such services has been immaterial to date.

Cost of Revenue

Cost of revenue primarily consists of expenses related to providing our products to customers, including payments to our third-party cloud infrastructure providers for hosting our software, personnel-related expenses for operations and global support, including salaries, benefits, bonuses and stock-based compensation, payment processing fees, information technology, depreciation and amortization related to the amortization of acquired intangibles and internal-use software and other overhead costs such as allocated facilities.

We intend to continue to invest additional resources in our platform infrastructure and our customer support and success organizations to expand the capability of our platform and ensure that our customers are realizing the full benefit of our platform and products. The level, timing and relative investment in our infrastructure could affect our cost of revenue in the future.

Gross Profit and Gross Margin

Gross profit represents revenue less cost of revenue. Gross margin is gross profit expressed as a percentage of revenue. Our gross margin may fluctuate from period to period as our revenue fluctuates, and as a result of the timing and amount of investments to expand our products and geographical coverage.

Operating Expenses

Our operating expenses consist of research and development, sales and marketing, and general and administrative expenses. Personnel costs are the most significant component of operating expenses and consist of salaries, benefits, bonuses, stock-based compensation expense and sales commissions. Operating expenses also include overhead costs for facilities and shared IT related expenses, including depreciation expense.

Research and Development

Research and development expense consists primarily of personnel costs for our engineering, service and design teams. Additionally, research and development expense includes contractor fees, depreciation and amortization and allocated overhead costs. Research and development costs are expensed as incurred. We expect that our research and development expense will increase in absolute dollars as our business grows, particularly as we incur additional costs related to continued investments in our platform.

Sales and Marketing

Sales and marketing expense consists primarily of personnel costs for our sales and marketing organization, costs of general marketing and promotional activities, including the free tier and free introductory trials of our products, travel-related expenses and allocated overhead costs. Sales commissions earned by our sales force are deferred and amortized on a straight-line basis over the expected period of benefit, which we have determined to be four years. We expect that our sales and marketing expense will increase in absolute dollars and continue to be our largest operating expense for the foreseeable future as we expand our sales and marketing efforts. However, we expect that our sales and marketing expense will decrease as a percentage of our revenue over the long term.

General and Administrative

General and administrative expense consists primarily of personnel costs and contractor fees for finance, legal, human resources, information technology and other administrative functions. In addition, general and administrative expense includes non-personnel costs, such as legal, accounting and other professional fees, hardware and software costs, certain tax, license and insurance-related expenses and allocated overhead costs.

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Following the completion of this offering, we expect to incur additional expenses as a result of operating as a public company, including costs to comply with the rules and regulations applicable to companies listed on a national securities exchange, costs related to compliance and reporting obligations, and increased expenses for insurance, investor relations and professional services. We expect that our general and administrative expense will increase in absolute dollars as our business grows. However, we expect that our general and administrative expense will decrease as a percentage of our revenue as our revenue grows over the longer term.

Other Income, Net

Other income, net consists of income earned on our money market funds included in cash and cash equivalents and restricted cash.

Provision for Income Taxes

Provision for income taxes consists of U.S. federal and state income taxes and income taxes in certain foreign jurisdictions in which we conduct business. We maintain a full valuation allowance on our federal and state deferred tax assets as we have concluded that it is not more likely than not that the deferred tax assets will be realized.

Results of Operations

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

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
	(in thousands)			
Revenue	\$100,761	\$198,077	\$ 85,393	\$ 153,272
Cost of revenue ⁽¹⁾⁽²⁾	23,414	46,529	18,592	39,928
Gross profit	77,347	151,548	66,801	113,344
Operating expenses:				
Research and development ⁽¹⁾	24,734	55,176	23,297	46,847
Sales and marketing ⁽¹⁾	44,213	88,849	34,617	66,225
General and administrative ⁽¹⁾	11,356	18,556	8,611	13,928
Total operating expenses ⁽³⁾	80,303	162,581	66,525	127,000
Operating (loss) income	(2,956)	(11,033)	276	(13,656)
Other income, net	843	793	301	556
(Loss) income before income taxes	(2,113)	(10,240)	577	(13,100)
Provision for income taxes	(457)	(522)	(79)	(340)
Net (loss) income	<u>\$ (2,570)</u>	<u>\$ (10,762)</u>	<u>\$ 498</u>	<u>\$ (13,440)</u>

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

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
	(in thousands)			
Cost of revenue	\$ 112	\$ 287	\$ 108	\$ 211
Research and development	1,160	1,641	544	1,775
Sales and marketing	977	1,910	719	1,736
General and administrative	819	1,406	372	1,617
Total stock-based compensation expense	<u>\$3,068</u>	<u>\$5,244</u>	<u>\$ 1,743</u>	<u>\$ 5,339</u>

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- (2) Includes amortization of acquired intangibles expense as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
Cost of revenue	\$ 484	\$ 511	\$ 220	\$ 352

(in thousands)

- (3) Includes a \$2.3 million, \$0.4 million and \$2.3 million benefit within Research and development, Sales and marketing and General and Administrative expenses, respectively, related to the release of a non-income tax liability for the six months ended June 30, 2019. See Note 7 to our consolidated financial statements included elsewhere in this prospectus for further discussion.

The following table sets forth our consolidated statements of operations data expressed as a percentage of revenue for the periods indicated:

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
	(as a percentage of total revenue)			
Revenue	100%	100%	100%	100%
Cost of revenue	23	23	22	26
Gross profit	77	77	78	74
Operating expense:				
Research and development	25	28	27	31
Sales and marketing	44	45	41	43
General and administrative	11	9	10	9
Total operating expenses	80	82	78	83
Operating (loss) income	(3)	(5)	0	(9)
Other income, net	1	1	1	1
(Loss) income before income taxes	(2)	(4)	1	(8)
Provision for income taxes	(1)	(1)	0	(1)
Net (loss) income	(3)%	(5)%	1%	(9)%

Comparison of Six Months Ended June 30, 2018 and 2019

Revenue

	Six Months Ended June 30,		Change	% Change
	2018	2019		
Revenue	\$ 85,393	\$ 153,272	\$ 67,879	79%

(dollars in thousands)

Revenue increased by \$67.9 million, or 79%, for the six months ended June 30, 2019 compared to the six months ended June 30, 2018. Approximately 60% of the increase in revenue was attributable to the growth from existing customers, and the remaining increase in revenue was attributable to new customers.

Cost of Revenue and Gross Margin

	Six Months Ended June 30,		Change	% Change
	2018	2019		
Cost of revenue	\$ 18,592	\$ 39,928	\$ 21,336	115%
Gross margin	78%	74%		

(dollars in thousands)

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Cost of revenue increased by \$21.3 million, or 115%, for the six months ended June 30, 2019 compared to the six months ended June 30, 2018. This increase was primarily due to an increase of \$17.9 million in third-party cloud infrastructure hosting and software costs, \$1.0 million of depreciation and amortization, \$1.6 million in personnel expenses as a result of increased headcount, \$0.4 million of credit card processing fees and other fees, and \$0.4 million in allocated overhead costs as a result of an increase in overall costs necessary to support the growth of the business and related infrastructure.

Our gross margin declined by 4% for the six months ended June 30, 2019 compared to the six months ended June 30, 2018, primarily as the result of the timing and amount of our investments to expand the capacity of our third-party cloud infrastructure providers.

Research and Development

	Six Months Ended June 30,		Change	% Change
	2018	2019		
Research and development	\$ 23,297	\$ 46,847	\$ 23,550	101%
Percentage of revenue	27%	31%		

Research and development expense increased by \$23.6 million, or 101%, for the six months ended June 30, 2019 compared to the six months ended June 30, 2018. This increase was primarily due to an increase of \$15.7 million in personnel costs for our engineering, product and design teams as a result of increased headcount, and an increase of \$10.2 million in cloud infrastructure related investments and in allocated overhead costs necessary for supporting the growth of the business, partially offset by a \$2.3 million benefit related to a release of a non-income tax liability. See Note 7 to our consolidated financial statements included elsewhere in this prospectus for further discussion.

Sales and Marketing

	Six Months Ended June 30,		Change	% Change
	2018	2019		
Sales and marketing	\$ 34,617	\$ 66,225	\$ 31,608	91%
Percentage of revenue	41%	43%		

Sales and marketing expense increased by \$31.6 million, or 91%, for the six months ended June 30, 2019 compared to the six months ended June 30, 2018. This increase was primarily due to an increase of \$20.1 million in personnel costs for our sales and marketing organization as a result of increased headcount and increased amortization of deferred contract costs related to increased variable compensation for sales personnel due to increased sales, an increase of \$6.0 million in marketing and promotional activities, and an increase of \$5.9 million in allocated overhead costs as a result of increased overall costs necessary to support the growth of the business and related infrastructure, partially offset by a \$0.4 million benefit related to a release of a non-income tax liability.

General and Administrative

	Six Months Ended June 30,		Change	% Change
	2018	2019		
General and administrative	\$ 8,611	\$ 13,928	\$ 5,317	62%
Percentage of revenue	10%	9%		

General and administrative expense increased by \$5.3 million, or 62%, for the six months ended June 30, 2019 compared to the six months ended June 30, 2018. This increase was primarily due to an increase of \$4.3 million in personnel costs as a result of increased headcount, an increase of \$2.6 million related to outside professional fees primarily related to legal and accounting services, and an increase of \$0.7 million in allocated overhead costs as a result of an increase in overall costs necessary to support the growth of the business and related infrastructure, partially offset by a \$2.3 million benefit related to a release of a non-income tax liability. See Note 7 to our consolidated financial statements included elsewhere in this prospectus for further discussion.

Comparison of the Years Ended December 31, 2017 and 2018

Revenue

	Year Ended December 31,		Change	% Change
	2017	2018		
	(dollars in thousands)			
Revenue	\$100,761	\$198,077	\$ 97,316	97%

Revenue increased by \$97.3 million, or 97%, for the year ended December 31, 2018 compared to the year ended December 31, 2017. Approximately 60% of the increase in revenue was attributable to the growth from existing customers, and the remaining increase in revenue was attributable to new customers.

Cost of Revenue and Gross Margin

	Year Ended December 31,		Change	% Change
	2017	2018		
	(dollars in thousands)			
Cost of revenue	\$ 23,414	\$ 46,529	\$ 23,115	99%
Gross margin	77%	77%		

Cost of revenue increased by \$23.1 million, or 99%, for the year ended December 31, 2018 compared to the year ended December 31, 2017. This increase was primarily due to an increase of \$17.2 million in third-party cloud infrastructure hosting and software costs, an increase of \$2.5 million in personnel expenses as a result of increased headcount, an increase of \$1.8 million of depreciation and amortization expense, an increase of \$0.9 million in credit card processing fees and other fees, and an increase of \$0.7 million in allocated overhead costs as a result of an increase in overall costs necessary to support the growth of the business and related infrastructure.

Our gross margin remained relatively constant for the fiscal year ended December 31, 2018 compared to the fiscal year ended December 31, 2017.

Research and Development

	Year Ended December 31,		Change	% Change
	2017	2018		
	(dollars in thousands)			
Research and development	\$ 24,734	\$ 55,176	\$ 30,442	123%
Percentage of revenue	25%	28%		

Research and development expense increased by \$30.4 million, or 123%, for the year ended December 31, 2018 compared to the year ended December 31, 2017. This increase was primarily due to an increase of \$21.7 million in personnel costs for our engineering, product and design teams as a result of increased headcount and an increase of \$8.7 million in cloud infrastructure related investments and in allocated overhead costs necessary for supporting the growth of the business.

Sales and Marketing

	Year Ended December 31,		Change	% Change
	2017	2018		
Sales and marketing	\$ 44,213	\$ 88,849	\$ 44,636	101%
Percentage of revenue	44%	45%		

Sales and marketing expense increased by \$44.6 million, or 101%, for the year ended December 31, 2018 compared to the year ended December 31, 2017. This increase was primarily due to an increase of \$26.1 million in personnel costs for our sales and marketing organization as a result of increased headcount and increased variable compensation for our sales personnel, an increase of \$11.6 million in marketing and promotional activities, and an increase of \$6.9 million in allocated overhead costs as a result of an increase in overall costs necessary to support the growth of the business and related infrastructure.

General and Administrative

	Year Ended December 31,		Change	% Change
	2017	2018		
General and administrative	\$ 11,356	\$ 18,556	\$ 7,200	63%
Percentage of revenue	11%	9%		

General and administrative expense increased by \$7.2 million, or 63%, for the year ended December 31, 2018 compared to the year ended December 31, 2017. This increase was primarily due to an increase of \$4.7 million in personnel expenses as a result of increased headcount, an increase of \$0.9 million related to outside professional fees primarily related to legal and accounting services, an increase of \$1.6 million in allocated overhead expenses related to an increase in overall costs necessary to support the growth of the business and related infrastructure.

Quarterly Results of Operations

The following tables summarize our selected unaudited quarterly consolidated statements of operations data for each of the ten quarters in the period ended June 30, 2019. The information for each of these quarters has been prepared on the same basis as our audited annual consolidated financial statements and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for the fair statement of the results of operations for these periods. This data should be read in conjunction with our audited consolidated financial statements included elsewhere in this prospectus. Historical results are not necessarily indicative of the results that may be expected for the full fiscal year or any other period.

	Three Months Ended									
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019
	(in thousands)									
Revenue	\$ 18,401	\$ 21,906	\$ 26,743	\$ 33,711	\$ 39,715	\$ 45,678	\$ 51,074	\$ 61,610	\$ 70,050	\$ 83,222
Cost of revenue ⁽¹⁾⁽²⁾	3,855	5,575	6,166	7,819	9,142	9,450	12,098	15,839	18,950	20,978
Gross profit	14,546	16,331	20,577	25,892	30,573	36,228	38,976	45,771	51,100	62,244
Operating Expenses:										
Research and development ⁽¹⁾	4,832	5,096	6,338	8,467	10,871	12,426	14,159	17,720	22,815	24,032
Sales and marketing ⁽¹⁾	7,708	10,263	11,412	14,831	15,282	19,335	25,130	29,102	30,107	36,118
General and administrative ⁽¹⁾	2,522	2,541	2,942	3,351	4,267	4,344	4,322	5,623	7,840	6,088
Total operating expenses ⁽³⁾	15,062	17,901	20,692	26,649	30,420	36,105	43,611	52,445	60,762	66,238
Operating (loss) income	(515)	(1,569)	(115)	(757)	153	123	(4,635)	(6,674)	(9,662)	(3,994)
Other income, net	128	229	237	248	273	28	311	181	230	326
(Loss) income before income taxes	(387)	(1,340)	122	(508)	426	151	(4,324)	(6,493)	(9,432)	(3,668)
Provision for income taxes	(397)	8	(42)	(26)	(81)	2	(349)	(94)	(59)	(281)
Net (loss) income	\$ (784)	\$ (1,332)	\$ 80	\$ (534)	\$ 345	\$ 153	\$ (4,673)	\$ (6,587)	\$ (9,491)	\$ (3,949)

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

	Three Months Ended									
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019
	(in thousands)									
Cost of revenue	\$ 24	\$ 24	\$ 28	\$ 36	\$ 46	\$ 62	\$ 74	\$ 105	\$ 99	\$ 112
Research and development	289	280	247	344	279	265	387	710	786	989
Sales and marketing	218	223	201	335	299	420	522	669	729	1007
General and administrative	198	198	171	252	170	202	325	709	831	786
Stock-based compensation expense	\$ 729	\$ 725	\$ 647	\$ 967	\$ 794	\$ 949	\$ 1,308	\$ 2,193	\$ 2,445	\$ 2,894

(2) Includes amortization of acquired intangibles expense as follows:

	Three Months Ended									
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019
	(in thousands)									
Cost of revenue	\$ 36	\$ 144	\$ 145	\$ 159	\$ 112	\$ 108	\$ 112	\$ 179	\$ 175	\$ 177

(3) Includes a \$2.3 million, \$0.4 million and \$2.3 million benefit within Research and development, Sales and marketing and General and Administrative expenses, respectively, related to the release of a non-income tax liability for the three months ended June 30, 2019. See Note 7 to our consolidated financial statements included elsewhere in this prospectus for further discussion.

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	Three Months Ended									
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019
Percentage of Revenue Data										
Revenue	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cost of revenue	21	25	23	23	23	21	24	26	27	25
Gross profit	79	75	77	77	77	79	76	74	73	75
Operating Expenses:										
Research and development	26	23	24	25	27	27	28	29	33	29
Sales and marketing	42	47	43	44	38	42	49	47	43	43
General and administrative	14	12	11	10	11	10	8	9	11	7
Total operating expenses	82	82	78	79	76	79	85	85	87	79
Operating (loss) income	(3)	(7)	(1)	(2)	1	0	(9)	(11)	(14)	(4)
Other income, net	1	1	1	1	1	0	1	1	1	0
(Loss) income before income taxes	(2)	(6)	0	(1)	2	0	(8)	(10)	(13)	(4)
Provision for income taxes	(2)	0	(0)	(1)	(1)	0	(1)	(1)	(1)	(1)
Net (loss) income	(4)%	(6)%	0%	(2)%	1%	0%	(9)%	(11)%	(14)%	(5)%

Quarterly Revenue Trends

Total revenue increased sequentially in each of the quarters presented primarily due to the growth from existing customers and the addition of new customers. We recognize revenue ratably over the terms of our subscription contracts. As a result, a substantial portion of the revenue we report in a period is attributable to orders we received during prior periods. Therefore, increases or decreases in new sales, customer expansion or renewals in a period may not be immediately reflected in revenue for the period.

Quarterly Cost of Revenue Trends

Our quarterly cost of revenue has generally increased quarter-over-quarter in each period presented above primarily as a result of third-party cloud infrastructure hosting and software costs as well as increased headcount, which resulted in increased personnel expenses.

Quarterly Gross Margin Trends

Our quarterly gross margins have fluctuated between 73% and 79% in each period presented. While our quarterly gross margins declined in the last three quarters ended March 31, 2019 as a result of the timing and amount of our investments to expand the capacity of our third-party cloud infrastructure providers, it increased in the quarter ended June 30, 2019 as a result of increased revenue and better optimization of cloud spend.

Quarterly Operating Expense Trends

Operating expenses have generally increased in each sequential quarter presented above primarily due to the increased headcount, infrastructure and related costs to support our growth. We intend to continue to make significant investments in research and development as we add features and enhance our platform. We also intend to invest in our sales and marketing organization to drive future revenue growth.

Quarterly Other Income (Expense), Net Trends

Other income (expense), net stayed flat over the periods presented, and mainly consists of interest income generated from our money market funds.

Liquidity and Capital Resources

We have financed operations primarily through sales of subscriptions and the net proceeds we have received from sales of equity securities as further detailed below since inception. As of December 31, 2018 and June 30,

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2019, our principal sources of liquidity were cash and cash equivalents totaling \$53.6 and \$52.3 million, respectively. We believe that our existing cash and cash equivalents and cash flow from operations will be sufficient to support working capital and capital expenditure requirements for at least the next 12 months. Our future capital requirements will depend on many factors, including our subscription growth rate, subscription renewal activity, including the timing and the amount of cash received from customers, the expansion of sales and marketing activities, the timing and extent of spending to support development efforts, the introduction of new and enhanced products, and the continuing market adoption of our platform. We may, in the future, enter into arrangements to acquire or invest in complementary businesses, products, and technologies. We may be required to seek additional equity or debt financing. In the event that we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would harm our business, operations and financial condition.

Therefore, a substantial source of our cash is from our deferred revenue, which is included in the liabilities section of our consolidated balance sheet. Deferred revenue consists of the unearned portion of customer billings, which is recognized as revenue in accordance with our revenue recognition policy. As of December 31, 2018 and June 30, 2019, we had deferred revenue of \$70.7 million and \$105.2 million, respectively, of which \$69.3 million and \$101.8 million was recorded as a current liability and expected to be recognized as revenue in the next 12 months, respectively, provided all other revenue recognition criteria have been met.

The following table shows a summary of our cash flows for the periods presented:

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
	(in thousands)			
Cash provided by operating activities	\$ 13,832	\$ 10,829	\$10,635	\$ 2,980
Cash used in investing activities	(12,760)	(17,456)	(9,135)	(9,387)
Cash provided by financing activities	462	7,782	4,076	5,041

Operating Activities

Our largest source of operating cash is cash collection from sales of subscriptions to our customers. Our primary uses of cash from operating activities are for personnel expenses, marketing expenses, hosting expenses and allocated overhead expenses. We have generated negative cash flows and have supplemented working capital requirements through net proceeds from the sale of equity securities.

Cash provided by operating activities for the six months ended June 30, 2019 of \$3.0 million was primarily related to our net loss of \$13.4 million, adjusted for non-cash charges of \$17.5 million and net cash outflows of \$1.1 million provided by changes in our operating assets and liabilities. Non-cash charges primarily consisted of stock-based compensation, depreciation and amortization of property and equipment, amortization of capitalized software, and amortization of acquired intangibles. The main drivers of the changes in operating assets and liabilities were related to a \$34.5 million increase in deferred revenue, resulting primarily from increased billings for subscriptions and a \$7.5 million increase in accounts payable. These amounts were partially offset by a \$8.6 million decrease in accrued expenses and other liabilities, a \$12.2 million increase in accounts receivable, net, due to increases in sales, a \$12.2 million increase in prepaid expenses and other current assets, primarily driven by prepaid hosting services, a \$6.1 million increase in deferred contract costs related to commissions paid on new bookings, and a \$4.0 million increase in other assets.

Cash provided by operating activities for the six months ended June 30, 2018 of \$10.6 million was primarily related to our net income of \$0.5 million, adjusted for non-cash charges of \$5.4 million and net cash inflows of \$4.7 million provided by changes in our operating assets and liabilities. Non-cash charges primarily consisted of stock-based compensation, depreciation and amortization of property and equipment, amortization of capitalized

software, and amortization of acquired intangibles. The main drivers of the changes in operating assets and liabilities were related to a \$22.0 million increase in deferred revenue, resulting primarily from increased billings for subscriptions, a \$3.6 million increase in accounts payable, and a \$2.5 million increase in accrued expenses and other liabilities, due to an increase in headcount. These amounts were partially offset by a \$14.3 million increase in accounts receivable, net, due to increases in sales, a \$1.6 million increase in prepaid expenses and other current assets, primarily driven by prepaid hosting services, a \$3.6 million increase in deferred contract costs related to commissions paid on new bookings, and a \$4.0 million increase in other assets.

Cash provided by operating activities for the fiscal year ended December 31, 2018 of \$10.8 million was primarily related to our net loss of \$10.8 million, adjusted for non-cash charges of \$14.4 million and net cash inflows of \$7.2 million provided by changes in our operating assets and liabilities. Non-cash charges primarily consisted of stock-based compensation, net of amounts capitalized, depreciation and amortization of property and equipment, amortization of capitalized software, and amortization of acquired intangibles. The main drivers of the changes in operating assets and liabilities were related to a \$31.6 million increase in deferred revenue, resulting primarily from increased billings for subscriptions, a \$7.2 million increase in accounts payable, and a \$10.9 million increase in accrued expenses and other liabilities, due to an increase in headcount. These amounts were partially offset by a \$25.3 million increase in accounts receivable, net, due to increases in sales, a \$1.3 million increase in prepaid expenses and other current assets, primarily driven by prepaid hosting services, an \$8.9 million increase in deferred contract costs related to commissions paid on new bookings, and a \$7.0 million increase in other assets.

Cash provided by operating activities for the fiscal year ended December 31, 2017 of \$13.8 million was primarily related to our net loss of \$2.6 million, adjusted for non-cash charges of \$7.4 million and net cash inflows of \$9.0 million provided by changes in our operating assets and liabilities. Non-cash charges primarily consisted of stock-based compensation, net of amounts capitalized, depreciation and amortization of property and equipment, amortization of capitalized software, and amortization of acquired intangibles. The main drivers of the changes in operating assets and liabilities were related to a \$29.8 million increase in deferred revenue, resulting primarily from increased billings for subscriptions, a \$4.6 million increase in accounts payable, and a \$2.9 million increase in accrued expenses and other liabilities, due to an increase in headcount. These amounts were partially offset by a \$19.3 million increase in accounts receivable, net, due to increases in sales, a \$4.3 million increase in prepaid expenses and other current assets, a \$3.4 million increase in deferred contract costs related to commissions paid on new bookings, and a \$1.5 million increase in other assets.

Investing Activities

Cash used in investing activities during the fiscal years ended December 31, 2017 and 2018, and for the six months ended June 30, 2018, and 2019, was \$12.8 million, \$17.5 million, \$9.1 million, and \$9.4 million, respectively, primarily as a result of increases in capital expenditures to purchase property and equipment to support additional office space and site operations, increases in capitalization of software development costs and increases in acquired intangibles.

Financing Activities

Cash provided by financing activities for the fiscal years ended December 31, 2017 and 2018, and for the six months ended June 30, 2018, and 2019, was \$0.5 million, \$7.8 million, \$4.1 million, and \$5.0 million, respectively, and was primarily the result of proceeds from the exercise of stock options. The cash provided for the six months ended June 30, 2019 was partially offset by a \$0.2 million payment of initial public offering costs.

Non-GAAP Free Cash Flow

We report our financial results in accordance with generally accepted accounting principles in the United States, or GAAP. To supplement our consolidated financial statements, we provide investors with the amount of free cash flow, which is a non-GAAP financial measure. Free cash flow represents net cash used in operating

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activities, reduced by capital expenditures and capitalized software development costs, if any. Free cash flow is a measure used by management to understand and evaluate our liquidity and to generate future operating plans. The reduction of capital expenditures and amounts capitalized for software development facilitates comparisons of our liquidity on a period-to-period basis and excludes items that we do not consider to be indicative of our liquidity. We believe that free cash flow is a measure of liquidity that provides useful information to our management, investors and others in understanding and evaluating the strength of our liquidity and future ability to generate cash that can be used for strategic opportunities or investing in our business in the same manner as our management and board of directors. Nevertheless, our use of free cash flow has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Further, our definition of free cash flow may differ from the definitions used by other companies and therefore comparability may be limited. You should consider free cash flow alongside our other GAAP-based financial performance measures, such as net cash used in operating activities, and our other GAAP financial results. The following table presents a reconciliation of free cash flow to net cash used in operating activities, the most directly comparable GAAP measure, for each of the periods indicated.

The following table presents our cash flows for the periods presented and a reconciliation of free cash flow to net cash (used in) provided by operating activities, the most directly comparable financial measure calculated in accordance with GAAP:

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
	(in thousands)			
Net cash (used in) provided by operating activities	\$13,832	\$10,829	\$10,635	\$ 2,980
Less: purchases of property and equipment	(2,351)	(9,662)	(6,548)	(4,979)
Less: capitalized software development costs	(5,452)	(6,176)	(2,587)	(4,408)
Free cash flow	<u>\$ 6,029</u>	<u>\$ (5,009)</u>	<u>\$ 1,500</u>	<u>\$ (6,407)</u>

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of December 31, 2018:

	Payments Due By Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(in thousands)				
Operating lease commitments	\$ 77,675	\$ 9,833	\$31,803	\$32,022	\$ 4,017
Purchase commitments	45,538	31,851	13,687	—	—
Total	<u>\$123,213</u>	<u>\$ 41,684</u>	<u>\$45,490</u>	<u>\$32,022</u>	<u>\$ 4,017</u>

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions, and the approximate timing of the actions under the contracts. Our operating lease commitments relate primarily to our office space. The significant operating lease obligations relate to leases for our New York, Boston, Paris and Dublin office spaces. Purchase commitments relate mainly to hosting agreements as well as computer software used to facilitate our operations at the enterprise level.

The table does not reflect the enterprise agreement and addendum for cloud hosting that we entered into with AWS in April 2019, or the AWS Agreement. Under the AWS Agreement, we are required to purchase an aggregate of at least \$225.0 million of cloud services from AWS through April 2022. Except in limited circumstances, such as our termination of the AWS Agreement for cause, if we fail to meet the minimum purchase commitment during any year, we are required to pay the difference. Neither party may terminate the AWS Agreement for convenience during this three-year term. In addition to AWS, we operate on other cloud hosting providers.

We reported other liabilities of \$1.4 million in the consolidated balance sheet at December 31, 2018, which principally consists of unrecognized tax benefits (see Note 11 to our consolidated financial statements). We have excluded these long-term liabilities from the contractual obligations table above. A variety of factors could affect the timing of payments for the liabilities related to unrecognized tax benefits. Therefore, we cannot reasonably estimate the timing of such payments. We believe that these matters will likely not be resolved in the next twelve months and accordingly we have classified the estimated liability as non-current in the consolidated balance sheet.

Off-Balance Sheet Arrangements

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

Qualitative and Quantitative Disclosures about Market Risk

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

Interest Rate Risk

As of June 30, 2019, we had \$52.3 million of cash equivalents invested in money market funds. In addition, we had \$11.3 million of restricted cash due to the outstanding letters of credit established in connection with lease agreements for our facilities. Our cash and cash equivalents are held for working capital purposes. We do not enter into investments for trading or speculative purposes. As of June 30, 2019, a hypothetical 10% relative change in interest rates would not have a material impact on our consolidated financial statements.

Foreign Currency Exchange Risk

Our reporting currency and the functional currency of our wholly owned foreign subsidiaries is the U.S. dollar. All of our sales are denominated in U.S. dollars, and therefore our revenue is not currently subject to significant foreign currency risk. Our operating expenses are denominated in the currencies of the countries in which our operations are located, which are primarily in the United States, Canada, France, the United Kingdom, Japan and Australia. Our consolidated results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative financial instruments, although we may choose to do so in the future. A hypothetical 10% increase or decrease in the relative value of the U.S. dollar to other currencies would not have a material effect on our operating results.

Critical Accounting Policies

Our consolidated financial statements and the related notes thereto included elsewhere in this prospectus are prepared in accordance with GAAP. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

We believe that the accounting policies described below involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition

We generate revenue from the sale of subscriptions to customers using our cloud-based platform. The terms of our subscription agreements are primarily monthly or annual, with the majority of our revenue coming from annual subscriptions. Our customers can enter into a subscription for a committed contractual amount of usage that is apportioned ratably on a monthly basis over the term of the subscription period, a subscription for a committed contractual amount of usage that is delivered as used, or a monthly subscription based on usage. To the extent that our customers' usage exceeds the committed contracted amounts under their subscriptions, either on a monthly basis in the case of a ratable subscription or once the entire commitment is used in the case of a delivered-as-used subscription, they are charged for their incremental usage.

We elected to early adopt Financial Accounting Standards Board, or FASB, Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, or Topic 606, effective January 1, 2017, using the full retrospective method of adoption. As such, the consolidated financial statements present revenue in accordance with Topic 606 for the period presented.

We account for revenue contracts with customers through the following steps:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognize revenue when or as we satisfy a performance obligation.

Our subscriptions are generally non-cancellable. Once we have determined the transaction price, the total transaction price is allocated to each performance obligation in the contract on a relative stand-alone selling price basis, or SSP. The determination of a relative stand-alone SSP for each distinct performance obligation requires judgment. We determine SSP for performance obligations based on overall pricing objectives, which take into consideration market conditions and customer-specific factors. This includes a review of internal discounting tables, the service(s) being sold, and customer demographics.

Revenue is recognized when control of these services is transferred to customers, in an amount that reflects the consideration we expect to be entitled to receive in exchange for those services. We determined an output method to be the most appropriate measure of progress because it most faithfully represents when the value of the services are simultaneously received and consumed by the customer, and control is transferred.

For committed contractual amounts of usage, revenue is recognized ratably over the term of the subscription agreement generally beginning on the date that the platform is made available to a customer. For committed contractual amount of usage that is delivered as used, a monthly subscription based on usage, or usage in excess of a ratable subscription, we recognize revenue as the services are rendered.

Stock-Based Compensation

Compensation expense related to stock-based transactions, including employee, consultant, and non-employee director stock option awards, is measured and recognized in the consolidated financial statements based on fair value. The fair value of each option award is estimated on the grant date using the Black Scholes option-pricing model. Expense is recognized on a straight-line basis over the vesting period of the award. Forfeitures are accounted for in the period in which the awards are forfeited.

Our option-pricing model requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected term of the option, 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 management’s 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.

These assumptions are estimated as follows:

- *Fair value.* Because our common stock is not yet publicly traded, we must estimate the fair value of common stock. Our board of directors considers numerous objective and subjective factors to determine the fair value of our common stock at each meeting in which awards are approved.
- *Expected volatility.* Expected volatility is a measure of the amount by which the stock price is expected to fluctuate. Since we do not have sufficient trading history of our common stock, we estimate the expected volatility of our stock options at the grant date by taking the average historical volatility of a group of comparable publicly traded companies over a period equal to the expected life of the options.
- *Expected term.* We determine the expected term based on the average period the stock options are expected to remain outstanding using the simplified method, generally calculated as the midpoint of the stock options’ vesting term and contractual expiration period, as we do not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior.
- *Risk-free rate.* We use the U.S. Treasury yield for our risk-free interest rate that corresponds with the expected term.
- *Expected dividend yield.* We utilize a dividend yield of zero, as we do not currently issue dividends, nor do we expect to do so in the future.

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

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
Expected dividend yield	—	—	—	—
Expected volatility	37.1% - 38.8%	38.4% - 39.0%	38.5% - 38.9%	38.9% - 39.2%
Expected term (years)	5.1 - 6.1	5.8 - 6.1	5.9 - 6.1	5.2 - 6.2
Risk-free interest rate	1.8% - 2.2%	2.6% - 3.0%	2.6% - 2.8%	1.8% - 2.6%

Assumptions used in valuing non-employee stock options are generally consistent with those used for employee stock options with the exception that the expected term is over the contractual life, or 10 years.

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.

Prior to January 1, 2018, we estimated a forfeiture rate to calculate stock-based compensation. We adopted ASU No. 2016-09 effective January 1, 2018 and elected to account for forfeitures as they occur, rather than estimating expected forfeitures over the course of a vesting period. The Company recognized a cumulative effect of \$0.8 million to accumulated deficit as of January 1, 2018 upon adoption.

Common Stock Valuations

The fair value of the common stock underlying our stock-based awards has historically been determined by our board of directors, with input from management and contemporaneous third-party valuations. We believe that our board of directors has the relevant experience and expertise to determine the fair value of our common stock. Given the absence of a public trading market of our common stock, and in accordance with the American

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Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, our board of directors exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock at each grant date. These factors include:

- contemporaneous valuations of our common stock performed by independent third-party specialists;
- the prices, rights, preferences, and privileges of our redeemable convertible preferred stock relative to those of our common stock;
- the prices of common or convertible preferred stock sold to third-party investors by us and in secondary transactions or repurchased by us in arm's-length transactions;
- lack of marketability of our common stock;
- our actual operating and financial performance;
- current business conditions and projections;
- hiring of key personnel and the experience of our management;
- the history of the company and the introduction of new products;
- our stage of development;
- likelihood of achieving a liquidity event, such as an initial public offering, or IPO, or a merger or acquisition of our company given prevailing market conditions;
- the market performance of comparable publicly traded companies; and
- the U.S. and global capital market conditions.

In valuing our common stock, our board of directors determined the equity value of our business using various valuation methods including combinations of income and market approaches with input from management. The income approach estimates 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 derived from an analysis of the cost of capital of comparable publicly traded companies in our industry or similar business operations as of each valuation date and is adjusted to reflect the risks inherent in our cash flows.

For each valuation, the equity value determined by the income and market approaches was then allocated to the common stock using either the option pricing method, or OPM, or a hybrid method. The hybrid method is a hybrid of the probability weighted expected return method, or PWERM, and OPM.

The option pricing method is based on a binomial lattice model, which allows for the identification of a range of possible future outcomes, each with an associated probability. The OPM is appropriate to use when the range of possible future outcomes is difficult to predict and thus creates highly speculative forecasts. PWERM involves a forward-looking analysis of the possible future outcomes of the enterprise. This method is particularly useful when discrete future outcomes can be predicted at a relatively high confidence level with a probability distribution. Discrete future outcomes considered under the PWERM include an IPO, as well as non-IPO market-based outcomes. Determining the fair value of the enterprise using the PWERM requires us to develop assumptions and estimates for both the probability of an IPO liquidity event and stay private outcomes, as well as the values we expect those outcomes could yield. Our valuations prior to September 2018 were based on the OPM. Beginning in September 2018, we valued our common stock based on a hybrid method of the PWERM and the OPM.

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

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

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

Based on the assumed initial public offering price per share of \$20.50, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, the aggregate intrinsic value of our outstanding stock options as of June 30, 2019 was \$657.0 million, with \$329.0 million related to vested stock options.

Internal Use Software Development Costs

We capitalize certain costs related to the development of our platform and other software applications for internal use. In accordance with authoritative guidance, we begin to capitalize our costs to develop software when preliminary development efforts are successfully completed, management has authorized and committed project funding, and it is probable that the project will be completed and the software will be used as intended. We stop capitalizing these costs when the software is substantially complete and ready for its intended use, including the completion of all significant testing. These costs are amortized on a straight-line basis over the estimated useful life of the related asset, generally estimated to be two years. We also capitalize costs related to specific upgrades and enhancements when it is probable the expenditure will result in additional functionality and expense costs incurred for maintenance and minor upgrades and enhancements. Costs incurred prior to meeting these criteria together with costs incurred for training and maintenance are expensed as incurred and recorded within research and development expenses in our consolidated statements of operations.

We exercise judgment in determining the point at which various projects may be capitalized, in assessing the ongoing value of the capitalized costs and in determining the estimated useful lives over which the costs are amortized. To the extent that we change the manner in which we develop and test new features and functionalities related to our platform, assess the ongoing value of capitalized assets or determine the estimated useful lives over which the costs are amortized, the amount of internal-use software development costs we capitalize and amortize could change in future periods.

Recently Adopted Accounting Pronouncements

See the sections titled “Basis of Presentation and Summary of Significant Accounting Policies—Accounting Pronouncements Recently Adopted” and “—Accounting Pronouncements Not Yet Adopted” in Note 2 to our consolidated financial statements for more information.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the JOBS Act. The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period under the JOBS Act until the earlier of the date we (1) are no longer an emerging growth company or (2) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

**Letter from Alexis Le-Quoc and Olivier Pomel
Chief Technology Officer, Chief Executive Officer and Founders**

Datadog was born from a problem we experienced first-hand through our careers in software engineering. In a previous life, we, Alexis and Olivier, stood on opposite sides of the dev and ops divide and witnessed how hard it was to get those two teams to understand their systems the same way and solve problems together. We started Datadog to fix this by breaking down silos across systems, teams and functions.

Deployed Everywhere, Used by everyone

Neither of us came from the ITOM industry; we didn't aim at building a better mousetrap. We instead set out in 2010 to build a real-time data integration platform to turn chaos from disparate sources into digestible and actionable insights. Our first transactional use case was born from observing early users of our platform, and the immediate and acute pain they experienced when setting up cloud infrastructures. In 2012, we launched our Infrastructure Monitoring product, purpose-built to handle increasingly ephemeral cloud-native architectures. This made Datadog our customers' first call after their public or private cloud provider and a critical part of their cloud journey. Our infrastructure-first approach also allowed us to be deployed on our customers' entire cloud IT environment, and our focus on appeal and usability across functions gave our product broad usage across Dev, Ops and Business teams. These two design choices — to be deployed everywhere and used by everyone — along with the common data platform underlying our products, form the basis of our current and future platform expansion.

A single platform to fight complexity

Our mission to break down silos didn't end at cloud infrastructure monitoring. From the very early days, we saw our customers integrate additional data sources into their Datadog accounts. We saw them bring data in from their logs, networks, end-users, applications and many other sources, and build their own tooling on top of our platform. This made the broader set of problems we could solve for them very clear, and in 2017 we launched our APM product, designed to be broadly deployed in very distributed, microservices architectures. In 2018, we were the first to combine the “three pillars of observability” with the introduction of our log management product. And in 2019 we announced user experience and network performance products to offer end-to-end monitoring and analytics, powered by a common data model that is extensible for new use cases.

The problem we solve for our customers is, at its core, the explosion of complexity faced by their teams as they become software companies, and as the cloud technology innovation cycles keep accelerating. Our long-term vision for addressing this problem is the same as when we started: it doesn't make sense for data and teams to live in silos when technical and business issues rarely stop at the boundaries between tools. So the most important characteristics of a platform to solve this new complexity are that it be broadly deployed and broadly used.

Even though our product lines today mimic the historical ITOM categories—split between infrastructure, applications, logs, etc.—there is no clear boundary between them in our platform, and there is no doubt in our minds that these splits will lose relevance over time. The future according to Datadog is a broad, unified category, bringing together all data relevant to Ops, Dev and Business users. Deployed Everywhere. Used by Everyone. To fight complexity.

Our focus on solving valuable customer problems

A lot of our strengths as a company were born out of necessity. Datadog was not an obvious winner in 2010: Our market had large incumbents. Neither of us had direct experience building or selling monitoring. And we were based in New York, which wasn't where most of the other infrastructure players were. All of this made fundraising difficult. In retrospect, this forced us to focus on two really important things: First, on making sure we solved a real, valuable, hard problem for our customers. Second, on understanding our unit economics and constantly finding a path to providing more value to our customers.

Today, as a company, we are relentlessly seeking to understand the problems we need to solve for our customers and how we can bring value to them, however gnarly these problems might turn out to be. This focus on customer problems is our true north, and we pride ourselves on having built a highly functional environment, where employees are engaged for the long term and we can innovate at scale. Datadog-the-product can only ever be as good as Datadog-the-company.

A momentous opportunity

As exciting as our business may be today, we are convinced that we are barely scratching the surface. We would love you to join us as an investor on our journey to break down silos and fight complexity for our customers.

BUSINESS

Overview

Datadog is the monitoring and analytics platform for developers, IT operations teams and business users in the cloud age.

Our SaaS platform integrates and automates infrastructure monitoring, application performance monitoring and log management to provide unified, real-time observability of our customers' entire technology stack. Datadog is used by organizations of all sizes and across a wide range of industries to enable digital transformation and cloud migration, drive collaboration among development, operations and business teams, accelerate time to market for applications, reduce time to problem resolution, understand user behavior and track key business metrics.

Software applications are transforming how organizations engage with customers and operate their businesses. Companies across all industries are re-platforming their businesses to cloud infrastructures to enable this digital transformation. Historically, engineering teams have been siloed, making the development of next generation applications on dynamic cloud environments challenging. We started Datadog to break this model and facilitate collaboration among development and operations teams, enabling the adoption of DevOps practices. Since then we have continuously pushed to unify separate tools into an integrated monitoring and analytics platform, readily available to everyone who cares about applications and their impact on business.

From our founding goal of breaking down silos between Dev and Ops, we set out in 2010 to build a real-time data integration platform to turn chaos from disparate sources into digestible and actionable insights. In 2012, we launched our first use case with infrastructure monitoring, purpose-built to handle increasingly ephemeral cloud-native architectures. This enabled us to be deployed on our customers' entire cloud IT environments and gave our product broad usage across Dev, Ops and business teams, in turn allowing us to address a bigger set of challenges through our platform. In 2017 we launched our APM product, designed to be broadly deployed in very distributed, micro-services architectures. In 2018, we were the first to combine the "three pillars of observability" with the introduction of our log management product. To allow for full-stack observability, in 2019, we launched user experience monitoring and announced network performance monitoring. Today, we offer end-to-end monitoring and analytics, powered by a common data model that is extensible for potential new use cases.

Our proprietary platform combines the power of metrics, traces and logs to provide a unified view of infrastructure and application performance and the real-time events impacting this performance. Datadog is designed to be cloud agnostic and easy to deploy, with hundreds of out-of-the-box integrations, a built-in understanding of modern technology stacks and endless customizability. Customers can deploy our platform across their entire infrastructure, making it ubiquitous and a daily part of the lives of developers, operations engineers and business leaders.

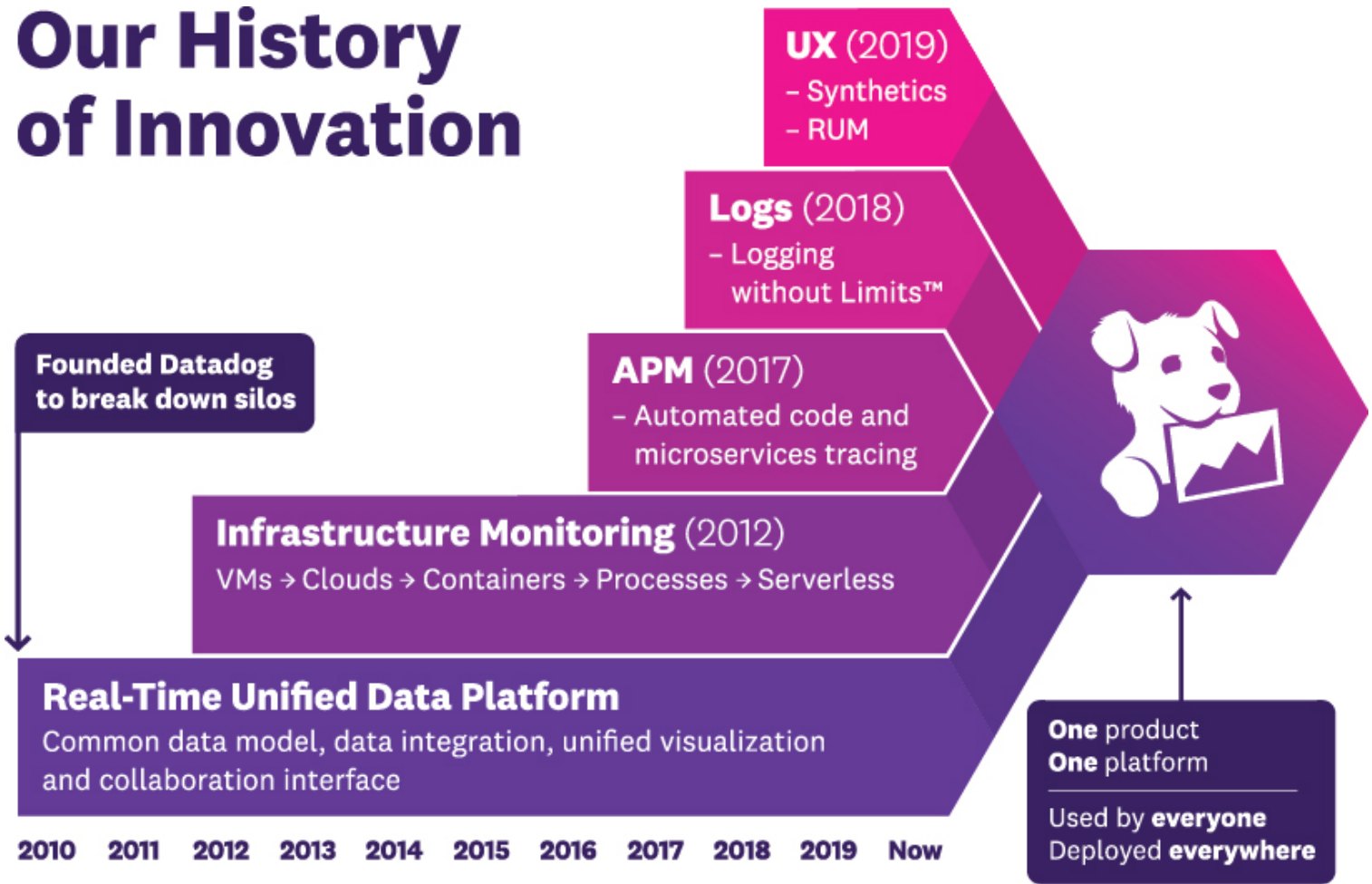
We employ a land-and-expand business model centered around offering products that are easy to adopt and have a very short time to value. Our customers can expand their footprint with us on a self-service basis. Our customers often significantly increase their usage of the products they initially buy from us and expand their usage to other products we offer on our platform. We grow with our customers as they expand their workloads in the public and private cloud. Our ability to expand within our customer base is best demonstrated by our dollar-based net retention rate. As of June 30, 2018 and 2019, our dollar-based net retention rate was 146%, and as of December 31, 2017 and 2018, it was 141% and 151%, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Performance" for additional information regarding our dollar-based net retention rate.

We have a highly efficient go-to-market model, which consists of a self-service tier, a high velocity inside sales team, and an enterprise sales force. As of June 30, 2019, we had approximately 8,800 customers, increasing

from approximately 7,700, 5,400 and 3,800 customers as of December 31, 2018, 2017 and 2016, respectively. Approximately 590 of our customers as of June 30, 2019 had annual run-rate revenue, or ARR, of \$100,000 or more, increasing from approximately 450, 240 and 130 customers as of December 31, 2018, 2017 and 2016, respectively, accounting for approximately 72%, 68%, 60% and 48% of our ARR, respectively. Further, as of June 30, 2019, we had 42 customers with ARR of \$1.0 million or more, up from 29, 12 and two customers as of December 31, 2018, 2017 and 2016, respectively. As of June 30, 2019, our 10 largest customers represented approximately 14% of our ARR and no single customer represented more than 5% of our ARR. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Performance” for additional information regarding ARR.

Our business has experienced rapid growth and is capital efficient. Since inception, we have raised \$92.0 million of capital, net of share repurchases, and we had \$63.6 million of cash, cash equivalents and restricted cash as of June 30, 2019. We generated revenue of \$100.8 million and \$198.1 million in 2017 and 2018, respectively, representing year-over-year growth of 97%. Our revenue was \$85.4 million in the six months ended June 30, 2018 compared to \$153.3 million in the six months ended June 30, 2019, representing period-over-period growth of 79%. Substantially all of our revenue is subscription software sales. Our net (loss) income was \$(2.6) million, \$(10.8) million, \$0.5 million and \$(13.4) million for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2018 and 2019, respectively. We generated operating cash flow of \$13.8 million, \$10.8 million, \$10.6 million and \$3.0 million in 2017 and 2018 and the six months ended June 30, 2018 and 2019, respectively. Our free cash flow was \$6.0 million, \$(5.0) million, \$1.5 million and \$(6.4) million in 2017 and 2018 and the six months ended June 30, 2018 and 2019, respectively. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Free Cash Flow” for additional information.

Our History of Innovation



Industry Background

Monitoring software is at the foundation of an organization's IT stack. Without monitoring, organizations are blind to factors that impact performance, reliability, scalability and availability of systems in which they have invested large amounts of resources. Once installed, monitoring becomes integral to an organization's performance and deeply embedded into business and operational workflows. There are a number of important industry trends that are transforming the way organizations use, deploy and manage software applications and their underlying technology infrastructure. These trends are creating a significant opportunity to displace existing monitoring solutions and reshape the corresponding product categories, and include:

- **Organizations must digitally transform their businesses to compete.** There has been a fundamental shift in the way organizations use technology to interact with their customers and compete in the marketplace. Today, software applications are a critical driver of business performance and software developers are becoming increasingly influential. This rise in influence is directly correlated to the increased amounts of resources organizations are dedicating to building differentiated mission-critical software. Poor technology performance negatively impacts user experience and results in lost revenue, customer churn, negative brand perception and reduced employee productivity. Therefore, companies across all industries are heavily investing to digitally transform their businesses and enhance the experience of their customers. At the same time, companies are significantly growing their investments to monitor this digital transformation. According to Gartner, enterprises will quadruple their use of APM due to increasingly digitalized business processes from 2018 through 2021 to reach 20% of all business applications.
- **We are in the early days of seismic shift to the cloud.** There is a seismic shift from static on-premise IT architectures to distributed, dynamic multi-cloud and hybrid cloud architectures with ephemeral technologies such as containers, microservices and serverless architectures becoming increasingly common. According to Gartner, as the cloud becomes increasingly mainstream from 2018 to 2022, it will influence greater portions of enterprise IT decisions, with more than \$1 trillion in enterprise IT spend at stake in 2019. The shift allows companies to improve agility, accelerate innovation and better manage costs. As companies migrate to the cloud and their underlying infrastructure changes, so does the monitoring of this infrastructure. We are still in the early days of this massive transformation. According to Gartner, only 5% of applications were monitored as of 2018. Worldwide spend on public cloud services, including infrastructure-as-a-service and platform-as-a-service is expected to increase from \$60 billion in 2018 to approximately \$173 billion in 2022, according to the IDC, representing a 30% compound annual growth rate.
- **Modern technologies create significant challenges for IT.** Technologies such as containers, microservices and serverless computing create IT environments that are highly ephemeral in nature compared to static legacy on-premise environments. The number of SaaS platforms and open source tools available to IT organizations has exploded providing significant choices to developers to use the most powerful and agile services compared to a few standardized vendor suites in the on-premise world. The scale of computing resources required in the cloud has increased exponentially and is often called upon in quick, sometimes unpredictable, bursts of expanded computing capacity compared to the static nature and smaller scale required of legacy data centers. The rate of change of application development in the cloud has increased dramatically as applications are being updated in days and minutes compared to months and years. These challenges have made it extremely difficult to gain visibility and insight into infrastructure and application performance and legacy monitoring tools have struggled to adapt.
- **Collaboration of development and operations teams is critically important.** DevOps is a practice and culture characterized by developers and IT operations teams working together collaboratively, each with ownership of the entire product development cycle. DevOps is essential to achieving the agility and speed required for developing and maintaining modern applications, but they have been historically siloed. In the static, on-premise world, developers and IT operations personnel functioned independently with separate goals, priorities and tools. Developers would focus on writing code to create the best applications and operations teams would be responsible for testing, scaling and deploying the applications. These teams generally did not collaborate and had separate systems and tools to track performance. Often the lack of

communication between Dev and Ops teams would lead to problems in application performance as the code may not have been written with the most efficient deployment in mind, leading to difficulty scaling, latency and other performance issues. The cycle of code rewrites could be lengthy, but acceptable in the static world where software releases happened once a year. In the cloud age, where the frequency of software updates is days or minutes, this communication and coordination between Dev and Ops is essential to ensuring rapid execution and optimizing business performance. With mission-critical processes being powered by software, Dev and Ops teams must collaborate to optimize both technology and business performance. As a result, Dev and Ops teams need tools that provide a unified view of both technology and business performance in order to collaborate in real-time to optimize business results.

Limitations of Existing Offerings

Legacy commercial and homegrown technologies were designed to work with monolithic, static and on-premise environments. These approaches typically exhibit the following critical limitations:

- **Not built for dynamic and ephemeral infrastructure.** Other offerings were built for static infrastructures where elements of the infrastructure and applications are deployed once and rarely change. These solutions are unable to visualize, and monitor technologies such as clouds, containers and microservices, which are highly dynamic and ephemeral in nature.
- **Not built to work with a broad set of technologies.** Legacy technologies are not designed to operate in heterogeneous environments, with a myriad of vendors, applications and technologies. Instead, these offerings are built to work with a limited number of legacy, on-premise vendor suites and cannot take advantage of modern SaaS and open source technologies that the industry has recently adopted.
- **Not built for development and operations teams collaboration.** Legacy offerings often force development and operations teams to use disparate monitoring technologies that do not share a common framework or set of data and analytics. This makes collaboration between Dev and Ops teams challenging and can frequently cause sub-optimal business results.
- **Not built for cloud scale.** Legacy technologies are not designed for cloud scale environments and quick, sometimes unpredictable, bursts of computing resources required by modern applications.
- **Lack of advanced analytics.** Legacy on-premise architectures lack scalability in collecting and processing large comprehensive datasets. Users of these legacy technologies often need to manually collect and integrate data from disparate systems and IT environments. The lack of data scale and aggregation can make it challenging to train modern machine-learning algorithms resulting in less accurate insights.

There have been a number of modern commercial technologies that have attempted to address the shortcomings of legacy approaches. These approaches typically exhibit the following limitations:

- **Point solutions lack depth of visibility and insight.** Point solutions cannot offer integrated infrastructure monitoring, application performance monitoring and log management on a single platform and therefore, lack the required visibility, insight and context for optimal collaboration.
- **Monitoring sprawl exacerbates alert fatigue.** Disparate tools often exacerbate the alert fatigue suffered by many organizations. Gartner notes the need for companies to trim down the number of monitoring tools used, which in the case of larger enterprises is more than 30, while some smaller organizations have monitoring tools ranging in number from three to 10.
- **Difficult to install and difficult to use.** These technologies often have complicated implementation processes requiring significant professional services. These offerings are complex to use, requiring extensive upfront and ongoing training and time commitment.
- **Rigid and not extensible.** These offerings are designed to address very specific use cases for a small cadre of users and can require heavy implementation costs and professional services in order to derive value. They are not easily extensible to a broad set of use cases for a greater number of technology and business users.

Our Solution and Key Strengths

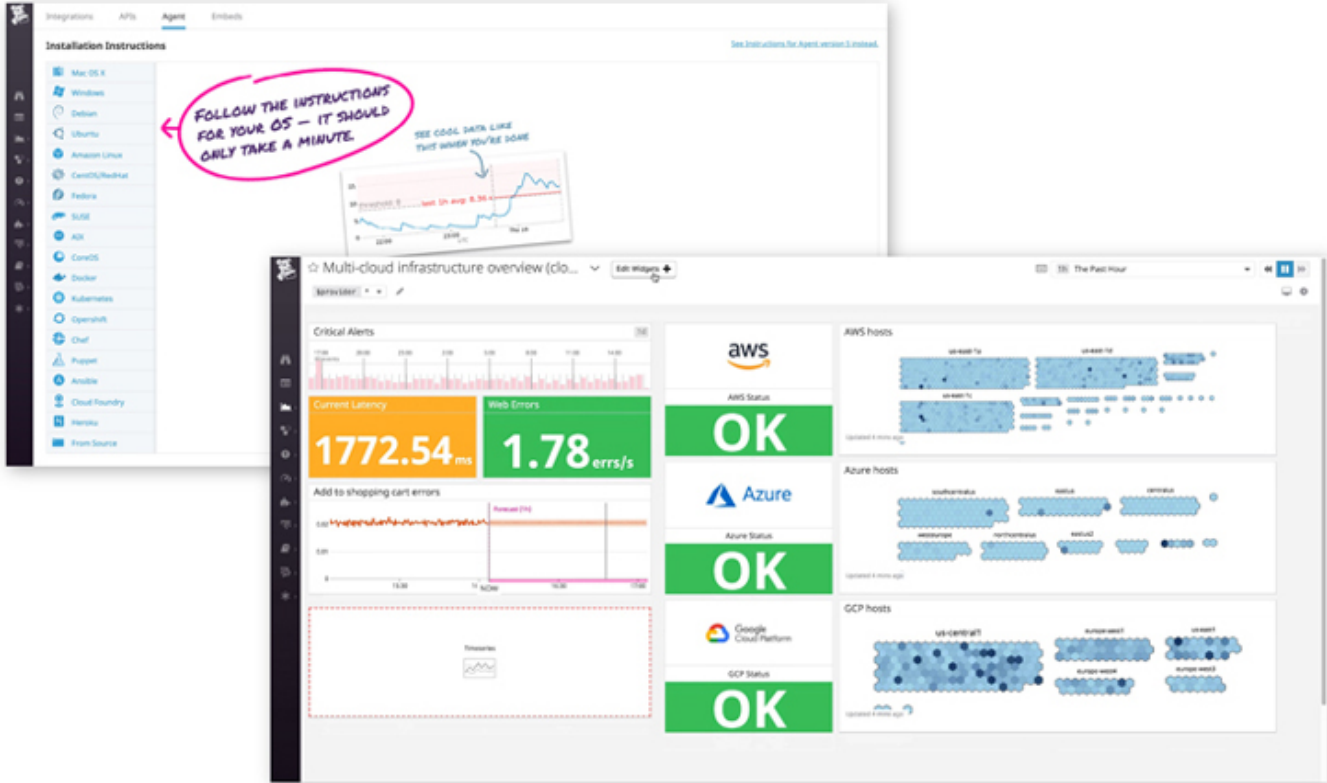
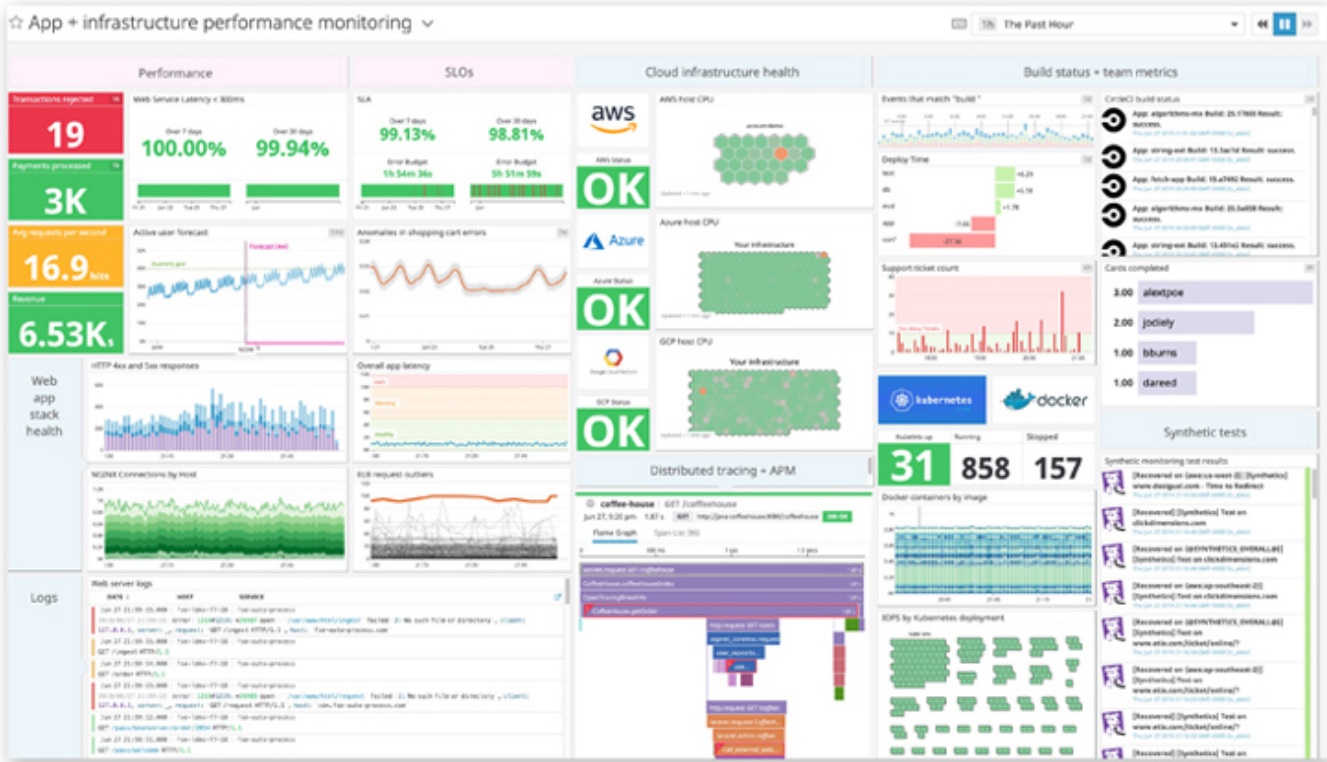
Datadog was founded on the premise that the old model of siloed developers and IT operations engineers is broken, and that legacy tools used for monitoring static on-premise architectures do not work in modern cloud or hybrid environments. Datadog’s cloud-native platform enables development and operations teams to collaborate, quickly build and improve applications, and drive business performance. Empowered by our out-of-the-box functionality and simple, self-service installation, our customers are able to rapidly deploy our platform to provide application- and infrastructure-wide visibility, often within minutes.

- **Built for dynamic cloud infrastructures.** Our innovative platform was born in the cloud and was built to work with ephemeral cloud technologies such as microservices, containers and serverless computing. Our data model was built to work at cloud scale with highly dynamic data sets and can process more than 10 trillion events a day.



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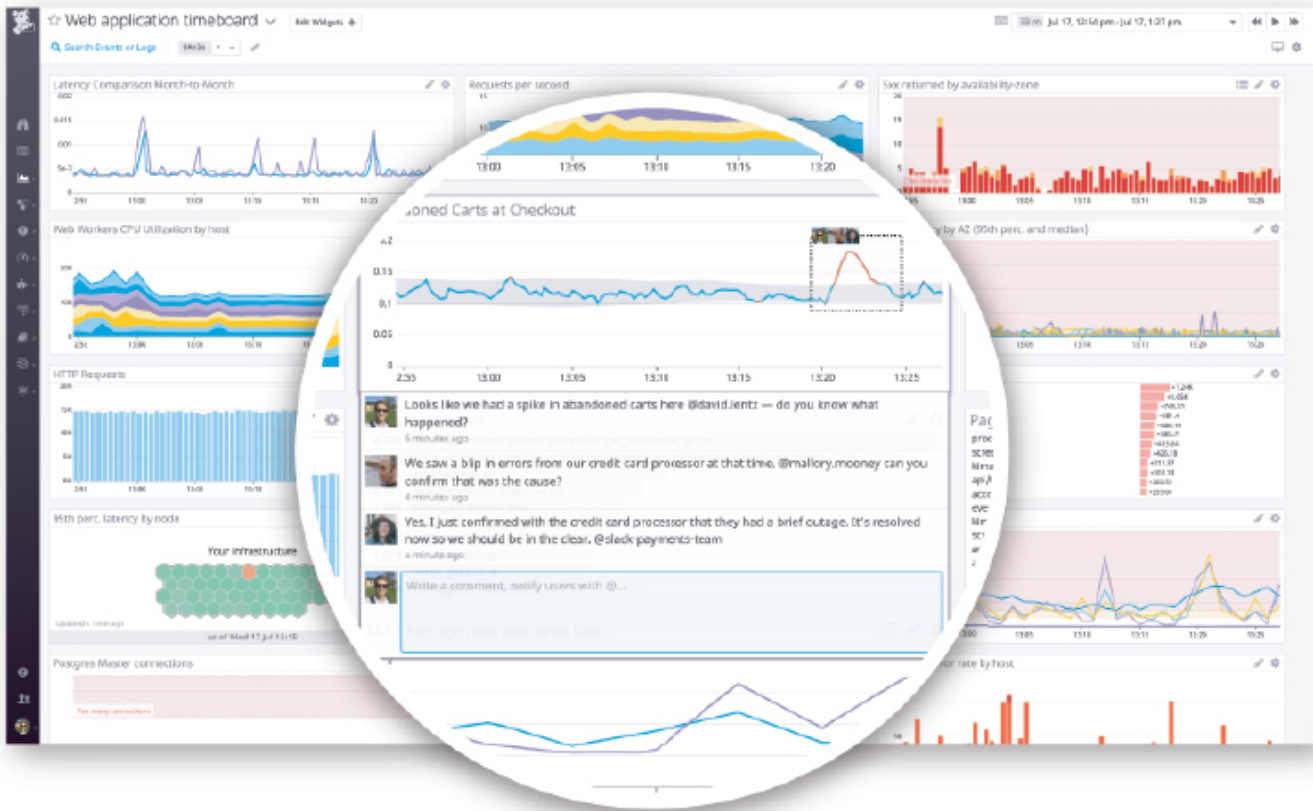
- Simple but not simplistic.** Our platform is easy-to-use with out-of-the-box integrations, customizable drag-and-drop dashboards, real-time visualization and prioritized alerting. The platform is deployed in a self-service installation process within minutes, allowing new users to quickly derive value without any specialized training or heavy implementation or customization. It is highly extensible across a wide array of use cases to a broad set of developers, operations engineers and business users. As a result, our platform is integral to business operations and used every day, and our users find increasing value in the solution over time.



- **Integrated data platform.** We were the first to combine the “three pillars of observability” - metrics, traces, and logs - with the introduction of our log management solution in 2018. Today, our platform combines infrastructure monitoring, application performance monitoring, log management, user experience monitoring, and network performance monitoring in one integrated data platform. This approach increases efficiency by reducing both the expense and friction of attempting to glean insights from disparate systems. We are able to provide a unified view across the IT stack, including infrastructure and application performance, as well as the real-time events impacting performance. Each of our products is integrated and taken together provide the ability to view metrics, traces and logs side-by-side and perform correlation analysis.

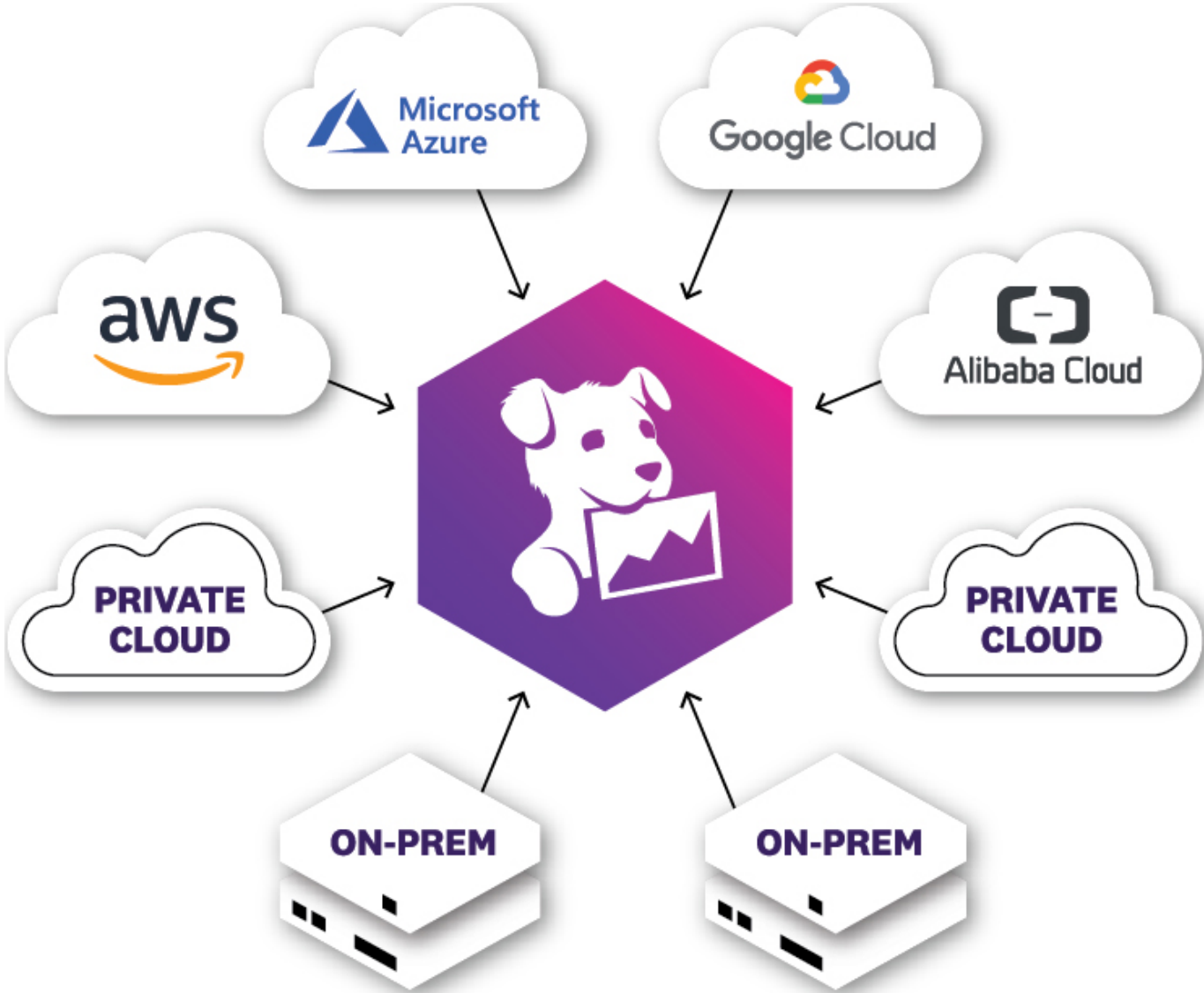


- **Built for collaboration.** Our platform was built to break down the silos between developers and operations teams in order to help organizations adopt DevOps practices and improve overall business performance. We provide development and operations teams with a common set of tools to develop a joint understanding of application performance and shared insights into the infrastructure supporting the applications. Additionally, our customizable and interactive dashboards can be shared with business teams to provide them with real-time actionable insights.



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- **Cloud agnostic.** Our platform is designed to be deployable across all environments, including public cloud, private cloud, on-premise and multi-cloud hybrid environments, allowing organizations to diversify their infrastructure and reduce single vendor dependence.



- **Ubiquitous.** Datadog is frequently deployed across a customer’s entire infrastructure, making it ubiquitous. Compared to legacy systems that are often used only by a few users in an organization’s IT operations team, Datadog is a daily part of the lives of developers, operations engineers and business leaders. For example, a leading communications software technology provider has almost 800 Datadog users, about half of the company’s total employee count and greater than the total number of the company’s engineers. Further, a Fortune 500 financial services firm has over 3,000 Datadog users.
- **Integrates with our customers’ complex environments.** We enable development and operations teams to harness the full spectrum of SaaS and open source tools. We have over 350 out-of-the-box integrations with technologies to provide significant value to our customers without the need for professional services. Our integrations provide for comprehensive data point aggregation and consistent, up-to-date, high-quality customer experiences across heterogeneous IT environments as they are fully maintained by Datadog.



- **Powered by robust analytics and machine-learning.** Our platform ingests massive amounts of data into our unified data warehouse. We develop actionable insights using our advanced analytics capabilities. Our platform features machine learning that can cross-correlate metrics, traces and logs to identify outliers and notify users of potential anomalies before they impact the business.
- **Scalable.** Our SaaS platform is highly scalable and is delivered through the cloud. Our platform is massively scalable currently monitoring more than 10 trillion events a day and millions of servers and containers at any point in time. We offer secure, easily accessible data retention at full granularity for extensive periods of time, which can provide customers with a complete view of their historical data.

Key Benefits to Our Customers

Our platform provides the following key benefits to our customers:

- **Accelerate digital transformation.** We enable customers to take full advantage of the cloud to develop and maintain mission-critical applications with agility and with confidence in the face of increasing business and time pressure and complexity of underlying infrastructure. As a result, our platform helps accelerate innovation cycles, deliver exceptional digital experiences and optimize business performance.
- **Reduce time to problem detection and resolution.** Using infrastructure, APM and log data in our unified platform, our customers are able to quickly isolate the root cause of application issues in one place where they otherwise would be required to spend hours trying to investigate using multiple tools. Additionally, our machine learning algorithms are trained on the enormous amount of data that our customers send us to detect anomalies and predict failures in customer systems in real time, something that is impossible to do manually. The reduction in mean time to detection, or MTTD, and mean time to resolution, or MTTR, helps our customers avoid lost revenues and enhance customer experience.

- **Improve agility of development, operations and business teams.** We eliminate the historical silos of development and operations teams and provide a platform that enables efficient and agile development through the adoption of DevOps. Our platform enables development and operations teams to collaborate closely with a shared understanding of data and analytics. This helps them develop a joint understanding of application performance and shared insights into the infrastructure supporting the applications. Additionally, for businesses, our customizable and easy-to-understand dashboards can be shared with business teams to provide them with real-time actionable insights into business performance.
- **Enable operational efficiency.** Our solution is easy to install, which eliminates the need for heavy implementation costs and professional services. We have over 350 out-of-the-box integrations with key technologies, from which our customers can derive significant value, avoiding internal development costs and professional services required to create those integrations. Our customer-centric pricing model is tailored to customers' desired usage needs. For example, our log management solution has differentiated pricing for logs indexed versus logs ingested. Our platform empowers customers to better understand the operational needs of their applications and IT environments, enabling greater efficiency in resource allocation and spend on cloud infrastructure.

Our customers span a variety of industries and their deployments of our platform include a variety of use cases. Customer success stories include:

- A large financial services institution consolidated numerous monitoring tools into a single platform, reducing operational complexity and overhead and offering executives a single source of truth about the health of their business and IT environment.
- A Fortune 100 pharmaceutical company monitors across public cloud, containerized and on-premise environments, helping eliminate engineers' alert fatigue from disparate tools, reducing mean time to resolution and improving compliance with service-level agreements.
- A global shipping and logistics company accelerates the delivery and development of applications, providing them the ability to drive efficiencies in their supply chain, such as fuel cost planning and tracking of shipments.
- A large retailer and e-commerce company avoids website outages that cause lost revenue and enables flexible capacity planning to scale-up infrastructure during peak customer demand.
- A large hospitality company improves development and operations teams collaboration and reduces mean time to resolution by visualizing service inter-dependencies, to ultimately improve customer satisfaction.

Our Opportunity

Our platform provides comprehensive visibility and insights into IT infrastructure, application performance and the real time events impacting this performance. Our platform is employed across public cloud, private cloud, on-premise and multi-cloud hybrid environments. We believe that our platform currently addresses a significant portion of the IT Operations Management market. According to Gartner, the IT Operations Management market represents a \$37 billion opportunity in 2023. We believe a large portion of this spend is for legacy on-premise and private cloud environments, but does not fully include the opportunity in modern multi-cloud and hybrid cloud environments. Our platform is designed to address both legacy and modern environments.

We estimate our current market opportunity to be approximately \$35 billion. We calculate this figure using the total number of global companies with 200 or more employees, which we determined by referencing independent industry data from the S&P Capital IQ database. We then segment these companies into two cohorts based on the number of employees: companies that have between 200 and 999 employees and companies that have 1,000 or more employees. We then multiply the number of companies in each cohort by the average ARR

per customer for each of our platform products. Our average ARR per customer is defined as the ARR in each platform product, for customers in the corresponding cohort of employee count, divided by the total number of customers in the corresponding platform product and cohort of employee count, as of June 30, 2019.

We believe that we are currently underpenetrated in our existing customer base. We expect our estimated market opportunity will continue to expand as customers deploy our solution across a larger portion of their IT environments and adopt a greater number of our platform products.

Our Growth Strategies

We intend to pursue the following growth strategies:

- **Expand our customer base by acquiring new customers.** Our market penetration is low. We believe there is a substantial opportunity to continue to grow our customer base. We intend to drive new customer additions by expanding our sales and marketing efforts in the markets we serve.
- **Expand within our existing customer base through broader deployments, new use cases and new product adoption.** Our base of approximately 8,800 customers represents a significant opportunity for further sales expansion. For example, for the six months ended June 30, 2019, over 35% of new ARR came from our newer platform products, APM and logs, up from over 10% in the same period a year earlier. We plan to continue to increase sales within our existing customer base through increased usage of our platform and the cross selling of additional products.
- **Expand our technology leadership through continued investment and new products.** Our goal is to expand our platform over time beyond our current three pillars of observability. We intend to invest in expanding the functionality of our current platform and adding capabilities that address new market opportunities. We have a history of continued innovation. For example, in 2017 we launched APM, in 2018 we launched log management, and in 2019 we launched user experience monitoring as well as announced network performance monitoring. This innovation strategy will provide new avenues for growth and allow us to continue to deliver differentiated outcomes to our customers. We have also selectively pursued acquisitions and strategic investments in businesses and technologies to drive product and market expansion and will continue to evaluate strategic acquisitions and investments on a case-by-case basis.
- **Expand our customer base internationally.** We believe there is a significant opportunity to expand usage of our platform outside of the United States, as international markets have increased the shift of their IT spend to the cloud. We have made significant investments in expanding our presence in EMEA and APAC. As of December 31, 2018, approximately 24% of our ARR came from customers outside of North America. We intend to add international sales team members to take advantage of this market opportunity while refining our go-to-market approach based on local market dynamics.

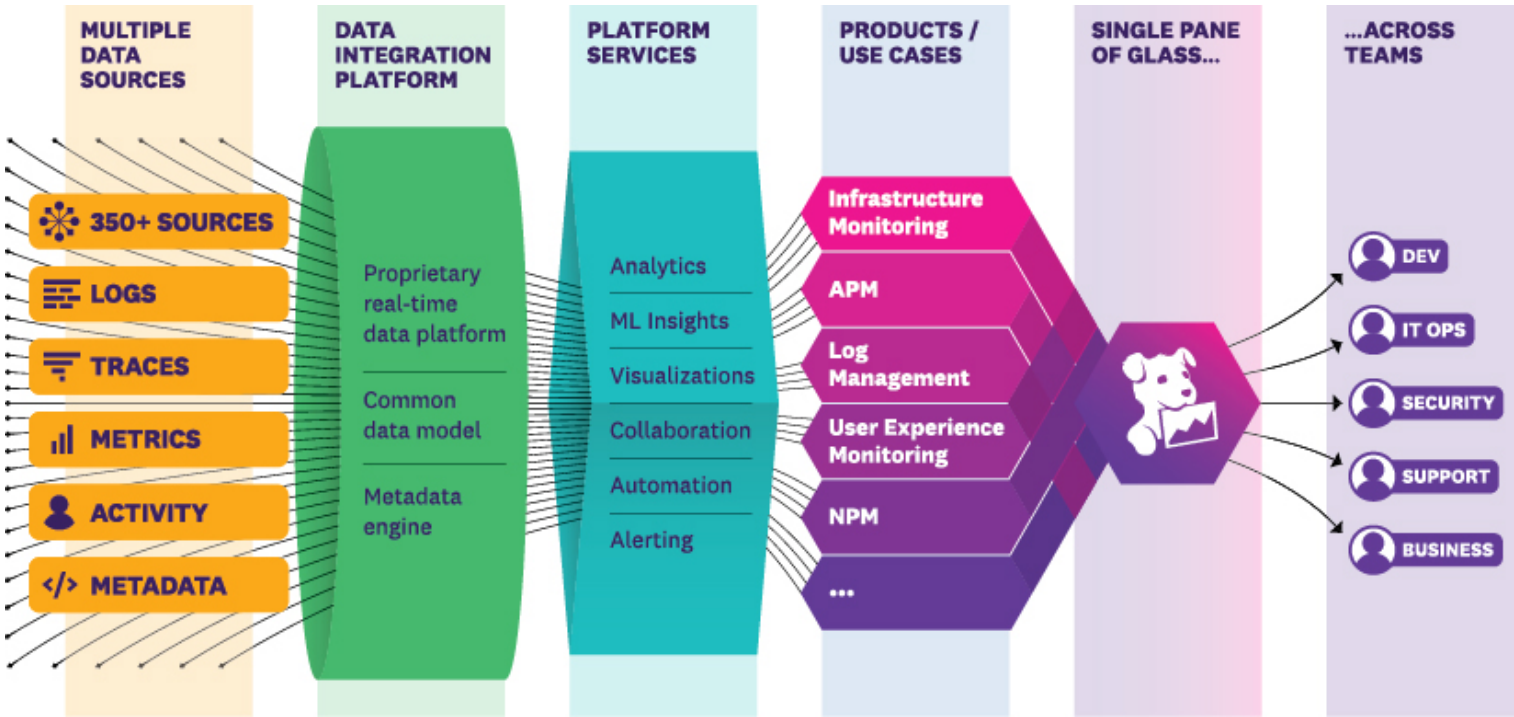
Our Platform

Our proprietary platform provides real-time insights into software applications and IT infrastructure performance to enable better user experiences, faster problem detection and resolution and smarter, more impactful business decisions. Our platform is also modular and includes infrastructure monitoring, application performance monitoring, log management, user experience monitoring and network performance monitoring, as well as a range of shared features such as sophisticated dashboards, advanced analytics, collaboration tools and alerting capabilities. Each of our products is fully capable stand-alone so clients can choose to use different capabilities incrementally or deploy many at once. When deployed together, our products automatically enable cross-correlation, which in turn allows customers to gain greater levels of visibility across their infrastructure and applications to more rapidly troubleshoot problems.

Our platform is supported by hundreds of integrations to seamlessly aggregate metrics and events across all of the systems and services that power digital businesses. Our easy-to-use platform is deployed through a self-

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service installation process. Users can derive value from our platform within minutes without any specialized training or heavy implementation or customization. Customers can easily expand their usage of our platform on a self-serve basis, adding hosts or volumes of data monitored. Our platform is massively scalable currently monitoring more than 10 trillion events a day and millions of servers and containers.



The key elements that can be leveraged across our platform:

- **Single pane of glass.** Our ability to provide a unified source of data enables users to access information from a single platform and easily explore multiple data sources. Through a single dashboard and with a common data framework, users are able to access and explore all of the relevant performance data from their applications, hosts, containers and services. Users are able to more quickly assess and resolve their issues without having to toggle between multiple products and translate multiple data sources.
- **Robust, deep data set.** Our client-side collection technology is built on a unified data model and relies on installation of a single agent for metrics, traces, and logs, allowing for a simple, seamless deployment experience for the customers. We ingest massive amounts of complex data and normalize it. The volume of data associated with combining infrastructure, APM and log management provides for a dramatically more robust data set than any of the individual data sources would provide on their own. Having insight across all of these data points and understanding their measurements leading up to prior incidents provides for a more in-depth understanding of root cause analysis and potential performance issues. We provide code level visibility to identify the specific cause of the issue, allowing for a targeted remediation effort with minimal turnaround time.
- **SaaS Platform.** Our cloud based multi-tenant SaaS platform allows for real-time ingestion, and analysis of massive amounts of data, without our customers needing to worry about the provisioning, sizing and capacity of their monitoring platform.
- **Unified data model.** Our platform automatically combines related monitoring and analytics data such as metrics, APM and log traces from over 350 disparate, complex sources of data through our technology integrations. Our unified data model enables development and operations teams to quickly troubleshoot and diagnose in one place instead of having to manually track the health and performance of their applications across several different software tools.
- **Cross-correlation.** All of our solutions are integrated and work cohesively to provide a deep level of context and insight into what is occurring in a customer’s IT environment. By integrating infrastructure

monitoring, application performance monitoring and log management in a single platform, our clients are able to analyze cross-correlations between metrics, traces and logs in one platform, at a deeper level, and resolve issues more quickly than if the products are used separately. Our platform's ability to apply machine learning and cross-correlation to all of the data contained in our platform allows for users to predict likely issues, and proactively remediate them before they occur.

- **Out-of-the-box, actionable insights.** From the moment of installation, our platform provides actionable insights through customizable dashboards, predictive analytics, automated correlations, visualizations and alerting. These insights enable customers to develop and update mission-critical applications with agility and confidence in the face of increasing business and time pressure, as well as increasing complexity of underlying infrastructure.
- **High accuracy machine-learning capabilities and predictive capabilities powered by the network effect.** Our multi-tenant cloud platform analyzes massive data sets ingested across our customers and their IT environments. It uses machine learning to predict and identify sources of performance or availability issues that customers share due to dependencies on common service providers or third-party services. Additionally, our algorithms look at historical behavior, in context, in order to predict issues before they occur. Our platform allows users to quickly and easily discern if an incident or service impact was caused by code changes, infrastructure degradation or third-party dependencies and provides them with the visibility to identify the scope of business impact and root cause. This allows for a targeted and prioritized remediation plan, reducing time to recovery.
- **350+ fully supported integrations.** We offer more than 350 out-of-the-box integrations including public cloud, private cloud, on-premise hardware, databases and third-party software. Our integrations normalize complex data streams and are highly robust. We believe we provide more data points than our competitors. These out-of-the-box integrations have easy-to-use APIs that quickly and efficiently connect to a broad range of technologies and the data that they generate. Our integrations do not require any professional services to implement.
- **Automated alerts.** We offer sophisticated real time alerting capabilities in the platform that detects issues, alerts users, and integrates with their service management systems. The alerting provides for expressing complex user-defined rules as well as fully-automated, machine-learning based predictions, anomaly and outlier detection.
- **Trace, log, metric, synthetics correlation.** Correlation of infrastructure metrics, APM traces, log data and synthetics not only identifies what issues may be occurring in an application, but also provides a deeper understanding of the root cause of the issues and powers faster troubleshooting.

Our platform consists of five products that can be used individually or as a unified solution, including:

- **Infrastructure Monitoring.** Our platform provides real-time monitoring of IT infrastructure across public cloud, private cloud and hybrid environments ensuring performance and availability of applications. All infrastructure data is located in one repository with automatic correlation, regardless of environment size or rate of change, to provide a fulsome view of everything that is occurring across the IT ecosystem. Key features include:
 - **Dashboarding and correlation analysis.** Our platform centralizes the monitoring of systems and services in easy-to-use, customizable dashboards, created by dragging and dropping widgets, and visualizations. Our unified dashboards allow for a common framework across Dev and Ops teams to provide a joint understanding of infrastructure and application performance. Data from integrations and other products can be consolidated in the same dashboard and events can be correlated with metrics data allowing for a deep level of context and insight into IT and business performance.
 - **Infrastructure visualization.** We offer the capability to discover and assess an entire infrastructure in a single view, from the simplest to the most massive ecosystems comprised of hundreds of

thousands of hosts or containers. This allows users to quickly understand the topology and health of their infrastructure assets.

- *Data retention.* We use our proprietary data storage to retain data at full granularity for brief or extensive periods of time to provide insight into performance and analyze historical trends. The full granularity of data retention provides for high accuracy machine learning and the unique ability to examine and compare two time periods for highly seasonal businesses.
- *Business metrics.* Metrics such as shopping cart purchases, hotel check-ins, or ad impressions served are ingested and available for analysis giving users insight not only into their infrastructure and application performance but also business performance. Organizations use these metrics so that a business user can understand and manage mission-critical digital operations.
- *Anomaly detection.* Our platform provides predictive capabilities that identify potential faults and allow our customers to identify and mitigate potential issues before their businesses are impacted. Our platform observes and correlates historic and real-time signals across combined inputs to identify anomalous behaviors as well as forecast upcoming user facing impact. These combined data provide our machine-learning models deeper understanding of a given application or service, allowing the platform to more quickly identify and raise potential service impact than any single data set would on its own.
- *Host monitoring.* Our host monitoring functionality provides deep monitoring health and availability of all the servers in a customer environment. Our unique capabilities provide both summary about the hosts as well as detailed information about application components that run on these hosts (e.g. databases, web servers, application servers etc.).
- *Container monitoring.* Our container visualization functionality offers real-time insight into the health, resource consumption and deployment of containers that enable a global view of a company's environment, allowing users to dynamically group, filter and explore all containers. This gives users the ability to manage and visualize the ephemeral and complex environments that are increasingly prevalent in modern IT ecosystems.
- *Serverless monitoring.* Our customers can search, filter and explore all serverless functions in one central view. Our serverless monitoring allows users to combine insights across metrics, traces and logs, to ensure serverless functions are performing properly, and troubleshoot issues that arise.
- *Service Level Management.* Our customers can easily track SLOs (Service Level Objectives) and performance against error budgets in a simple interface that is relevant to both engineers and business users.
- **Application Performance Monitoring (APM).** We provide full visibility into the health and functioning of applications regardless of the deployment environment. Distributed tracing across microservices, hosts, containers and serverless computing functions allows our customers to gain deep insights into application performance. In-context correlation of APM traces to logs and infrastructure metrics provides for faster troubleshooting allowing issues to be resolved in minimal time. Key features include:
 - *Trace visualization.* Our users can visualize and trace executed code through the various systems that process code to determine how long each system worked to execute a specific request. This functionality allows users to identify exactly where an issue is occurring across the system in order to accelerate time to remediation.
 - *App Analytics.* App Analytics is a product evolution and rebranding of Trace Search & Analytics. Datadog App Analytics allows customers to quickly filter down to narrow problematic traces to any service, endpoint, customer, group of customers, or any other subset of data. Customers can then dashboard or alert on these queries alongside their logs, infra and custom metrics within the Datadog platform. These capabilities are available through an easy-to-use GUI interface that does not require a specialized query language, making it accessible to a broad range of users with minimal training or specific expertise.

- *Service map.* Automatic and real-time mapping of data flows and dependencies based on distributed traces allows users to dynamically visualize how data flows between services and the volume of data that each service is sending in and out, in order to understand real-time performance health of each service.
- *Service overview.* Users can see all services and high-level KPIs related to each service from a single pane of glass. Service overview provides users with the ability to assess performance details at a highly granular level in order to gain an in-depth view of how the application is working.
- *Broad language support.* Our APM solution supports the most commonly used programming languages and frameworks including, but not limited to, Java, Python, Go, Ruby, .NET, Node.js and PHP, allowing for breadth of deployment across customers of all sizes.
- *Fully automated anomaly detection.* Watchdog is our auto-detection engine that surfaces performance problems in applications without any manual setup or configuration. Watchdog analyzes all performance data that is ingested, and performs machine learning based anomaly detection to identify any unusual trends or occurrences in this data to predict and alert users to any potential issues ahead of them occurring.
- **Log Management.** Log management for applications, systems and cloud platforms ingests data, creates indexes and enables querying of logs with visualizations and alerting to ensure immediate insight into any performance issues. Machine-learning powered pattern detection of frequently occurring logs allows predictive functionality to pre-emptively address issues before they occur. Key features include:
 - *Logging Without Limits.* Our product allows customers to decouple the cost of log ingestion from processing. This in turn makes it possible to cost-effectively collect a massive volume of logs and selectively process the ones they need to monitor in real-time. Archived logs can be rehydrated, or reloaded on demand for investigation.
 - *Logs enrichment.* Datadog automatically collects, tags, and enriches customer logs with Datadog's built-in integrations. This in turn helps customers explore, investigate and analyze logs in our platform quickly without complex query logic. Additionally, this functionality allows customers to quickly navigate between logs and the related infrastructure and APM dashboards for root cause analysis.
 - *Log patterns.* Log patterns provide real-time analysis and clustering of events, which allows investigations to quickly eliminate noise and identify anomalous or unexpected activities. Our multi-tenant cloud platform analyzes data ingested across customer and ecosystems, to predict and identify faults that customers share due to dependencies on common service providers or third-party services. These features, when combined with Watchdog, allow our platform to identify and raise user-impacting events automatically.
 - *Processing pipelines.* Our log processing pipelines capability allows customers to enrich logs with custom data facets that make searching and filtering logs intuitive and quick for all users.
- **User Experience Monitoring.** User experience monitoring brings visibility up the stack to monitor the digital experience of the customer. Datadog user experience monitoring includes both the simulation of customers, through Synthetics, and the monitoring of actual users, through Real User Monitoring. Key features include:
 - *Synthetics.* Synthetics provides user-experience monitoring of applications and API endpoints via simulated user requests to track application performance and ensure uptime.
 - *API tests.* API tests actively simulate an application or user querying an API or accessing a webpage to ensure that web requests are being processed as expected from multiple points around the world, and proactively monitor site availability to reduce mean time to detection and resolution.

- **Browser tests.** Browser tests monitor user experience, ensuring web pages are fully functional by simulating step-by-step user journeys including specific button clicks, filling out fields and interacting with various page elements on multiple web browsers and browser versions. AI-powered tests enable the monitoring of critical business transactions to ensure that these core customer-facing digital capabilities are always running at optimal functionality.
- **Real User Monitoring.** Currently available in beta, Datadog Real User Monitoring provides analysis and visualization of the performance of frontend applications as experienced by all actual users.
- **Automatic correlation.** User Experience Monitoring delivers end-to-end monitoring, including correlation with application traces, infrastructure-level metrics and logs to quickly troubleshoot performance issues.
- **Network Performance Monitoring.** Currently available in beta, Datadog Network Performance Monitoring enables the analysis and visualization of the flow of network traffic in cloud-based or hybrid environments. It allows the mapping of full-stack dependencies, and is fully integrated with the Datadog platform. It is very lightweight, allowing customers to monitor the flow of network traffic without sacrificing performance.

Our Customers

Organizations of all sizes, in all industries, both private and public, purchase our products for a variety of use cases. As of June 30, 2019, we had 8,846 customers in over 100 countries. We have been adopted by thousands of enterprises globally across a wide range of industries. As of June 30, 2019, we had 594 customers with ARR of \$100,000 or more, an increase from 453, 239 and 126 as of December 31, 2018, 2017 and 2016, respectively. In addition, as of June 30, 2019, we had 42 customers with ARR of \$1.0 million or more, up from 29, 12 and two customers as of December 31, 2018, 2017 and 2016, respectively. We have seen increased traction with enterprise customers, a testament to our success and ability to grow. As of June 30, 2019, the average ARR of our enterprise customers, defined as having 5,000 or more employees, was approximately \$200,000, which has increased from approximately \$120,000 as of December 31, 2017. The average ARR of our mid-market customers, defined as having between 1,000 and 5,000 employees, was approximately \$140,000, which has increased from approximately \$70,000 as of December 31, 2017. No customer, including any group of customers under common control or customers that are affiliates of each other, represented more than 10% of our revenue in 2017 or 2018.

Representative customers by industry vertical are listed below:

<u>Consumer & Retail</u>	<u>Financial Services</u>	<u>Industrial, Transportation & Healthcare</u>
Delivery Hero	Coinbase	BrightInsight, a Flex Company
Expedia Group	Credit Suisse	Haier U.S. Solutions
GrubHub	Donnelley Financial Solutions (DFIN)	Maersk Group
Instacart	HSBC	Qantas
Mercado Libre	IHS Markit	PSEG
Nextdoor	Jefferies	ServiceMaster
Peloton	Morgan Stanley	SHARE NOW
Ring	Nasdaq	SNCF
Starbucks	RBC	TELUS Health
TrueCar	S&P Global	Trimble
Wayfair	Thomson Reuters	UnitedHealth Group/Optum
		Wabtec Corporation
<u>Media, Entertainment & Telecommunications</u>	<u>Technology</u>	
BuzzFeed	Aspect Software	
Comcast	Cvent	
Condé Nast	Dropbox	
Dow Jones	Evernote	
Hearst	HashiCorp	
Hulu	Lenovo	
KDDI Corporation	Looker	
News Corp UK & Ireland	PagerDuty	
Nielsen	Pegasystems	
Schibsted Media Group	Pivotal Software	
Telstra	Salesforce	
Vodafone	Samsung Electronics	
	Twilio	
	Zendesk	

Customer Case Studies

The following are representative examples of how some of our customers have benefitted from using Datadog:

Coinbase

Industry: Financial Services
 Products Used: Infrastructure, APM
 Customer Since: 2018

Coinbase is a leading digital currency exchange with over 20 million users, encompassing consumers, advanced traders, businesses, and institutions. The company has facilitated the exchange of over \$150 billion in currency to date. By the end of 2017, exploding interest in digital currencies led to a 60x surge in traffic to Coinbase's customer-facing applications, which severely strained the company's home-grown monitoring system. Coinbase required a monitoring and analytics solution that was capable of scaling with Coinbase's exponential growth.

In 2018, Coinbase chose Datadog to free engineers to focus on building new functionality, and provide a fast, secure, scalable, and usable monitoring tool that could handle future growth in transaction volumes.

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Datadog was able to meet Coinbase's extremely rigorous security requirements, which contribute to the company's recognition as one of the most trusted digital currency exchanges. Today, Coinbase's more than 200 engineers use Datadog to provide timely and detailed insight into the health of their applications and infrastructure through robust dashboards and alerts. By helping Coinbase achieve its objectives for service reliability and quality, Datadog ensures positive user experiences and continued trust in Coinbase's platform.

Comcast

Industry: Media, Entertainment & Telecommunications
Products Used: Infrastructure, APM, Logs
Customer Since: 2017

Comcast Corporation is a global telecommunications and media conglomerate. The company is shifting more customer-facing, mission-critical applications to the cloud and also building new businesses powered by cloud infrastructure. These initiatives require robust cloud performance monitoring to reduce technology and business risk, enable system visibility, and improve team agility.

Since 2017, Datadog has empowered multiple Comcast businesses with a clear view into the underlying systems and applications that deliver an exceptional customer experience. The Comcast Timeline team leverages the Datadog platform to ensure its infrastructure, applications, and related logs are operating with the high performance required to support its business objectives. Comcast Digital Home has chosen Datadog for infrastructure and application monitoring in order to ensure the success of their growing Xhome and Xfi businesses. Beyond cloud infrastructure, Datadog has also worked with Comcast teams to provide visibility into on-premises infrastructures. In these cases and multiple others, Datadog has replaced time and labor-intensive solutions and enriched Comcast's monitoring and log management capabilities. Datadog has enabled Comcast technical teams to spend less time monitoring and troubleshooting and more time building new features and functionality that benefit customers.

Expedia

Industry: Consumer & Retail
Product(s) Used: Infrastructure
Customer Since: 2016

Expedia Group is the world's travel platform, with an extensive brand portfolio that includes some of the world's most trusted online travel brands. Vrbo, an Expedia Group brand which represents the alternative accommodations and vacation rental market, required a robust monitoring tool to enable DevOps practices in its large engineering organization.

In 2016, Vrbo integrated Datadog's platform into all aspects of its product, data, and data science platforms powering thousands of microservices emitting over fifty billion streaming events per day in both cloud and hybrid environments. Today, over 700 engineers extensively leverage Datadog to enable a quick to fix and first to know philosophy.

HSBC

Industry: Financial Services
Product Used: Infrastructure
Customer Since: 2018

HSBC is one of the world's largest banking and financial services institutions. The company is migrating existing mission-critical, customer-facing applications to a modern, dynamic on-premises application hosting environment, and required a modern monitoring solution to ensure the success of this initiative.

In 2018, HSBC selected Datadog to replace legacy infrastructure monitoring tools in its emerging application platform. This use has expanded to monitor the entire infrastructure which hosts 12,000 key banking applications. Several factors differentiated Datadog for HSBC: out-of-the-box dashboards and visualizations, fully-supported cloud and PaaS integrations, and ease of use. Datadog is helping to drive a collaborative culture among technical teams, and freeing up time and resources to build new capabilities.

News Corp UK & Ireland

Industry: Media, Entertainment & Telecommunications

Product(s) Used: Infrastructure, Logs

Customer Since: 2018

News Corp UK & Ireland (News UK) is a major media business and owner of several of the most popular newspapers and news sites in the UK. The company's digital platforms serve millions of users, and this already high level of traffic increases substantially during major events like the Royal Wedding and the World Cup. In order to satisfy millions of users, the company's platforms need to be fast, reliable, and agile.

In 2018, News UK adopted Datadog's Infrastructure Monitoring platform for detailed visibility into their new cloud infrastructure and to support DevOps practices. Later that year, News UK added Datadog's Log Management capabilities to facilitate faster and more effective troubleshooting. By embracing Datadog as a central monitoring platform, the News UK technical team is saving money, reducing risk, and innovating and troubleshooting faster.

Peloton

Industry: Consumer & Retail

Products Used: Infrastructure, APM

Customer Since: 2013

Peloton brings the energy and benefits of group fitness into the home, by combining advanced technology, media, and equipment. In order to create the engagement and energy of a live exercise class, Peloton needs to deliver a high-quality video feed and real-time stats to their rapidly growing user base, and minimize any perceived lag.

In 2013, Peloton adopted Datadog's Infrastructure Monitoring platform to alert on availability and performance issues in the cloud infrastructure supporting their core application. The company also uses Datadog to collect custom user-experience metrics from the in-home equipment, such as video lag and wi-fi strength. And, in 2017, Peloton added Datadog's APM capabilities to continuously identify and eliminate slowness and inefficiencies in their core application. The insight Datadog provides has helped Peloton's engineers scale their business rapidly and improve the user experience at the same time. For example, using Datadog, Peloton was able to cut the response time when users search for a class by a factor of four. Within the first 30-45 days of using the platform, engineers were able to identify the top user requests that were having performance issues and reduced response time by 80-90%.

Starbucks

Industry: Consumer & Retail

Products Used: Infrastructure, APM, Logs

Customer Since: 2017

Starbucks is the world's largest coffee company. The company's app and loyalty program are widely recognized as among the most successful and innovative of major consumer brands. These increasingly critical digital customer touchpoints drive billions of dollars in sales and must be fast, highly reliable, and a source of business insight.

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In 2017, Starbucks adopted Datadog's Infrastructure Monitoring platform to support their digital transformation. Since then, the company has added Datadog's APM and Log Management capabilities to ensure smooth digital customer experiences and fast deployment of new, innovative features. As Starbucks deploys new features and changes on the app, Datadog provides engineers immediate feedback on performance. With many ways for customers to pay (plastic cards, mobile payments, the Starbucks app, and third-party apps) Datadog collects crucial transaction data, allowing Starbucks to better understand the customer and ensure purchases are recognized through the rewards program. In all, there are currently over 100 Starbucks teams using Datadog to support the business.

Twilio

Industry: Technology
Product Used: Infrastructure
Customer Since: 2015

Twilio is the leading cloud platform that enables developers to embed communications channels like voice, text, chat, video, and email into their software. With thousands of microservices powering its platform, Twilio needed a solution to help their more than 100 engineering teams collect, analyze, and share vital performance metrics.

Twilio adopted Datadog's Infrastructure Monitoring platform in 2015 and their usage, as measured by hosts monitored, has grown more than 4x since then. The company leverages Datadog's hundreds of fully-supported technology integrations to ingest a tremendous amount of performance data, and then quickly process, visualize, and gain insight into their microservices. The Datadog platform has provided a single place for Twilio's technical teams to make sense of a very complex, high scale, and dynamic infrastructure environment, which ultimately helps Twilio provide reliable and innovative communications services to customers.

Wabtec Corporation

Industry: Industrial & Transportation
Products Used: Infrastructure, APM, Logs
Customer Since: 2018

Wabtec is a global digital industrial leader and supplier to the rail, mining, marine, stationary power, and drilling industries. The company has a large-scale initiative to migrate existing applications to the cloud and build new applications on the cloud. The company required a robust, cloud-native performance monitoring solution to ensure the success of this initiative.

In 2018, legacy GE Transportation, now a Wabtec company, adopted Datadog for Infrastructure Monitoring, APM, and Log Management in one platform. The detailed insight Datadog provides is enabling teams to migrate applications to the cloud on schedule and with minimal disruption. Datadog's ease of use is helping the company onboard new application development teams and helping to drive adoption of the new cloud environment. In addition, Datadog's native support for hundreds of popular, modern tools and services is enabling Wabtec developers to introduce new technologies with confidence.

Zendesk

Industry: Technology
Products Used: Infrastructure, APM, Logs
Customer Since: 2013

Zendesk's customer service and engagement products are powerful and flexible, and scale to meet the needs of any business. Zendesk serves businesses across hundreds of industries, with more than 145,000 paid customer

accounts offering service and support in over 30 languages. Zendesk’s globally-distributed engineering teams had long selected their own performance monitoring tools, leading to tool sprawl, data silos, and monitoring gaps. In order to boost developer productivity and improve troubleshooting speed and effectiveness, Zendesk sought to consolidate its performance monitoring toolset.

In 2013, Zendesk invested in Datadog’s Infrastructure Monitoring platform, and in 2018 adopted Datadog APM for code-level insight in one platform. Then, in 2019, Zendesk added Datadog’s log management capabilities, bringing a third pillar of highly granular performance data onto the platform. Over the last six years, Zendesk has partnered with Datadog to serve their evolving needs. For example, Zendesk extensively uses Datadog APM and Log Management to find “needles in haystacks”—that is, to precisely pinpoint issues such as individual requests that are taking too long or utilizing too much infrastructure capacity. This data-driven insight gives teams specific guidance on how to improve the performance of their code, and also immediately see if changes and new deployments are working as expected. By embracing Datadog as a unified platform for insight on infrastructure, applications, and logs, Zendesk is enabling its more than 500 engineers to spend less time searching for solutions and more time building new functionality. Beyond being leveraged by engineers, Zendesk’s support organization uses insights and information from Datadog to ensure a leading customer experience.

Our Technology

SaaS Platform

Our SaaS platform was purpose-built for scaling and leveraging modern technologies such as containers, microservices and serverless computing. This has informed many of the technology architectural decisions we have made for our platform and products, as we understand the complexity of operating in these dynamic environments. Our SaaS multi-tenant platform allows us to rapidly introduce new features required by today’s rapidly changing technology environment. The result is an “always-on” service that provides customers with daily enhancements and unlimited capacity to take on new performance data that a customer opts to monitor and analyze with our platform, reducing the friction associated with onboarding.

Proprietary Data Storage System Drives Scalability

We built a proprietary data storage system that provides our platform with the scale to ingest, stream and analyze massive datasets in real time. Our platform is able to process and store several trillion events points a day in a highly performant manner through the use of our proprietary database architecture. This system allows for quick, behind-the-scenes querying of data at full granularity, and presents it to the user in real-time. Given the scale of our datasets we are able to drive better, more actionable, insights infrastructure, application and business performance.

One Data Model

We built Datadog to break the old model of siloed development and operations teams by making monitoring and monitoring data accessible to everyone in the organization. Every piece of data that is ingested by our platform is consistently tagged with metadata regardless of its type. This allows for different kinds of performance data, such as a log event and an application trace, to be queried together, correlated, alerted on, and visualized in a common user interface.

Enterprise-Grade Security and Compliance

We are committed to the security and privacy of our customers’ data. Data submitted to the Datadog service by authorized users is considered confidential, is protected in transit across public networks and encrypted at rest. All data transmitted between Datadog and Datadog users is protected using Transport Layer Security and HTTP

Strict Transport Security. Additionally, we have continued to pursue independent third-party assessments and validations of our security and compliance capabilities, including through industry-standard reports like SOC 2 Type II. We have also completed a third-party HIPAA compliance assessment for the Log Management product.

Our Ecosystem

Datadog's client software, such as our agent, integration plugins, SDKs and documentation are licensed and developed as open source software. Our community is made up of thousands of developers, representing over 650 organizations, who contribute code and documentation to extend and improve upon Datadog's client software. In addition, we offer a free version of our software to reduce the friction of customer adoption and encourage developer utilization.

In addition to our own projects, Datadog is an active participant in upstream software projects, community foundations and standard bodies. Participation in these projects and advisory boards such as the Open-Tracing Specification Council, Kubernetes, Terraform, Istio and others, allows us to play an active role in driving these projects to meet our customers' monitoring needs and ensure integration with our own services.

We believe that participating in the open source community makes it easier for our customers to do business with us and enhances the attractiveness and depth of our offering. It allows our customers to more efficiently write their own integrations and increases the transparency of our technology that may be downloaded. Further, we believe it allows us to attract and retain talented engineers and strengthens our reputation within the developer community.

Sales and Marketing

Our sales team is segmented into four revenue-generating areas: an enterprise sales team that sells to large businesses; a high velocity inside-sales team that is focused on acquiring new customers; a customer success team that handles new customer on-boarding and expansions in existing customers; and a partner team that works with resellers, distributors and managed service providers. Each of these teams is further split regionally for geographic coverage across Americas, APAC and EMEA. The sales teams work with marketing to actively pursue leads generated from marketing programs and help take prospective customers through an evaluation and purchase process.

We sell to organizations of all sizes across a broad range of industries and make it easy for developers and IT operations teams to begin using our platform. As a result of the viral nature and ease of use of our platform, our products are able to capitalize on the decision-making power of the developer community to initially land with development and IT operation teams and then spread organically to broader teams. Our relationships within customer organizations often grow beyond the initial users of the technology to include senior technology and business decision-makers. We also engage with our customers on an ongoing basis through a customer success team, to ensure customer satisfaction and to help expand their usage of our platform. In addition, we have select resellers, managed service providers and partners who sell our products.

Our customer success team manages the relationships of our customers, primarily focused on those that come from the inside sales channel, and through partnership with the enterprise sales force. In addition to being a day-to-day contact for our customers, our customer success team drives renewals, upsells and cross-sells. As key drivers of our land-and-expand business model, customer success employees ensure customers are receiving value from our platform, while supporting a growing relationship over time through increased usage of our platform and adoption of newer platform products.

We focus our multi-touch marketing efforts on the strength of our product innovation, the value we provide and our domain expertise. We target the development and IT operations community through our marketing activities, using diverse tactics to connect with prospective customers, such as content marketing, email

marketing, events, digital advertising, social media, public relations, partner marketing and community initiatives. We offer prospective customers free trials to help them understand the power of our platform. Once a prospective customer is trialing Datadog, our sales efforts aim to land an initial purchase, which we then work to expand into broader use cases, increased environment footprints and new product adoption. We also host and present at regional, national and global events, including our Dash conference, to engage both customers and prospects, deliver product training, share best practices and foster community. Our technical leaders and evangelists frequently speak as subject matter experts at market-leading developer events such as DevOpsDays and AWS re:Invent.

As of June 30, 2019, we had 474 employees in our sales and marketing organization, including sales development, field sales, sales engineering, business development, sales operations, sales strategy, customer success and marketing personnel. We intend to continue to invest in our sales and marketing capabilities to capitalize on our market opportunity.

Research and Development

Our research and development organization is responsible for the design, development, testing and delivery of new technologies, features and integrations of our platform, as well as the continued improvement and iteration of our existing products. It is also responsible for operating and scaling our platform including the underlying cloud infrastructure. Our most significant investments are in research and development to drive core technology innovation and bring new products to market. Research and development employees are located primarily in our New York and Paris offices, as well as remotely distributed.

Our research and development team consists of our software engineering, user experience, product management, development and site reliability engineering teams. As of June 30, 2019, we had 462 employees in our research and development organization. We intend to continue to invest in our research and development capabilities to extend our platform and products.

Our Competition

The worldwide monitoring and analytics market is and has been highly competitive for decades and is rapidly evolving. We compete on the basis of a number of factors, including:

- ability to provide unified, real-time observability of IT environments;
- ability to operate in dynamic and elastic environments;
- extensibility across the enterprise, including development, operations and business users;
- propensity to enable collaboration between development, operations and business users;
- ability to monitor any combination of public clouds, private clouds, on-premise and multi-cloud hybrids;
- ability to provide advanced analytics and machine learning;
- ease of deployment, implementation and use;
- breadth of offering and key technology integrations;
- performance, security, scalability and reliability;
- quality of service and customer satisfaction;
- total cost of ownership; and
- brand recognition and reputation.

Our unified platform combines functionality from numerous traditional product categories, and hence we compete in each of these categories with different vendors:

- With respect to on-premise infrastructure monitoring, we compete with diversified technology companies and systems management vendors including IBM, Microsoft Corporation, Micro Focus International plc, BMC Software, Inc. and Computer Associates International, Inc.
- With respect to APM, we compete with Cisco Systems, Inc., New Relic, Inc. and Dynatrace Software Inc.
- With respect to Log management, we compete with Splunk Inc. and Elastic N.V.
- With respect to Cloud monitoring, we compete with native solutions from cloud providers such as Amazon.com, Inc. (AWS), Alphabet Inc. (GCP) and Microsoft Corporation (Azure).

Additionally, we compete with home-grown and open-source technologies across the categories described above. We believe that we compete favorably with respect to the factors listed above. However, many of our competitors have greater financial, technical and other resources, greater brand recognition, larger sales forces and marketing budgets, broader distribution networks, more diverse product and services offerings and larger and more mature intellectual property portfolios. They may be able to leverage these resources to gain business in a manner that discourages customers from purchasing our offerings. Furthermore, we expect that our industry will continue to attract new companies, including smaller emerging companies, which could introduce new offerings. We may also expand into new markets and encounter additional competitors in such markets.

Our Employees

As of June 30, 2019, we had 1,212 employees operating across 24 countries. None of our employees are represented by a labor union with respect to his or her employment. In certain countries in which we operate, such as France, we are subject to, and comply with, local labor law requirements, which may automatically make our employees subject to industry-wide collective bargaining agreements. We have not experienced any work stoppages and we consider our relations with our employees to be good.

Intellectual Property

Intellectual property rights are important to the success of our business. We rely on a combination of patent, copyright, trademark and trade secret laws in the United States and other jurisdictions, as well as license agreements, confidentiality procedures, non-disclosure agreements with third parties, and other contractual protections, to protect our intellectual property rights, including our proprietary technology, software, know-how and brand. We use open source software in our services. Our proprietary API and the agent used by customers to upload data to our platform are licensed by us on an open source basis.

As of June 30, 2019, we own three patent applications pending for examination in the United States and no non-U.S. patents or patent applications. The pending U.S. patent applications, if issued, would be scheduled to expire in 2038 and 2039. Despite our pending U.S. patent applications, there can be no assurance that our patent applications will result in issued patents. As of June 30, 2019, we own two registered trademarks in the United States and six registered trademarks in various non-U.S. jurisdictions. However, as we have expanded internationally, we have been unable to register or obtain the right to use the Datadog trademark in certain jurisdictions, and as we continue to expand may face similar issues in other jurisdictions.

Although we rely on intellectual property rights, including patents, copyrights, trademarks and trade secrets, as well as contractual protections to establish and protect our proprietary rights, we believe that factors such as the technological and creative skills of our personnel, creation of new services, features and functionality, and frequent enhancements to our platform are more essential to establishing and maintaining our technology leadership position.

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We control access to and use of our proprietary technology and other confidential information through the use of internal and external controls, including contractual protections with employees, contractors, customers and partners. We require our employees, consultants and other third parties to enter into confidentiality and proprietary rights agreements and we control and monitor access to our software, documentation, proprietary technology and other confidential information. Our policy is to require all employees and independent contractors to sign agreements assigning to us any inventions, trade secrets, works of authorship, developments, processes and other intellectual property generated by them on our behalf and under which they agree to protect our confidential information. In addition, we generally enter into confidentiality agreements with our customers and partners. See the section titled “Risk Factors” for a more comprehensive description of risks related to our intellectual property.

Our Facilities

Our headquarters is located in New York City, where we lease approximately 97,000 square feet pursuant to three separate subleases. One of these subleases, for approximately 33,000 square feet, will expire in September 2022. The other two subleases, together for approximately 64,000 square feet, will expire in December 2023. We have other offices including Boston, Dublin and Paris. These offices are leased and we do not own any real property. We believe that our current facilities are adequate to meet our current needs.

Legal Proceedings

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition. Defending such proceedings is costly and can impose a significant burden on management and employees. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

MANAGEMENT

The following table sets forth information for our executive officers and directors as of September 6, 2019:

<u>Name</u>	<u>Age</u>	<u>Position</u>
<i>Executive Officers:</i>		
Olivier Pomel	42	Chief Executive Officer, Co-Founder and Director
Alexis Lê-Quôc	44	President, Chief Technology Officer, Co-Founder and Director
Amit Agarwal	45	Chief Product Officer
David Obstler	59	Chief Financial Officer
Dan Fougere	48	Chief Revenue Officer
Laszlo Kopits	54	General Counsel
Armelle de Madre	49	Chief People Officer
<i>Non-Employee Directors:</i>		
Michael Callahan	50	Director
Matthew Jacobson	35	Director
Dev Ittycheria	52	Director
Julie Richardson	56	Director
Shardul Shah	36	Director

Executive Officers

Olivier Pomel is one of the co-founders of our company and has served as our Chief Executive Officer and a member of our board of directors since June 2010. Prior to co-founding Datadog, Mr. Pomel was Vice President of Technology at Wireless Generation, Inc., a SaaS technology company, from 2002 until its acquisition by News Corp in 2010. Previously, Mr. Pomel held engineering positions at a number of technology and software companies, including IBM Research. Mr. Pomel received his M.S. in Computer Science from Ecole Centrale Paris. We believe Mr. Pomel is qualified to serve as a member of our board of directors because of his experience building and leading our business and his insight into corporate matters as our Chief Executive Officer.

Alexis Lê-Quôc is one of the co-founders of our company and has served as our President, Chief Technology Officer and a member of our board of directors since June 2010. Prior to co-founding Datadog, Mr. Lê-Quôc worked at Wireless Generation from March 2004 to December 2010, where he most recently served as Director of Live Operations. Previously, Mr. Lê-Quôc held engineering positions at a number of technology and software companies, including IBM Research and France Télécom S.A. Mr. Lê-Quôc received his M.S. in Computer Science from Centrale Supélec. We believe Mr. Lê-Quôc is qualified to serve as a member of our board of directors because of his experience building and leading the development of our technology and his insight into our business as our Chief Technology Officer.

Amit Agarwal has served as our Chief Product Officer since April 2012. Prior to Datadog, Mr. Agarwal held senior product management and engineering positions at a number of software companies, including Quest Software and IBM. Mr. Agarwal received his M.B.A. in General Management from York University and his M.S. in Computer Science from Dalhousie University.

David Obstler has served as our Chief Financial Officer since November 2018. Prior to joining us, Mr. Obstler held Chief Financial Officer positions at a number of other companies including TravelClick, Inc., a hospitality technology company, where he served from September 2014 to October 2018, OpenLink Financial LLC, a financial services software provider, where he served from November 2012 to July 2014, MSCI Inc., a financial index and investment management software company, where he served from June 2010 to September

2012, and Risk Metrics Group, Inc., a risk management and corporate governance service provider, where he served from January 2005 to June 2010. Earlier in his career, Mr. Obstler held various investment banking positions at J.P. Morgan, Lehman Brothers and Goldman Sachs. Mr. Obstler received his M.B.A. from Harvard Business School and his B.A. from Yale University.

Dan Fougere has served as our Chief Revenue Officer since February 2017. Prior to joining us, Mr. Fougere held various roles at Medallia, Inc., a SaaS-based customer feedback company, including Head of Global Sales from September 2016 to January 2017 and Vice President of Sales from April 2012 to August 2016. From April 2008 to April 2012, Mr. Fougere was Area Director at BMC Software, Inc., an information technology and services company. Earlier in his career, Mr. Fougere held sales positions at various technology companies including Actuate Corporation, BladeLogic Server Automation and Parametric Technology Corp. Mr. Fougere received his B.S. in Mechanical Engineering from Rensselaer Polytechnic Institute.

Laszlo Kopits has served as our General Counsel since January 2018, and prior to that as our Deputy General Counsel from February 2017. Mr. Kopits served as a Director of Fluence Learning, LLC, an education technology company producing instructional assessment content and technology, from April 2016 to August 2017. Previously, Mr. Kopits worked at Wireless Generation and, after its acquisition by News Corp., Amplify Education, Inc., where he served as General Counsel from January 2006 to December 2015, and most recently as Executive Vice President. Earlier in his career, Mr. Kopits held legal positions at Thomson Reuters Corp. and Weil Gotshal & Manges LLP. Mr. Kopits received his J.D. from Stanford Law School and his M.A. in International Relations from Johns Hopkins University.

Armelle de Madre has served as our Chief People Officer since September 2019. Prior to joining us, Ms. Madre held various roles at Arkadin Cloud Communications, a provider of cloud communication services, including Chief People Officer from April 2017 to August 2019, Vice President of Human Resources for Europe, the Middle East and Africa from January 2011 to November 2015 and Vice President of Marketing for Europe, the Middle East and Africa from December 2015 to March 2017. Prior to Arkadin, Ms. Madre was a Strategy and Social Innovation Director at Schneider Electric France SAS, an electrical equipment company, from June 2010 to January 2011. Ms. Madre began her career at Renault-Nissan Alliance, where she held multiple positions from 1993 through 2009. Ms. Madre received her B.A. in Economics from the Columbia University and her Masters from HEC Paris.

Non-Employee Directors

Michael Callahan has served as a member of our board of directors since June 2011. Mr. Callahan served as Chief Executive Officer of Awake Security, Inc., a private cyber security company that he co-founded, from August 2014 to July 2018. From September 2011 to August 2014, Mr. Callahan was an Entrepreneur in Residence at Greylock Partners. Earlier in his career, Mr. Callahan was Chief Technologist for Enterprise NAS at Hewlett Packard from April 2007 to October 2009; Chief Technology Officer and co-founder of PolyServe, a software company, from May 2000 to April 2007; and Director of Advanced Development at Ask Jeeves, a search engine, from January 1999 to May 2000. Mr. Callahan received his A.B. in Social Studies from Harvard University and was a Rhodes Scholar and Junior Research Fellow in mathematics at the University of Oxford. We believe that Mr. Callahan is qualified to serve as a member of our board of directors because of his extensive experience in the technology industry.

Dev Ittycheria has served as a member of our board of directors since February 2014. Mr. Ittycheria has served as President and Chief Executive Officer of MongoDB, Inc. and as a member of its board of directors since September 2014. Prior to joining MongoDB, Mr. Ittycheria served as a Managing Director at OpenView Venture Partners, a venture capital firm, from October 2013 to September 2014. From February 2012 to June 2013, Mr. Ittycheria served as Venture Partner at Greylock Partners, a venture capital firm. From April 2008 to February 2010, Mr. Ittycheria served as President-Enterprise Management at BMC Software, Inc., a computer software company, which he joined in connection with its acquisition of BladeLogic, Inc., a computer software

company that Mr. Ittycheria co-founded and for which he served as Chief Executive Officer. Mr. Ittycheria previously served on the board of directors of athenahealth, Inc., a public cloud-based services company, from June 2010 to February 2019; Bazaarvoice, Inc., a public software company, from January 2010 to August 2014; and AppDynamics, Inc., a private software company, from March 2011 until its acquisition by Cisco Systems, Inc. in March 2017. Mr. Ittycheria received his B.S. in Electrical Engineering from Rutgers University. We believe that Mr. Ittycheria is qualified to serve as a member of our board of directors because of his experience in building and leading high-growth businesses and his service on the boards of multiple public companies.

Matthew Jacobson has served as a member of our board of directors since July 2019, and previously served as a board observer from December 2015 through July 2019. He is a General Partner and a Managing Director at ICONIQ Capital, an investment and venture capital firm, where he has worked since September 2013 and sits on the firm's investment and management committees. Mr. Jacobson currently serves on the boards of a number of private technology companies, including Snowflake Inc., GitLab Inc., Collibra NV, BambooHR LLC, Braze, Inc., Sprinklr Inc., Relativity ODA LLC, InVisionApp Inc., Highspot, Inc., Smile Family, Inc. d.b.a. SendBird, Inc. and Intercom Inc. Mr. Jacobson previously served on the board of directors of Twistlock Inc. from August 2018 to July 2019 and as a shareholder representative for Adyen NV from September 2015 to June 2018. Prior to ICONIQ Capital, Mr. Jacobson held operating roles at Groupon and investing roles at Battery Ventures and Technology Crossover Ventures. He began his career as an investment banker at Lehman Brothers. Mr. Jacobson received his B.S. in Economics with concentrations in Finance and Management from The Wharton School at the University of Pennsylvania. We believe that Mr. Jacobson is qualified to serve as a member of our board of directors because of his extensive experience in the venture capital and technology industries.

Julie G. Richardson has served as a member of our board of directors since May 2019. From November 2012 to October 2014, Ms. Richardson was a Senior Adviser to Providence Equity Partners LLC, a global asset management firm. From April 2003 to November 2012, Ms. Richardson was a Partner and Managing Director at Providence Equity, a private equity investment fund, and oversaw its New York office. Prior to Providence Equity, Ms. Richardson served as Global Head of JP Morgan's Telecom, Media and Technology Group, and was previously a Managing Director in Merrill Lynch & Co.'s investment banking group. Ms. Richardson has served on the board of directors of The Hartford Financial Group, a publicly held insurance and financial services company, since January 2014, VEREIT, Inc., a publicly held real estate investment operating property company, since April 2015, UBS Group AG, a publicly held financial services company, since May 2017, and Yext Inc., a technology and online brand management company, since May 2015. Ms. Richardson previously served on the boards of directors of Stream Global Services, Inc. from 2009 to 2012 and Arconic, Inc. from 2016 to 2018. Ms. Richardson holds a B.B.A from the University of Wisconsin Madison. We believe that Ms. Richardson is qualified to serve as a member of our board of directors because of her investment management and financial services experience, and her extensive experience serving on public company boards.

Shardul Shah has served as a member of our board of directors since November 2012. He is a partner at Index Ventures, a venture capital firm, where he has worked since 2008. Mr. Shah currently serves on the board of directors of a number of private technology companies, including AttackIQ, Inc., Brightback Inc., Castle Intelligence, Inc., and Iterable, Inc. Mr. Shah previously served on the board of directors of private technology companies Adallom Ltd., FutureSimple Inc. (previously Base CRM), Lagoon Mobile Security and SourceClear Inc. and is an observer at Outbrain Inc. Prior to Index Ventures, Mr. Shah began his career as an associate at Summit Partners, a venture capital fund, where he worked from July 2005 to January 2008. Mr. Shah received his B.A. in Economics and Biology from the University of Chicago. We believe that Mr. Shah is qualified to serve as a member of our board of directors because of his experience in the venture capital industry and his knowledge of infrastructure, security and software.

Composition of Our Board of Directors

Our business and affairs are managed under the direction of our board of directors. We currently have seven directors. All of our directors currently serve on the board of directors pursuant to the provisions of a voting

agreement between us and certain of our investors including entities affiliated with Index Ventures, OpenView Venture Partners, ICONIQ Strategic Partners and RTP Ventures. Pursuant to the voting agreement, our Series A convertible preferred stockholders have the right to appoint two directors and our Series B convertible preferred stockholders have the right to appoint one director. The current members of our board of directors designated by our Series A convertible preferred stockholders are Matthew Jacobson and Shardul Shah. The current member of our board of directors designated by our Series B convertible preferred stockholders is Dev Ittycheria. This agreement will terminate upon the completion of this offering, after which there will be no further contractual obligations regarding the election of our directors. Following the completion of this offering, no stockholder will have any special rights regarding the election or designation of members of our board of directors. Our current directors will continue to serve as directors until their resignation, removal or successor is duly elected.

Our board of directors may establish the authorized number of directors from time to time by resolution. In accordance with our amended and restated certificate of incorporation that will be in effect on the completion of this offering, immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- the Class I directors will be Olivier Pomel, Dev Ittycheria and Shardul Shah, whose terms will expire at the first annual meeting of stockholders to be held in 2020;
- the Class II directors will be Alexis Lê-Quốc and Michael Callahan, whose terms will expire at the second annual meeting of stockholders to be held in 2021; and
- the Class III directors will be Julie Richardson and Matthew Jacobson, whose terms will expire at the third annual meeting of stockholders to be held in 2022.

We expect that any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning her or his background, employment and affiliations, our board of directors has determined that Michael Callahan, Matthew Jacobson, Dev Ittycheria, Julie Richardson and Shardul Shah do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under the listing standards. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our shares by each non-employee director and the transactions described in the section titled “Certain Relationships and Related Party Transactions.”

Committees of Our Board of Directors

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

Audit Committee

Our audit committee consists of Julie Richardson, Shardul Shah and Matthew Jacobson. Our board of directors has determined that each of Julie Richardson, Shardul Shah and Matthew Jacobson satisfies the independence requirements under Nasdaq listing standards and Rule 10A-3(b)(1) of the Exchange Act. The chair of our audit committee is Julie Richardson, who our board of directors has determined is an “audit committee financial expert” within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, our board of directors has examined each audit committee member’s scope of experience and the nature of their employment in the corporate finance sector.

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

- selecting a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- helping to ensure the independence and performance of the independent registered public accounting firm;
- helping to maintain and foster an open avenue of communication between management and the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent accountants, our interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing our policies on risk assessment and risk management;
- reviewing related party transactions;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually, that describes its internal quality-control procedures, any material issues with such procedures, and any steps taken to deal with such issues when required by applicable law; and
- approving (or, as permitted, pre-approving) all audit and all permissible non-audit services to be performed by the independent registered public accounting firm.

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

Compensation Committee

Our compensation committee consists of Michael Callahan, Dev Ittycheria and Julie Richardson. The chair of our compensation committee is Michael Callahan. Our board of directors has determined that each of Michael Callahan, Dev Ittycheria and Julie Richardson is independent under Nasdaq listing standards, a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act.

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

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

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- reviewing and recommending to our board of directors the compensation of our directors;
- administering our equity and non-equity incentive plans;
- reviewing our practices and policies of employee compensation as they relate to risk management and risk-taking incentives;
- reviewing and evaluating succession plans for the executive officers;
- reviewing and approving, or recommending that our board of directors approve, incentive compensation and equity plans; and
- reviewing and establishing general policies relating to compensation and benefits of our employees and reviewing our overall compensation philosophy.

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

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee will consist of Matthew Jacobson, Dev Ittycheria and Shardul Shah. The chair of our nominating and corporate governance committee will be Matthew Jacobson. Our board of directors has determined that each member of the nominating and corporate governance committee is independent under Nasdaq listing standards.

The nominating and corporate governance committee's responsibilities include, among other things:

- identifying, evaluating, and selecting, or recommending that our board of directors approve, nominees for election to our board of directors and its committees;
- approving the retention of director search firms;
- evaluating the performance of our board of directors and of individual directors;
- considering and making recommendations to our board of directors regarding the composition of our board of directors and its committees;
- evaluating the adequacy of our corporate governance practices and reporting; and
- overseeing an annual evaluation of the board's performance.

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

Code of Conduct

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

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee are currently, or have been at any time, one of our officers or employees. None of our executive officers currently serve, or have served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Non-Employee Director Compensation

The following table sets forth information regarding compensation earned by or paid to our non-employee directors for the year ended December 31, 2018:

Name	Fees Earned or Paid in Cash	Option Awards ⁽¹⁾	Total
Michael Callahan	\$ —	\$ —	\$ —
Dev Ittycheria	—	814,399	814,399
Matthew Jacobson ⁽²⁾	—	—	—
Julie Richardson	—	—	—
Shardul Shah	—	—	—
Kirill Sheynkman ⁽³⁾	—	—	—

(1) Amount reported represent the aggregate grant date fair value of stock options granted to our directors during 2018 under our 2012 Plan, computed in accordance with Financial Accounting Standard Board Accounting Standards Codification, Topic 718, or ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the non-employee director.

(2) Mr. Jacobson joined our board of directors in July 2019.

(3) Mr. Sheynkman resigned from our board of directors in July 2019.

Each of Mr. Pomel, our co-founder and Chief Executive Officer, and Mr. Lê-Quốc, our co-founder, President and Chief Technology Officer, is also a member of our board of directors but does not receive any additional compensation for his service as a director. See the section titled “Executive Compensation” for more information regarding the compensation earned by these executive officers.

Non-Employee Director Compensation Policy

In anticipation of this offering and the increased responsibilities of our non-employee directors as directors of a public company, our board of directors adopted our Non-Employee Director Compensation Policy, or the policy, to become effective upon the execution of the underwriting agreement related to this offering. Under the policy, each of our non-employee directors will be eligible to receive compensation for service on our board of directors and committees of our board of directors.

Cash Compensation

Commencing on the date of the execution of the underwriting agreement related to this offering, the policy will provide our non-employee directors with the following cash compensation for their services:

- \$30,000 per year for each non-employee director;
- \$45,000 per year for the lead non-employee director (if applicable) in lieu of the annual amount above;
- \$20,000 per year for chair of the audit committee or \$10,000 per year for each other member of the audit committee;
- \$14,000 per year for chair of the compensation committee or \$7,000 per year for each other member of the compensation committee; and
- \$7,500 per year for chair of the nominating and corporate governance committee or \$4,000 per year for each other member of the nominating and corporate governance committee.

The cash compensation above will be payable to our eligible non-employee directors in equal quarterly installments in arrears, prorated for any partial quarter of service.

Equity Compensation

In addition to the cash compensation structure described above, the policy provides for the following equity incentive compensation program for non-employee directors, commencing on the date of the execution of the

underwriting agreement related to this offering. All such equity compensation will be granted under the 2019 Plan or any successor equity plan.

Retainer Grant. Each non-employee director may elect to convert his or her cash compensation under the policy for the first calendar quarter that commences after the date of the execution of the underwriting agreement related to this offering and any subsequent calendar quarter into an award of restricted stock units, or the retainer grant. If a non-employee director timely makes this election, each such retainer grant will be automatically granted on the first business day following the date the corresponding cash compensation otherwise would be paid under the policy. Each retainer grant will cover a number of shares of our Class A common stock equal to (A) the aggregate amount of the corresponding cash compensation otherwise payable to the non-employee director divided by (B) the closing sales price per share of our Class A common stock on the date the corresponding cash compensation otherwise would be paid (or, if such date is not a business day, on the first business day thereafter), rounded down to the nearest whole share. In addition, each retainer grant will be fully vested on the grant date.

Initial Grant. Each non-employee director who first joins our board of directors after the date of the execution of the underwriting agreement related to this offering will automatically, upon the date of his or her initial election or appointment to be a non-employee director (or, if such date is not a business day, on the first business day thereafter), be granted a one-time, initial restricted stock unit award, or the initial grant, covering a number of shares of our Class A common stock equal to (A) \$350,000 divided by (B) the closing sales price per share of our Class A common stock on the applicable grant date, rounded down to the nearest whole share. Each initial grant will vest in three equal annual installments over the three-year period following the grant date, subject to continued service through each applicable vesting date.

Delayed Incumbent Director Grant. Each person who has served as a non-employee director through the six-month period ending on the date of the execution of the underwriting agreement related to this offering and holds one or more outstanding and unvested equity awards on the last day of such period, or an existing equity award, will automatically be granted a restricted stock unit award, or the delayed incumbent director grant, on the date immediately following the date that all of the existing equity awards held by the applicable non-employee director have become fully vested (or, if such date is not a business day, the first business day thereafter). Each delayed incumbent director grant will cover a number of shares of our Class A common stock equal to (A) \$175,000 multiplied by the fraction obtained by dividing (1) the total number of days following the date that all of the existing equity awards held by the applicable non-employee director had become fully vested through and including May 31, 2020 by (2) 365 days, divided by (B) the initial per share price to the public of our Class A common stock, rounded down to the nearest whole share. Each delayed incumbent director grant will vest on the earlier of May 31, 2020 or the date of our next annual stockholder meeting following the grant date, subject to continued service through the vesting date.

Annual Grant. On the date of each annual meeting of our stockholders following the date of the execution of the underwriting agreement related to this offering, each person who is then a non-employee director of ours will automatically be granted an annual restricted stock unit award, or the annual grant, covering a number of shares of our Class A common stock equal to (A) \$175,000 divided by (B) the closing sales price per share of our Class A common stock on the date of the applicable annual stockholder meeting (or, if such date is not a business day, the first business day thereafter). Each annual grant will vest on the earlier of the one-year anniversary of the award's grant date or the date of our next annual stockholder meeting following the award's grant date, subject to continued service through the vesting date.

Each non-employee director's then-outstanding equity awards granted under the policy (and any other then-outstanding equity awards held by the non-employee director that were outstanding and unvested immediately prior to the date of the execution of the underwriting agreement related to this offering) will become fully vested upon a change in control (as defined in our 2019 Plan), subject to the non-employee director remaining in continuous service until immediately prior to the closing of the change in control.

EXECUTIVE COMPENSATION

Our named executive officers, consisting of our principal executive officer and the next two most highly compensated executive officers, as of December 31, 2018, were:

- Olivier Pomel, Co-Founder and Chief Executive Officer;
- David Obstler, Chief Financial Officer; and
- Laszlo Kopits, General Counsel

2018 Summary Compensation Table

The following table presents all of the compensation awarded to or earned by or paid to our named executive officers for the year ended December 31, 2018.

Name and Principal Position	Salary	Bonus ⁽¹⁾	Option Awards ⁽²⁾	Non-Equity Incentive Plan Compensation ⁽³⁾	All Other Compensation ⁽⁴⁾	Total
Olivier Pomel <i>Co-Founder and Chief Executive Officer</i>	\$300,000	\$ —	\$ —	\$ 147,791	\$ 240	\$ 448,031
David Obstler <i>Chief Financial Officer</i>	58,333 ⁽⁵⁾	60,000	7,449,033	51,727	129	7,619,222
Laszlo Kopits <i>General Counsel</i>	299,391	—	732,649	62,500	552	1,095,092

(1) Amounts shown represent a one-time signing bonus awarded to Mr. Obstler.

(2) Amounts reported represents the aggregate grant date fair value of stock options granted to our executive officer during 2018 under our 2012 Plan, computed in accordance with ASC Topic 718. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the executive officer.

(3) Amounts shown represent the executive officers' total bonuses earned for 2018 based on the achievement of company performance goals as determined by our board of directors.

(4) Amounts shown represent life insurance premiums paid by us on behalf of the executive officer.

(5) Mr. Obstler joined us in November 2018. Amount represents the pro rata portion of his 2018 annual base salary as set forth in the section titled "—Employment Arrangements."

Outstanding Equity Awards as of December 31, 2018

The following table sets forth certain information about outstanding equity awards granted to our named executive officers that remain outstanding as of December 31, 2018.

Name	Grant Date ⁽¹⁾	Option Awards ⁽¹⁾		Option Exercise Price	Option Expiration Date
		Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable		
Olivier Pomel	10/27/2015	4,507,200	—	\$0.3067	10/26/2025
	10/25/2017	567,000	729,000 ⁽²⁾	0.9092	10/24/2027
David Obstler	9/6/2018	1,200,000 ⁽³⁾	—	1.55	9/5/2028
Laszlo Kopits	10/25/2017	34,992	85,008 ⁽⁴⁾	0.9092	10/24/2027

- (1) All option awards listed in this table were granted pursuant to our 2012 Plan, the terms of which are described below under “—Equity Incentive Plans—2012 Equity Incentive Plan.”
- (2) 25% of the shares underlying this option vested on March 1, 2018, with the remaining shares vesting in equal monthly installments over the next three years, subject to the executive officer’s continuous service through each such vesting date.
- (3) 25% of the shares underlying this option vest on September 6, 2019, with the remaining shares vesting in equal monthly installments over the next three years, subject to the executive officer’s continuous service through each such vesting date. This option is immediately exercisable, subject to our right to repurchase unvested shares in the event that Mr. Obstler’s employment with us terminates.
- (4) 25% of the shares underlying this option vested on October 1, 2018, with the remaining shares vesting in equal monthly installments over the next three years, subject to the executive officer’s continuous service through each such vesting date.

Employment Arrangements

We have entered into offer letters with each of our named executive officers, the terms of which are described below. Each of our named executive officers has also executed our standard form of proprietary information and inventions agreement.

Olivier Pomel. In 2011, we entered into an offer letter with Olivier Pomel, our Chief Executive Officer. The offer letter has no specific term and provides for at-will employment. Mr. Pomel’s current annual base salary is \$300,000.

David Obstler. In 2018, we entered into an offer letter with David Obstler, our Chief Financial Officer. The offer letter has no specific term and provides for at-will employment. Mr. Obstler’s current annual base salary is \$350,000, and he is currently eligible for a target annual discretionary performance bonus of up to 60% of his annual base salary, based on individual and corporate performance goals. In addition, pursuant to the terms of Mr. Obstler’s offer letter, we paid him a one-time signing bonus of \$60,000, which bonus Mr. Obstler must fully repay if he resigns without “good reason” or we terminate his employment for “cause” (each as defined in his offer letter), in each case prior to completing 12 months of service with us.

Under Mr. Obstler’s offer letter, if he resigns for good reason or we terminate his employment other than for cause, death or “permanent disability” (as defined in his offer letter), then Mr. Obstler will be eligible to receive the following severance benefits (less applicable tax withholdings): (1) six months of base salary paid in accordance with our regular payroll practices; (2) a prorated target bonus for the greater of the portion of the applicable calendar year during which he was employed or six months, payable pro rata over the six month severance period; and (3) payment on his behalf of the premiums for him and his eligible dependents to continue coverage under our group health plan pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 for a period of up to six months following the date his employment terminates. As a condition to receiving the severance benefits above, Mr. Obstler must sign and not revoke a general release agreement in a form reasonably acceptable to us within the time period set forth in his offer letter. Further, if Mr. Obstler resigns for good reason or we terminate Mr. Obstler’s employment without cause, in either case within 12 months of a change in control, 100% of the shares subject to the option granted to him in September 2018 will vest and become exercisable. In addition, if the unvested portion of such option is cancelled without payment or issuance of substitute options upon the closing of a change in control, Mr. Obstler will become entitled to receive a cash payment equal to the amount, if any, that he would have received as a cash-out payment at the closing of such transaction as if the unvested portion of the option had been vested at such closing.

Laszlo Kopits. In 2017, we entered into an offer letter with Laszlo Kopits, our General Counsel. The offer letter has no specific term and provides for at-will employment. Mr. Kopits’s current annual base salary is \$300,000.

Executive Severance Agreements

We intend to enter into an executive severance agreement with each of our named executive officers. These agreements will become effective only upon the completion of this offering. The agreements provide that upon a termination by us without “cause” or by the executive due to “good reason” (each as defined in the agreement),

the executive will receive a lump sum payment equal to the sum of six months of base salary and 50% of the executive's target bonus, as well as continued payment of COBRA premiums for six months (or, if earlier, until the date that the executive is eligible for substantially equivalent coverage under a subsequent employer's plan). If such termination of employment occurs within three months prior to, or 12 months following, a "change in control" (as defined in the agreement), the executive will instead receive a lump sum payment equal to the sum of 12 months of base salary and 100% of the executive's target bonus, as well as continued payment of COBRA premiums for 12 months (or, if earlier, when the executive is eligible for substantially equivalent coverage under a subsequent employer's plan), and will also receive 100% vesting of equity awards. However, performance-based equity awards will not be subject to this acceleration, and awards granted prior to the completion of this offering will be subject to this acceleration only to the extent more favorable than the existing terms of such awards. In addition, Mr. Obstler's executive severance agreement will apply only to the extent more favorable than the terms of his offer letter. See "Employment Arrangements" above.

Equity Incentive Plans

2019 Equity Incentive Plan

Our board of directors adopted, and our stockholders approved, our 2019 Plan in September 2019. Our 2019 Plan is a successor to and continuation of our 2012 Plan. Our 2019 Plan will become effective on the date of the underwriting agreement related to this offering. The 2019 Plan came into existence upon its adoption by our board of directors, but no grants will be made under the 2019 Plan prior to its effectiveness. Once the 2019 Plan is effective, no further grants will be made under the 2012 Plan.

Awards. Our 2019 Plan provides for the grant of incentive stock options, or ISOs, within the meaning of Section 422 of the Code to employees, including employees of any parent or subsidiary, and for the grant of nonstatutory stock options, or NSOs, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards and other forms of awards to employees, directors and consultants, including employees and consultants of our affiliates.

Authorized Shares. Initially, the maximum number of shares of our Class A common stock that may be issued under our 2019 Plan after it becomes effective will not exceed 70,296,733 shares of our Class A common stock, which is the sum of (1) 30,250,000 new shares of our Class A common stock, plus (2) an additional number of shares of our Class A common stock not to exceed (A) the number of shares that remain available for the issuance of stock awards under our 2012 Plan as of immediately prior to the time our 2019 Plan becomes effective and (B) the number of shares subject to outstanding stock awards granted under our 2012 Plan that, on or after the date the 2019 Plan becomes effective, expire or otherwise terminate prior to exercise or settlement; are not issued because the stock award is settled in cash; are forfeited or repurchased because of the failure to vest; or are reacquired or withheld to satisfy a tax withholding obligation or the purchase or exercise price, if any, as such shares become available from time to time, provided that any such shares described in clauses (A) and (B) above that are shares of our Class B common stock will be added to the share reserve of our 2019 Plan as shares of our Class A common stock. In addition, the number of shares of our Class A common stock reserved for issuance under our 2019 Plan will automatically increase on January 1 of each year, starting on January 1, 2020 through January 1, 2029, in an amount equal to (1) 5% of the total number of shares of our common stock (both Class A and Class B) outstanding on December 31 of the preceding year, or (2) a lesser number of shares of our Class A common stock determined by our board of directors prior to the date of the increase. The maximum number of shares of our Class A common stock that may be issued on the exercise of ISOs under our 2019 Plan is 210,890,199 shares.

Shares subject to stock awards granted under our 2019 Plan that expire or terminate without being exercised or otherwise issued in full or that are paid out in cash rather than in shares do not reduce the number of shares available for issuance under our 2019 Plan. Shares withheld under a stock award to satisfy the exercise, strike or purchase price of a stock award or to satisfy a tax withholding obligation do not reduce the number of shares

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available for issuance under our 2019 Plan. If any shares of our Class A common stock issued pursuant to a stock award are forfeited back to or repurchased or reacquired by us (1) because of the failure to vest, (2) to satisfy the exercise, strike or purchase price, or (3) to satisfy a tax withholding obligation in connection with an award, the shares that are forfeited or repurchased or reacquired will revert to and again become available for issuance under the 2019 Plan. Any shares previously issued which are reacquired in satisfaction of tax withholding obligations or as consideration for the exercise or purchase price of a stock award will again become available for issuance under the 2019 Plan.

Plan Administration. Our board of directors, or a duly authorized committee of our board of directors, will administer our 2019 Plan and is referred to as the “plan administrator” herein. Our board of directors may also delegate to one or more of our officers the authority to (1) designate employees (other than officers) to receive specified stock awards and (2) determine the number of shares subject to such stock awards. Under our 2019 Plan, our board of directors has the authority to determine award recipients, grant dates, the numbers and types of stock awards to be granted, the applicable fair market value, and the provisions of each stock award, including the period of exercisability and the vesting schedule applicable to a stock award.

Under the 2019 Plan, the board of directors also generally has the authority to effect, with the consent of any materially adversely affected participant, (1) the reduction of the exercise, purchase, or strike price of any outstanding option or stock appreciation right; (2) the cancellation of any outstanding option or stock appreciation right and the grant in substitution therefore of other awards, cash, or other consideration; or (3) any other action that is treated as a repricing under generally accepted accounting principles.

Stock Options. ISOs and NSOs are granted under stock option agreements adopted by the plan administrator. The plan administrator determines the exercise price for stock options, within the terms and conditions of the 2019 Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of our Class A common stock on the date of grant. Options granted under the 2019 Plan vest at the rate specified in the stock option agreement as determined by the plan administrator.

The plan administrator determines the term of stock options granted under the 2019 Plan, up to a maximum of 10 years. Unless the terms of an optionholder’s stock option agreement provide otherwise, if an optionholder’s service relationship with us or any of our affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. This period may be extended in the event that exercise of the option is prohibited by applicable securities laws. If an optionholder’s service relationship with us or any of our affiliates ceases due to death, or an optionholder dies within a certain period following cessation of service, the optionholder or a beneficiary may generally exercise any vested options for a period of 18 months following the date of death. If an optionholder’s service relationship with us or any of our affiliates ceases due to disability, the optionholder may generally exercise any vested options for a period of 12 months following the cessation of service. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of our Class A common stock issued upon the exercise of a stock option will be determined by the plan administrator and may include (1) cash, check, bank draft or money order, (2) a broker-assisted cashless exercise, (3) the tender of shares of our Class A common stock previously owned by the optionholder, (4) a net exercise of the option if it is an NSO, or (5) other legal consideration approved by the plan administrator.

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

Tax Limitations on ISOs. The aggregate fair market value, determined at the time of grant, of our common stock with respect to ISOs that are exercisable for the first time by an award holder during any calendar year

under all of our stock plans may not exceed \$100,000. Options or portions thereof that exceed such limit will generally be treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our parent or subsidiary corporations unless (1) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant, and (2) the term of the ISO does not exceed five years from the date of grant.

Restricted Stock Unit Awards. Restricted stock unit awards are granted under restricted stock unit award agreements adopted by the plan administrator. Restricted stock unit awards may be granted in consideration for any form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. A restricted stock unit award may be settled by cash, delivery of shares of our Class A common stock, a combination of cash and shares of our Class A common stock as determined by the plan administrator, or in any other form of consideration set forth in the restricted stock unit award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a restricted stock unit award. Except as otherwise provided in the applicable award agreement, restricted stock unit awards that have not vested will be forfeited once the participant's continuous service ends for any reason.

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

Stock Appreciation Rights. Stock appreciation rights are granted under stock appreciation right agreements adopted by the plan administrator. The plan administrator determines the strike price for a stock appreciation right, which generally cannot be less than 100% of the fair market value of our Class A common stock on the date of grant. A stock appreciation right granted under the 2019 Plan vests at the rate specified in the stock appreciation right agreement as determined by the plan administrator. Stock appreciation rights may be settled in cash or shares of our Class A common stock or in any other form of payment, as determined by our board of directors and specified in the stock appreciation right agreement.

The plan administrator determines the term of stock appreciation rights granted under the 2019 Plan, up to a maximum of 10 years. If a participant's service relationship with us or any of our affiliates ceases for any reason other than cause, disability, or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. This period may be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws. If a participant's service relationship with us, or any of our affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability and 18 months in the event of death. In the event of a termination for cause, stock appreciation rights generally terminate immediately upon the occurrence of the event giving rise to the termination of the individual for cause. In no event may a stock appreciation right be exercised beyond the expiration of its term.

Performance Awards. The 2019 Plan permits the grant of performance awards that may be settled in stock, cash or other property. Performance awards may be structured so that the stock or cash will be issued or paid only following the achievement of certain pre-established performance goals during a designated performance period. Performance awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, our Class A common stock.

The performance goals may be based on any measure of performance selected by our board of directors. The performance goals may be based on company-wide performance or performance of one or more business units, divisions, affiliates, or business segments, and may be either absolute or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by our board of directors when the performance award is granted, our board of directors will appropriately make adjustments in the method of calculating the attainment of performance goals as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of items that are “unusual” in nature or occur “infrequently” as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any portion of our business which is divested achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of our common stock (both Class A and Class B) by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under our bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; and (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles.

Other Stock Awards. The plan administrator may grant other awards based in whole or in part by reference to our Class A common stock. The plan administrator will set the number of shares under the stock award (or cash equivalent) and all other terms and conditions of such awards.

Non-Employee Director Compensation Limit. The aggregate value of all compensation granted or paid to any non-employee director with respect to any calendar year, including awards granted and cash fees paid by us to such non-employee director, will not exceed (1) \$750,000 in total value or (2) if such non-employee director is first appointed or elected to our board of directors during such calendar year, \$1,000,000 in total value.

Changes to Capital Structure. In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split, or recapitalization, appropriate adjustments will be made to (1) the class and maximum number of shares reserved for issuance under the 2019 Plan, (2) the class and maximum number of shares by which the share reserve may increase automatically each year, (3) the class and maximum number of shares that may be issued on the exercise of ISOs, and (4) the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards.

Corporate Transactions. The following applies to stock awards under the 2019 Plan in the event of a corporate transaction (as defined in the 2019 Plan), unless otherwise provided in a participant’s stock award agreement or other written agreement with us or one of our affiliates or unless otherwise expressly provided by the plan administrator at the time of grant.

In the event of a corporate transaction, any stock awards outstanding under the 2019 Plan may be assumed, continued or substituted for by any surviving or acquiring corporation (or its parent company), and any reacquisition or repurchase rights held by us with respect to the stock award may be assigned to our successor (or its parent company). If the surviving or acquiring corporation (or its parent company) does not assume, continue or substitute for such stock awards, then (i) with respect to any such stock awards that are held by participants whose continuous service has not terminated prior to the effective time of the corporate transaction, or current participants, the vesting (and exercisability, if applicable) of such stock awards will be accelerated in full (or, in the case of performance awards with multiple vesting levels depending on the level of performance, vesting will accelerate at 100% of the target level) to a date prior to the effective time of the corporate transaction (contingent upon the effectiveness of the corporate transaction), and such stock awards will terminate if not exercised (if

applicable) at or prior to the effective time of the corporate transaction, and any reacquisition or repurchase rights held by us with respect to such stock awards will lapse (contingent upon the effectiveness of the corporate transaction), and (ii) any such stock awards that are held by persons other than current participants will terminate if not exercised (if applicable) prior to the effective time of the corporate transaction, except that any reacquisition or repurchase rights held by us with respect to such stock awards will not terminate and may continue to be exercised notwithstanding the corporate transaction.

In the event a stock award will terminate if not exercised prior to the effective time of a corporate transaction, the plan administrator may provide, in its sole discretion, that the holder of such stock award may not exercise such stock award but instead will receive a payment equal in value to the excess (if any) of (i) the per share amount payable to holders of Class A common stock in connection with the corporate transaction, over (ii) any per share exercise price payable by such holder, if applicable. In addition, any escrow, holdback, earn out or similar provisions in the definitive agreement for the corporate transaction may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of our Class A common stock.

Plan Amendment or Termination. Our board of directors has the authority to amend, suspend, or terminate our 2019 Plan at any time, provided that such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of our stockholders. No ISOs may be granted after the tenth anniversary of the date our board of directors adopts our 2019 Plan. No stock awards may be granted under our 2019 Plan while it is suspended or after it is terminated.

2019 Employee Stock Purchase Plan

Our board of directors adopted, and our stockholders approved, the 2019 Employee Stock Purchase Plan, or ESPP, in September 2019. The ESPP will become effective immediately prior to and contingent upon the date of the underwriting agreement related to this offering. The purpose of the ESPP is to secure the services of new employees, to retain the services of existing employees and to provide incentives for such individuals to exert maximum efforts toward our success and that of our affiliates. The ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Code.

Share Reserve. Following this offering, the ESPP will authorize the issuance of 6,725,000 shares of our common stock pursuant to purchase rights granted to our employees or to employees of any of our designated affiliates. The number of shares of our Class A common stock reserved for issuance will automatically increase on January 1 of each year, from January 1, 2020 through January 1, 2029, by the lesser of (1) 1% of the total number of shares of our Class A common stock and our Class B common stock outstanding on December 31 of the preceding calendar year, and (2) 10,087,500 shares of our Class A common stock; *provided*, that prior to the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (1) and (2).

Administration. Our board of directors intends to delegate concurrent authority to administer the ESPP to our compensation committee. The ESPP is implemented through a series of offerings under which eligible employees are granted purchase rights to purchase shares of our Class A common stock on specified dates during such offerings. Under the ESPP, we may specify offerings with durations of not more than 27 months, and may specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of our Class A common stock will be purchased for employees participating in the offering. An offering under the ESPP may be terminated under certain circumstances.

Payroll Deductions. Generally, all regular employees, including executive officers, employed by us or by any of our designated affiliates, may participate in the ESPP and may contribute, normally through payroll deductions, up to 15% of their earnings (as defined in the ESPP) for the purchase of our Class A common stock under the ESPP. Unless otherwise determined by our board of directors, Class A common stock will be

purchased for the accounts of employees participating in the ESPP at a price per share equal to the lower of (a) 85% of the fair market value of a share of our Class A common stock on the first trading date of an offering or (b) 85% of the fair market value of a share of our Class A common stock on the date of purchase.

Limitations. Employees may have to satisfy one or more of the following service requirements before participating in the ESPP, as determined by our board of directors, including: (1) being customarily employed for more than 20 hours per week; (2) being customarily employed for more than five months per calendar year; or (3) continuous employment with us or one of our affiliates for a period of time (not to exceed two years). No employee may purchase shares under the ESPP at a rate in excess of \$25,000 worth of our common stock based on the fair market value per share of our common stock at the beginning of an offering for each year such a purchase right is outstanding. Finally, no employee will be eligible for the grant of any purchase rights under the ESPP if immediately after such rights are granted, such employee has voting power over 5% or more of our outstanding capital stock measured by vote or value pursuant to Section 424(d) of the Code.

Changes to Capital Structure. In the event that there occurs a change in our capital structure through such actions as a stock split, merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or similar transaction, the board of directors will make appropriate adjustments to (1) the number of shares reserved under the ESPP, (2) the maximum number of shares by which the share reserve may increase automatically each year, (3) the number of shares and purchase price of all outstanding purchase rights and (4) the number of shares that are subject to purchase limits under ongoing offerings.

Corporate Transactions. In the event of a corporate transaction (as defined in the ESPP), any then-outstanding rights to purchase our stock under the ESPP may be assumed, continued or substituted for by any surviving or acquiring entity (or its parent company). If the surviving or acquiring entity (or its parent company) elects not to assume, continue or substitute for such purchase rights, then the participants' accumulated payroll contributions will be used to purchase shares of our Class A common stock within 10 business days prior to such corporate transaction, and such purchase rights will terminate immediately.

ESPP Amendments, Termination. Our board of directors has the authority to amend or terminate our ESPP, provided that except in certain circumstances such amendment or termination may not materially impair any outstanding purchase rights without the holder's consent. We will obtain stockholder approval of any amendment to our ESPP, as required by applicable law or listing requirements.

2012 Equity Incentive Plan

Our board of directors adopted and our stockholders approved our 2012 Plan on November 7, 2012. Our 2012 Plan has been periodically amended, most recently in April 2018. Our 2012 Plan permits the grant of ISOs, NSOs, stock appreciation rights, restricted or unrestricted stock awards, phantom stock, restricted stock units, performance awards, and other stock-based awards. ISOs may be granted only to our employees and to any of our parent or subsidiary corporation's employees. All other awards may be granted to employees, directors and consultants of ours and to any of our parent or subsidiary corporation's employees or consultants. Our 2012 Plan will be terminated prior to the completion of this offering, and thereafter we will not grant any additional awards under our 2012 Plan. However, our 2012 Plan will continue to govern the terms and conditions of the outstanding awards previously granted thereunder.

As of June 30, 2019, stock options covering 34,618,503 shares of our Class B common stock with a weighted-average exercise price of \$1.53 per share were outstanding, and 976,632 shares of our Class B common stock remained available for the future grant of awards under our 2012 Plan. Any shares of our Class B common stock remaining available for issuance under our 2012 Plan when our 2019 Plan becomes effective will become available for issuance under our 2019 Plan as shares of our Class A common stock. In addition, any shares

subject to options that expire or terminate prior to exercise or are withheld to satisfy tax withholding obligations related to an option or the exercise price of an option will be added to the number of shares then available for issuance under our 2019 Plan as shares of our Class A common stock

Administration. Our board of directors or a committee delegated by our board of directors administers our 2012 Plan. Subject to the terms of our 2012 Plan, the administrator has the power to, among other things, determine the eligible persons to whom, and the times at which, awards will be granted, to determine the terms and conditions of each award (including the number of shares subject to the award, the exercise price of the award, if any, and when the award will vest and, as applicable, become exercisable), to modify or amend outstanding awards, or accept the surrender of outstanding awards and substitute new awards, to accelerate the time(s) at which an award may vest or be exercised, and to construe and interpret the terms of our 2012 Plan and awards granted thereunder.

Options. The exercise price per share of ISOs granted under our 2012 Plan must be at least 100% of the fair market value per share of our Class B common stock on the grant date. NSOs may be granted with a per share exercise price that is less than 100% of the per share fair market value of our Class B common stock. Subject to the provisions of our 2012 Plan, the administrator determines the other terms of options, including any vesting and exercisability requirements, the method of payment of the option exercise price, the option expiration date, and the period following termination of service during which options may remain exercisable.

Changes to Capital Structure. In the event there is a specified type of change in our capital structure, such as a stock dividend, stock split or reverse stock split, appropriate adjustments will be made to (1) the number of shares available for issuance under our 2012 Plan, and (2) the number of shares covered by and, as applicable, the exercise price of each outstanding award granted under our 2012 Plan.

Change in Control. In the event of a “change in control” (as defined in the 2012 Plan), our board of directors generally may take one or more of the following actions with respect to outstanding awards:

- arrange for the assumption, continuation or substitution of the award by the surviving or acquiring corporation (or its parent company);
- arrange for the assignment of any reacquisition or repurchase rights held by us to the surviving or acquiring corporation (or its parent company);
- accelerate the vesting and, if applicable, exercisability of the award and provide for its termination prior to the effective time of the change in control;
- arrange for the lapse of any reacquisition or repurchase rights held by us;
- cancel or arrange for the cancellation of the award in exchange for such cash consideration, if any, as our board of directors may deem appropriate; or
- make a payment equal to the excess of (1) the value of the property the participant would have received upon exercise of the award over (2) the exercise price or strike price otherwise payable in connection with the award.

Our board of directors is not obligated to treat all awards in the same manner.

However, if awards will not be continued, assumed or substituted in connection with the change in control, such awards will become fully vested and, if applicable, exercisable, immediately before the effective time of the change in control.

Plan Amendment or Termination. Our board of directors may amend, modify or terminate our 2012 Plan at any time. As discussed above, we will terminate our 2012 Plan prior to the completion of this offering and no new awards will be granted thereunder following such termination.

Limitations of Liability and Indemnification Matters

On the completion of this offering, our amended and restated certificate of incorporation will contain provisions that limit the liability of our current and former directors for monetary damages to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will authorize us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our amended and restated bylaws that will be in effect on the completion of this offering will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our amended and restated bylaws that will be in effect on the completion of this offering will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by the board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these amended and restated certificate of incorporation and amended and restated bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain customary directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, executive officers or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Rule 10b5-1 Sales Plans

Our directors and officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our Class A common stock or Class B common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades under parameters established by the director or officer when entering into the plan, without further direction from them. The director or officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers may also buy or sell additional shares outside of a Rule 10b5-1 plan when they do not possess of material nonpublic information, subject to compliance with the terms of our insider trading policy.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our directors and executive officers, which are described elsewhere in this prospectus, below we describe transactions since January 1, 2016 to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed \$120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of, or person sharing the household with, the foregoing persons, had or will have a direct or indirect material interest.

Third-Party Tender Offer

In March 2019, we entered into an agreement with certain investors, including entities associated with T. Rowe Price Associates, Dragoneer Investment Group, Index Ventures, ICONIQ Capital Management and Institutional Venture Partners, pursuant to which we agreed to waive certain transfer restrictions in connection with, and assist in the administration of, a tender offer that such investors proposed to commence. In March 2019, these investors commenced a tender offer to purchase shares of our capital stock from certain of our stockholders at a price of \$15.92 per share, pursuant to an offer to purchase to which we were not a party. In connection with the tender offer, and to the extent not already bound by such agreements, the investors signed a joinder to our investors' rights agreement and our voting agreement. These investors did not receive any rights or privileges beyond those afforded to all Class B stockholders. In addition, the shares purchased by the investors in the tender offer are subject to lock-up agreements that restrict their ability to transfer such shares for at least 180 days from the date of this prospectus and for 18 months from the date of this prospectus in the case of shares held by entities affiliated with Dragoneer Investment Group, Index Ventures, ICONIQ Capital Management and Institutional Venture Partners. See "Shares Eligible for Future Sale—Lock-Up Arrangements" for more information.

Olivier Pomel and Alexis Lê-Quôc, each of whom is a member of our board of directors, an executive officer and a beneficial holder of more than 5% of our outstanding capital stock, Kirill Sheynkman, who was a member of our board of directors at the time of the transaction, and Michael Callahan, who is currently a member of our board of directors, Laszlo Kopits, Amit Agarwal and Dan Fougere, each of whom is one of our executive officers, as well as certain of the Company's employees sold shares of our capital stock in the tender offer.

An aggregate of 14,366,871 shares of our capital stock were successfully tendered pursuant to the tender offer, of which Index Ventures and its affiliates collectively purchased 628,272 shares for an aggregate purchase price of approximately \$10.0 million. Index Ventures and its affiliates are beneficial holders of more than 5% of our outstanding capital stock and Shardul Shah, a partner at Index Ventures, is a member of our board of directors.

Other Repurchases of Outstanding Stock

On January 29, 2016 we entered into a series of common stock repurchase agreements, pursuant to which we repurchased from existing investors an aggregate of 1,329,270 shares of our common stock, 1,197,717 of our Series C convertible preferred stock, 1,842,201 of our Series B convertible preferred stock, 119,499 of our Series A convertible preferred stock and 362,697 of our Series Seed convertible preferred stock at a purchase price of \$3.27 per share, for an aggregate consideration of about \$44.5 million. The participants in this repurchase

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included certain beneficial owners of more than 5% of our capital stock and entities affiliated with certain of our directors, as set forth in the table below:

Participants	Number of Shares Repurchased	Series of Convertible Preferred Stock; Common Stock	Aggregate Purchase Price
Olivier Pomel	545,010	Common	\$ 5,000,005
The Alexis Lê-Quôc Revocable Trust	545,010	Common	5,000,005
Amit Agarwal	135,000	Common	1,238,511
Michael Callahan	80,292	Series Seed Preferred	736,611
	69,708	Series A Preferred	639,512
Kirill Sheynkman	9,243	Series B Preferred	84,797
	4,185	Series C Preferred	38,394
Entities Associated with RTP Ventures ⁽¹⁾	1,832,958	Series B Preferred	16,815,838
	1,193,532	Series C Preferred	10,949,646

(1) Consists of (a) 1,832,958 shares of Series B convertible preferred stock held by ru-Net Technology Capital LP, (b) 698,631 shares of Series C convertible preferred stock held by ru-Net Technology Capital LP, and (c) 494,901 shares of Series C convertible preferred stock held by ru-Net Technology Capital AIV LP. Kirill Sheynkman, a former member of our board of directors, is the founder and Senior Managing Director of RTP Ventures.

Directed Share Program

At our request, the underwriters have reserved for sale at the initial public offering price per share up to 5% of the shares of Class A common stock offered by this prospectus, to certain individuals through a directed share program, including our directors, employees and certain other early supporters of Datadog identified by management.

Indemnification Agreements

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will contain provisions limiting the liability of directors, and our amended and restated bylaws that will be in effect on the completion of this offering will provide that we will indemnify each of our directors and officers to the fullest extent permitted under Delaware law. Our amended and restated certificate of incorporation and amended and restated bylaws that will be in effect on the completion of this offering will also provide our board of directors with discretion to indemnify our employees and other agents when determined appropriate by the board. In addition, we have entered into an indemnification agreement with each of our directors and executive officers, which requires us to indemnify them. For more information regarding these agreements, see the section titled “Executive Compensation—Limitations of Liability and Indemnification Matters.”

Policies and Procedures for Transactions with Related Persons

Prior to the completion of this offering, we intend to adopt a policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related person transaction with us without the approval or ratification of our board of directors or our audit committee. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds \$120,000 and such person would have a direct or indirect interest, must be presented to our board of directors or our audit committee for review, consideration and approval. In approving or rejecting any such proposal, our board of directors or our audit committee is to consider the material facts of the transaction, including whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person’s interest in the transaction.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our shares as of July 31, 2019 by:

- each named executive officer;
- each of our directors;
- our directors and executive officers as a group; and
- each person or entity known by us to own beneficially more than 5% of our Class A common stock and Class B common stock (by number or by voting power).

We have determined beneficial ownership in accordance with the rules and regulations of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership before the offering is based on no shares of Class A common stock and 266,327,196 shares of Class B common stock outstanding as of July 31, 2019, assuming the automatic conversion of all outstanding shares of convertible preferred stock into an aggregate of 179,011,431 shares of Class B common stock, which will occur immediately prior to the completion of this offering. Applicable percentage ownership after the offering is based on the issuance of 24,000,000 shares of Class A common stock in this offering, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock from us and excluding any potential purchases in this offering by the persons and entities named in the table below. In computing the number of shares beneficially owned by a person and the percentage ownership of such person, we deemed to be outstanding all shares subject to options held by the person that are currently exercisable, or exercisable or would vest based on service-based vesting conditions within 60 days of July 31, 2019. However, except as described above, we did not deem such shares outstanding for the purpose of computing the percentage ownership of any other person.

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Unless otherwise indicated, the address for each beneficial owner listed in the table below is c/o Datadog, Inc., 620 8th Avenue, 45th Floor, New York, New York 10018.

Name of Beneficial Owner	Beneficial Ownership Before the Offering			Beneficial Ownership After the Offering				
	Class B Common Stock		% of Total Voting Power Before the Offering	Class A Common Stock		Class B Common Stock		% of Total Voting Power After the Offering†
	Shares	%		Shares	%	Shares	%	
5% Stockholders:								
Entities associated with Index Ventures ⁽¹⁾	53,500,077	20.1%	20.1%	—	—	53,500,077	20.1%	19.9%
Entities associated with OpenView Venture Partners ⁽²⁾	42,402,876	15.9	15.9	—	—	42,402,876	15.9	15.8
Entities associated with ICONIQ Strategic Partners ⁽³⁾	30,145,965	11.3	11.3	—	—	30,145,965	11.3	11.2
Entities associated with RTP Ventures ⁽⁴⁾	21,878,160	8.2	8.2	—	—	21,878,160	8.2	8.1
Directors and Named Executive Officers:								
Olivier Pomel ⁽⁵⁾	39,642,354	14.5	14.5	—	—	39,642,354	14.5	14.4
Alexis Lê-Quôc ⁽⁶⁾	25,081,164	9.2	9.2	—	—	25,081,164	9.2	9.1
David Obstler ⁽⁷⁾	2,700,000	1.0	1.0	—	—	2,700,000	1.0	1.0
Laszlo Kopits ⁽⁸⁾	529,992	*	*	—	—	529,992	*	*
Michael Callahan ⁽⁹⁾	1,103,646	*	*	—	—	1,103,646	*	*
Dev Ittycheria ⁽¹⁰⁾	1,872,894	*	*	—	—	1,872,894	*	*
Matthew Jacobson	—	—	—	—	—	—	—	—
Julie Richardson ⁽¹¹⁾	150,000	*	*	—	—	150,000	*	*
Shardul Shah	—	—	—	—	—	—	—	—
All directors and executive officers as a group (11 persons) (12)	80,310,585	28.3	28.3	—	—	80,310,585	28.3	29.7

* Represents beneficial ownership of less than 1%.

† Percentage of total voting power represents voting power with respect to all shares of our Class A and Class B common stock, as a single class. The holders of our Class B common stock are entitled to ten votes per share, and holders of our Class A common stock are entitled to one vote per share. See the section titled “Description of Capital Stock—Class A Common Stock and Class B Common Stock” for additional information about the voting rights of our Class A and Class B common stock.

(1) Consists of (a) 38,915,736 shares of Class B common stock held by Index Ventures VI (Jersey), L.P., (b) 13,096,854 shares of Class B common stock held by Index Ventures Growth III (Jersey), L.P., (c) 785,520 shares of Class B common stock held by Index Ventures VI Parallel Entrepreneur Fund (Jersey), L.P., (d) 199,428 shares of Class B common stock held by Yucca (Jersey) SLP (Index Ventures Growth III co-investment scheme) and (e) 502,539 shares of Class B common stock held by Yucca (Jersey) SLP (Index Ventures co-investment scheme). Index Venture Associates VI Limited is the managing general partner of Index Ventures VI (Jersey), L.P. and Index Ventures VI Parallel Entrepreneur Fund (Jersey), L.P., Index Venture Growth Associates III Limited is the managing general partner of Index Ventures Growth III (Jersey) L.P. which limited partnerships (“the Funds”) together with Yucca (Jersey) SLP are the Index Venture Entities. Yucca (Jersey) SLP is the administrator of the Index co-investment vehicles that are contractually required to mirror the relevant Funds’ investment. David Hall, Phil Balderson, Ian Henderson, Nigel Greenwood and Sinéad Meehan are the members of the board of directors of Index Venture Associates VI Limited and may be deemed to have shared voting, investment and dispositive power with respect to the shares held by this entity. David Hall, Phil Balderson, Ian Henderson, Nigel Greenwood and Sinéad Meehan are the members of the board of directors of Index Venture Growth Associates III Limited and may be deemed to have shared voting, investment and dispositive power with respect to the shares held by this entity. These individuals disclaim beneficial ownership with respect to such shares except to the extent of their pecuniary interest therein. The address of each of these entities is 5th Floor, 44 Esplanade, St Helier, Jersey JE1 3FG, Channel Islands, except for Yucca (Jersey) SLP (Index Ventures co-investment scheme), the address of which is 44 Esplanade, St. Helier, Jersey JE4 9WG.

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- (2) Consists of (a) 40,808,280 shares of Class B common stock held by OpenView Venture Partners III, L.P. and (b) 1,594,596 shares of Class B common stock held by OpenView Affiliates Fund III, L.P. Blake Bartlett, Elizabeth Cain, John Craven, Daniel Demmer, Scott Maxwell, John McCullough, Devon McDonald and Richard Pelletier are members of the investment committee of OpenView Advisors, LLC and may be deemed to have shared voting, investment and dispositive power with respect to the shares held by these entities. The address of each of these entities is 303 Congress Street, Boston, MA 02210.
- (3) Consists of (a) 11,333,424 shares of Class B common stock held by ICONIQ Strategic Partners II, L.P., or ICONIQ II, (b) 8,871,768 shares of Class B common stock held by ICONIQ Strategic Partners II-B, L.P., or ICONIQ II-B, (c) 4,120,260 shares of Class B common stock held by ICONIQ Strategic Partners II Co-Invest, L.P., DD Series, or ICONIQ DD, (d) 408,849 shares of Class B common stock held by ICONIQ Strategic Partners III, L.P., or ICONIQ III, (e) 436,857 shares of Class B common stock held by ICONIQ Strategic Partners III-B, L.P., or ICONIQ III-B, (f) 1,890,426 shares of Class B common stock held by ICONIQ Strategic Partners IV, L.P., or ICONIQ IV and (g) 3,084,381 shares of Class B common stock held by ICONIQ Strategic Partners IV-B, L.P., or ICONIQ IV-B. ICONIQ II, ICONIQ II-B, ICONIQ DD, ICONIQ III, ICONIQ III-B, ICONIQ IV and ICONIQ IV-B are the ICONIQ Entities. ICONIQ Strategic Partners II GP, L.P., or ICONIQ GP II, is the general partner of ICONIQ II, ICONIQ II-B and ICONIQ DD. ICONIQ Strategic Partners II TT GP, Ltd., or ICONIQ Parent GP II, is the general partner of ICONIQ GP II. ICONIQ Strategic Partners III GP, L.P., or ICONIQ GP III, is the general partner of ICONIQ III and ICONIQ III-B. ICONIQ Strategic Partners III TT GP, Ltd., or ICONIQ Parent GP III, is the general partner of ICONIQ GP III. ICONIQ Strategic Partners IV GP, L.P., or ICONIQ GP IV, is the general partner of ICONIQ IV and ICONIQ IV-B. ICONIQ Strategic Partners IV TT GP, Ltd., or ICONIQ Parent GP IV, is the general partner of ICONIQ GP IV. Divesh Makan and William Griffith are the sole equity holders and directors of ICONIQ Parent GP II, ICONIQ Parent GP III and ICONIQ Parent GP IV and may be deemed to have shared voting, investment and dispositive power with respect to the shares held by the ICONIQ Entities. The address of each of these entities is 394 Pacific Avenue, 2nd Floor, San Francisco, CA 94111.
- (4) Consists of (a) 19,898,568 shares of Class B common stock held by ru-Net Technology Capital, L.P. and (b) 1,979,592 shares of Class B common stock held by ru-Net Technology Capital AIV, L.P. Ru-Net Technology Partners, LLC, or RTP Ventures, is the managing general partner of ru-Net Technology Capital, L.P. and ru-Net Technology Capital AIV, L.P., which limited partnerships together with RTP Ventures are the Ru-Net Entities. Kirill Sheynkman, Sabri Murat Bicer and Maria Krayukhina are members of RTP Ventures and may be deemed to have shared voting, investment and dispositive power with respect to the shares held by the Ru-Net Entities. This does not reflect the distribution of 18,276,594 shares, 54 shares, 483,759 shares and 1,138,161 shares by ru-Net Technology Capital, L.P. to its limited partners, Enfield Investments Holdings Corp., Maria Krayukhina, Sabri Murat Bicer and Kirill Sheynkman, respectively, on August 8, 2019. The address of each of these entities is 885 Third Ave, 24th floor, NY, NY 10022.
- (5) Consists of (a) 13,163,964 shares of Class B common stock held by Mr. Pomel, (b) 4,500,000 shares of Class B common stock held by the Olivier Pomel 2018 GRAT, (c) 600,000 shares of Class B common stock held by the Pomel Descendants' 2018 Trust, (d) 600,000 shares of Class B common stock held by the Agathe Lê-Quốc 2018 Trust and 600,000 shares of Class B common stock held by the Artémis Lê-Quốc 2018 Trust, in each case, for which Mr. Pomel acts as trustee, (e) 6,817,200 shares of Class B common stock issuable upon the exercise of options, and (f) 13,361,190 shares of Class B common stock over which Mr. Pomel has voting power pursuant to an irrevocable proxy granted by certain of the investors who purchased shares in the third-party tender offer conducted in March 2019. See the section titled "Certain Relationships and Related Party Transactions—Third-Party Tender Offer."
- (6) Consists of (a) 13,558,395 shares of Class B common stock held by the Alexis Lê-Quốc Revocable Trust, (b) 3,505,569 shares of Class B common stock held by the Alexis Lê-Quốc 2016 GRAT, (c) 600,000 shares of Class B common stock held by the Agathe Lê-Quốc 2018 Trust, (d) 600,000 shares of Class B common stock held by the Artémis Lê-Quốc 2018 Trust, (e) 600,000 shares of Class B common stock held by the Pomel Descendants' 2018 Trust, for which Mr. Lê-Quốc acts as trustee, and (f) 6,217,200 shares of Class B common stock issuable upon the exercise of options.
- (7) Consists of (a) 1,181,250 shares of Class B common stock held by Mr. Obstler, (b) 618,750 shares of Class B common stock held by the David Obstler 2019 GRAT and (c) 900,000 shares of Class B common stock issuable upon the exercise of options.
- (8) Consists of (a) 519,996 shares of Class B common stock held by Mr. Kopits and (b) 9,996 shares of Class B common stock issuable upon the exercise of options.
- (9) Consists of (a) 1,099,674 shares of Class B common stock held by Mr. Callahan and (b) 3,972 shares of Class B common stock issuable upon the exercise of options.
- (10) Consists of (a) 671,031 shares of Class B common stock held by Mr. Ittycheria, (b) 1,130,889 shares of Class B common stock held by the Ittycheria Family Trust and (c) 70,974 shares of Class B common stock issuable upon the exercise of options.
- (11) Consists of 150,000 shares of Class B common stock issuable upon the exercise of options held by Ms. Richardson.
- (12) Consists of (a) 63,236,046 shares of Class B common stock and (b) 17,074,539 shares of Class B common stock issuable upon the exercise of options.

DESCRIPTION OF CAPITAL STOCK

General

The following description of our capital stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation and the amended and restated bylaws that will be in effect on the completion of this offering. Copies of these documents have been filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The descriptions of the common stock and preferred stock reflect changes to our capital structure that will be in effect on the completion of this offering.

On the completion of this offering, our amended and restated certificate of incorporation will provide for two classes of common stock: Class A common stock and Class B common stock. In addition, our amended and restated certificate of incorporation that will be in effect on the completion of this offering will authorize shares of undesignated preferred stock, the rights, preferences and privileges of which may be designated from time to time by our board of directors.

Upon the completion of this offering, our authorized capital stock will consist of 2,330,000,000 shares, all with a par value of \$0.00001 per share, of which:

- 2,000,000,000 shares are designated Class A common stock;
- 310,000,000 shares are designated Class B common stock; and
- 20,000,000 shares are designated preferred stock.

As of June 30, 2019, we had outstanding:

- no shares of Class A common stock; and
- 265,834,665 shares of Class B common stock, which assumes the automatic conversion of 179,011,431 outstanding shares of convertible preferred stock into the same number of shares of Class B common stock, which will occur immediately prior to the completion of this offering.

Our outstanding capital stock was held by 1,393 stockholders of record as of June 30, 2019. Our board of directors is authorized, without stockholder approval except as required by the listing standards of Nasdaq, to issue additional shares of our capital stock.

Class A Common Stock and Class B Common Stock

Voting Rights

The Class A common stock is entitled to one vote per share on any matter that is submitted to a vote of our stockholders. Holders of our Class B common stock are entitled to ten votes per share on any matter submitted to our stockholders. Holders of shares of Class B common stock and Class A common stock will vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by Delaware law.

Under Delaware law, holders of our Class A common stock or Class B common stock would be entitled to vote as a separate class if a proposed amendment to our amended and restated certificate of incorporation would increase or decrease the aggregate number of authorized shares of such class, increase or decrease the par value of the shares of such class, or alter or change the powers, preferences or special rights of the shares of such class so as to affect them adversely. As a result, in these limited instances, the holders of a majority of the Class A common stock could defeat any amendment to our amended and restated certificate of incorporation. For

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example, if a proposed amendment of our amended and restated certificate of incorporation provided for the Class A common stock to rank junior to the Class B common stock with respect to (1) any dividend or distribution, (2) the distribution of proceeds were we to be acquired or (3) any other right, Delaware law would require the vote of the Class A common stock. In this instance, the holders of a majority of Class A common stock could defeat that amendment to our amended and restated certificate of incorporation.

Our amended and restated certificate of incorporation that will be in effect on the completion of this offering will not provide for cumulative voting for the election of directors.

Economic Rights

Except as otherwise will be expressly provided in our amended and restated certificate of incorporation that will be in effect on the completion of this offering or required by applicable law, all shares of Class A common stock and Class B common stock will have the same rights and privileges and rank equally, share ratably and be identical in all respects for all matters, including those described below.

Dividends and Distributions

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of Class A common stock and Class B common stock will be entitled to share equally, identically and ratably, on a per share basis, with respect to any dividend or distribution of cash or property paid or distributed by the company, unless different treatment of the shares of the affected class is approved by the affirmative vote of the holders of a majority of the outstanding shares of such affected class, voting separately as a class. See the section titled “Dividend Policy” for additional information.

Liquidation Rights

On our liquidation, dissolution or winding-up, the holders of Class A common stock and Class B common stock will be entitled to share equally, identically and ratably in all assets remaining after the payment of any liabilities, liquidation preferences and accrued or declared but unpaid dividends, if any, with respect to any outstanding preferred stock, unless a different treatment is approved by the affirmative vote of the holders of a majority of the outstanding shares of such affected class, voting separately as a class.

Change of Control Transactions

The holders of Class A common stock and Class B common stock will be treated equally and identically with respect to shares of Class A common stock or Class B common stock owned by them, unless different treatment of the shares of each class is approved by the affirmative vote of the holders of a majority of the outstanding shares of the class treated differently, voting separately as a class, on (a) the closing of the sale, transfer or other disposition of all or substantially all of our assets, (b) the consummation of a consolidation, merger or reorganization which results in our voting securities outstanding immediately before the transaction (or the voting securities issued with respect to our voting securities outstanding immediately before the transaction) representing less than a majority of the combined voting power of the voting securities of the company or the surviving or acquiring entity or (c) the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons of securities of the company if, after closing, the transferee person or group would hold 50% or more of the outstanding voting power of the company (or the surviving or acquiring entity). However, consideration to be paid or received by a holder of common stock in connection with any such assets sale, consolidation, merger or reorganization under any employment, consulting, severance or other compensatory arrangement will be disregarded for the purposes of determining whether holders of common stock are treated equally and identically.

Subdivisions and Combinations

If we subdivide or combine in any manner outstanding shares of Class A common stock or Class B common stock, the outstanding shares of the other classes will be subdivided or combined in the same proportion and manner.

No Preemptive or Similar Rights

Our Class A common stock and Class B common stock are not entitled to preemptive rights, and are not subject to conversion, redemption or sinking fund provisions, except for the conversion provisions with respect to the Class B common stock described below.

Conversion

Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. After the completion of this offering, on any transfer of shares of Class B common stock, whether or not for value, each such transferred share will automatically convert into one share of Class A common stock, except for certain transfers described in our amended and restated certificate of incorporation that will be in effect on the completion of this offering, including transfers for tax and estate planning purposes, so long as the transferring holder continues to hold sole voting and dispositive power with respect to the shares transferred.

Any holder's shares of Class B common stock will convert automatically into Class A common stock, on a one-to-one basis, upon the following: (1) sale or transfer of such share of Class B common stock; (2) the death of the Class B common stockholder; and (3) on the final conversion date, defined as the tenth anniversary of this offering.

Once transferred and converted into Class A common stock, the Class B common may not be reissued.

Fully Paid and Non-Assessable

In connection with this offering, our legal counsel will opine that the shares of our Class A common stock to be issued under this offering will be fully paid and non-assessable.

Preferred Stock

As of June 30, 2019, there were 179,011,431 shares of our convertible preferred stock outstanding. Immediately prior to the completion of this offering, each outstanding share of our convertible preferred stock will convert into one share of our Class B common stock.

On the completion of this offering and under our amended and restated certificate of incorporation that will be in effect on the completion of this offering, our board of directors may, without further action by our stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of 20,000,000 shares of preferred stock in one or more series and authorize their issuance. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our Class A common stock or Class B common stock. Any issuance of our preferred stock could adversely affect the voting power of holders of our Class B common stock, and the likelihood that such holders would receive dividend payments and payments on liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control or other corporate action. On the completion of this offering, no shares of preferred stock will be outstanding. We have no present plan to issue any shares of preferred stock.

Options

As of June 30, 2019, we had outstanding options to purchase 34,618,503 shares of our common stock, with a weighted-average exercise price of approximately \$1.53 per share, under our 2012 Plan.

Registration Rights

Stockholder Registration Rights

We are party to an investor rights agreement that provides that certain holders of our convertible preferred stock, including certain holders of at least 5% of our capital stock and entities affiliated with certain of our directors, have certain registration rights, as set forth below. This investor rights agreement was entered into in December 2015. In addition, certain holders of our convertible preferred stock have registration rights under the purchase agreement under which they originally purchased their convertible preferred stock. The registration of shares of our common stock by the exercise of registration rights described below would enable the holders to sell these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts and commissions, of the shares registered by the demand, piggyback and Form S-3 registrations described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include. The demand, piggyback and Form S-3 registration rights described below will expire five years after the effective date of the registration statement, of which this prospectus is a part, or with respect to any particular stockholder, such time after the effective date of the registration statement that such stockholder (a) holds less than 1% of our outstanding common stock (including shares issuable on conversion of outstanding preferred stock) and (b) can sell all of its shares under Rule 144 of the Securities Act during any 90-day period.

Demand Registration Rights

The holders of an aggregate of 196,312,314 shares of our Class B common stock will be entitled to certain demand registration rights. At any time beginning 180 days after the completion of this offering, the holders of a majority of these shares may, on not more than one occasion, request that we register all or a portion of their shares. Such request for registration must cover shares with an anticipated aggregate offering price, net of underwriting discounts and commissions, of at least \$10.0 million.

Piggyback Registration Rights

In connection with this offering, the holders of an aggregate of 196,312,314 shares of our Class B common stock were entitled to, and the necessary percentage of holders waived, their rights to notice of this offering and to include their shares of registrable securities in this offering. After this offering, in the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, the holders of these shares will be entitled to certain piggyback registration rights allowing the holder to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to a demand registration or a registration statement on Forms S-4 or S-8, the holders of these shares are entitled to notice of the registration and have the right to include their shares in the registration, subject to limitations that the underwriters may impose on the number of shares included in the offering.

Form S-3 Registration Rights

The holders of an aggregate of 196,312,314 shares of Class B common stock will be entitled to certain Form S-3 registration rights. The holders of at least 20% of these shares can make a request that we register their shares

on Form S-3 if we are qualified to file a registration statement on Form S-3 and if the reasonably anticipated aggregate gross proceeds of the shares offered would equal or exceed \$1.0 million. We will not be required to effect more than two registrations on Form S-3 within any 12-month period.

Anti-Takeover Provisions

Certificate of Incorporation and Bylaws to Be in Effect on the Completion of This Offering

Because our stockholders do not have cumulative voting rights, stockholders holding a majority of the voting power of our shares of common stock will be able to elect all of our directors. Our amended and restated certificate of incorporation and amended and restated bylaws to be effective on the completion of this offering will provide for stockholder actions at a duly called meeting of stockholders or, before the date on which all shares of common stock convert into a single class, by written consent. A special meeting of stockholders may be called by a majority of our board of directors, the chair of our board of directors and our chief executive officer. Our amended and restated bylaws to be effective on the completion of this offering will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors.

Our amended and restated certificate of incorporation to be effective on the completion of this offering will further provide for a dual-class common stock structure, which provides our current investors, officers and employees with control over all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets.

In accordance with our amended and restated certificate of incorporation to be effective on the completion of this offering, immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms.

The foregoing provisions will make it more difficult for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions, including the dual-class structure of our common stock, are intended to preserve our existing control structure after completion of this offering, facilitate our continued product innovation and the risk-taking that it requires, permit us to continue to prioritize our long-term goals rather than short-term results, enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of us. These provisions are also designed to reduce our vulnerability to an unsolicited acquisition proposal and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of deterring hostile takeovers or delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts.

Section 203 of the Delaware General Corporation Law

When we have a class of voting stock that is either listed on a national securities exchange or held of record by more than 2,000 stockholders, we will be subject to Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, subject to certain exceptions.

Choice of Forum

Our amended and restated certificate of incorporation to be effective on the completion of this offering will provide that the Court of Chancery of the State of Delaware be the exclusive forum for actions or proceedings brought under Delaware statutory or common law: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a breach of fiduciary duty; (3) any action asserting a claim against us arising under the Delaware General Corporation Law; (4) any action regarding our amended and restated certificate of incorporation or our amended and restated bylaws; (5) any action as to which the Delaware General Corporate Law confers jurisdiction to the Court of Chancery of the State of Delaware; or (6) any action asserting a claim against us that is governed by the internal affairs doctrine. The provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Our amended and restated certificate of incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

Limitations of Liability and Indemnification

See the section titled “Executive Compensation—Limitations on Liability and Indemnification Matters.”

Exchange Listing

Our Class A common stock is currently not listed on any securities exchange. We have applied to have our Class A common stock approved for listing on Nasdaq under the symbol “DDOG.”

Transfer Agent and Registrar

On the completion of this offering, the transfer agent and registrar for our Class A common stock and Class B common stock will be American Stock Transfer & Trust Company, LLC. The transfer agent’s address is 6201 15th Avenue, Brooklyn, New York 11219 and the telephone number is (800) 937-5449.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. Future sales of substantial amounts of our Class A common stock, including shares issued on the exercise of outstanding options, in the public market after this offering, or the possibility of these sales or issuances occurring, could adversely affect the prevailing market price for our Class A common stock or impair our ability to raise equity capital.

Based on our shares outstanding as of June 30, 2019, on the completion of this offering, a total of 24,000,000 shares of Class A common stock and 265,834,665 shares of Class B common stock will be outstanding, assuming the automatic conversion of all of our outstanding shares of convertible preferred stock into an aggregate of 179,011,431 shares of Class B common stock. Of these shares, all of the Class A common stock sold in this offering by us, plus any shares sold by us on exercise of the underwriters' option to purchase additional Class A common stock, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless these shares are held by "affiliates," as that term is defined in Rule 144 under the Securities Act.

The remaining shares of Class A common stock and Class B common stock will be, and shares of Class A common stock or Class B common stock subject to stock options will be on issuance, "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below. Restricted securities may also be sold outside of the United States to non-U.S. persons in accordance with Rule 904 of Regulation S.

Subject to the lock-up agreements described below and the provisions of Rule 144 or Regulation S under the Securities Act, as well as our insider trading policy, these restricted securities will be available for sale in the public market after the date of this prospectus.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, an eligible stockholder is entitled to sell such shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. To be an eligible stockholder under Rule 144, such stockholder must not be deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and must have beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144, subject to the expiration of the lock-up agreements described below.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell shares on expiration of the lock-up agreements described below. Beginning 90 days after the date of this prospectus, within any three-month period, such stockholders may sell a number of shares that does not exceed the greater of:

- 1% of the number of Class A common stock then outstanding, which will equal approximately 240,000 shares immediately after this offering, assuming no exercise of the underwriters' option to purchase additional shares of Class A common stock from us; or
- the average weekly trading volume of our Class A common stock on Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who was issued shares under a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days, to sell these shares in reliance on Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares under Rule 701, subject to the expiration of the lock-up agreements described below.

Form S-8 Registration Statements

We intend to file one or more registration statements on Form S-8 under the Securities Act with the SEC to register the offer and sale of shares of our Class A common stock and Class B common stock that are issuable under our 2012 Plan, 2019 Plan and ESPP. These registration statements will become effective immediately on filing. Shares covered by these registration statements will then be eligible for sale in the public markets, subject to vesting restrictions, any applicable lock-up agreements described below, and Rule 144 limitations applicable to affiliates.

Lock-up Arrangements

We, and all of our directors, executive officers and the holders of substantially all of our common stock and securities exercisable for or convertible into our Class A common stock and Class B common stock outstanding immediately on the completion of this offering, have agreed, or will agree, with the underwriters that, until 180 days after the date of this prospectus (the “restricted period”), subject to certain exceptions, we and they will not, without the prior written consent of Morgan Stanley & Co. LLC and either of Goldman Sachs & Co. LLC or J.P. Morgan Securities LLC, offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any of our shares of common stock, any options or warrants to purchase any of our shares of common stock or any securities convertible into or exchangeable for or that represent the right to receive shares of our common stock; provided that such restricted period will end with respect to 20% of the shares subject to each lock-up agreement if at any time beginning 90 days after the date of this prospectus (1) we have filed at least one quarterly report on Form 10-Q or annual report on Form 10-K and (2) the last reported closing price of our Class A common stock is at least 33% greater than the initial public offering price of our Class A common stock for 10 out of any 15 consecutive trading days, including the last day, ending on or after the 90th day after the date of this prospectus; and provided further that, if 90 days after the date of this prospectus occurs within five trading days of a trading black-out period, the above referenced early expiration period will be the sixth trading day immediately preceding the commencement of the trading black-out period. In addition, with respect to shares not released as a result of such early release, if 180 days after the date of this prospectus occurs within five trading days of a trading black-out period, the restricted period will expire on the sixth trading day immediately preceding the commencement of the trading black-out period. These agreements are described in the section titled “Underwriting.” Morgan Stanley & Co. LLC and either of Goldman Sachs & Co. LLC or J.P. Morgan Securities LLC may release any of the securities subject to these lock-up agreements at any time, subject to applicable notice requirements.

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with all of our security holders that contain market stand-off provisions imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities for a period of 180 days following the date of this prospectus.

Registration Rights

Upon the completion of this offering, the holders of 196,312,314 shares of our Class B common stock or their transferees, will be entitled to certain rights with respect to the registration of the offer and sale of their shares under the Securities Act. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act immediately on the effectiveness of the registration. See the section titled “Description of Capital Stock—Registration Rights” for additional information.

**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR
CLASS A COMMON STOCK**

The following summary describes the material U.S. federal income tax consequences of the acquisition, ownership, and disposition of our common stock acquired in this offering by Non-U.S. Holders (as defined below). This discussion is not a complete analysis of all potential U.S. federal income tax consequences relating thereto, and does not deal with foreign, state, and local consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances, nor does it address U.S. federal tax consequences (such as gift and estate taxes) other than income taxes. Special rules different from those described below may apply to certain Non-U.S. Holders that are subject to special treatment under the Internal Revenue Code of 1986, as amended (the “Code”), such as financial institutions, insurance companies, tax-exempt organizations, broker-dealers and traders in securities, U.S. expatriates, “controlled foreign corporations,” “passive foreign investment companies,” corporations that accumulate earnings to avoid U.S. federal income tax, corporations organized outside of the United States, any state thereof or the District of Columbia that are nonetheless treated as U.S. taxpayers for U.S. federal income tax purposes, persons that hold our common stock as part of a “straddle,” “hedge,” “conversion transaction,” “synthetic security” or integrated investment or other risk reduction strategy, persons who acquire our common stock through the exercise of an option or otherwise as compensation, persons subject to the alternative minimum tax or federal Medicare contribution tax on net investment income, persons subject to special tax accounting rules under Section 451(b) of the Code, “qualified foreign pension funds” as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds, partnerships and other pass-through entities or arrangements, and investors in such pass-through entities or arrangements. Such Non-U.S. Holders are urged to consult their own tax advisors to determine the U.S. federal, state, local, and other tax consequences that may be relevant to them. Furthermore, the discussion below is based upon the provisions of the Code, and Treasury Regulations, rulings, and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked, or modified, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the U.S. Internal Revenue Service (the “IRS”) with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions. This discussion assumes that the Non-U.S. Holder holds our common stock as a “capital asset” within the meaning of Section 1221 of the Code (generally, property held for investment).

This discussion is for informational purposes only and is not tax advice. Persons considering the purchase of our common stock pursuant to this offering should consult their own tax advisors concerning the U.S. federal income, estate, and other tax consequences of acquiring, owning, and disposing of our common stock in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction, including any state, local, or foreign tax consequences.

For the purposes of this discussion, a “Non-U.S. Holder” is, for U.S. federal income tax purposes, a beneficial owner of common stock that is neither a U.S. Holder, nor a partnership (or other entity treated as a partnership for U.S. federal income tax purposes regardless of its place of organization or formation). A “U.S. Holder” means a beneficial owner of our common stock that is for U.S. federal income tax purposes any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

Distributions

Distributions, if any, made on our common stock to a Non-U.S. Holder to the extent made out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles) generally will constitute dividends for U.S. tax purposes and will be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, subject to the discussions below regarding effectively connected income, backup withholding, and foreign accounts. To obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder generally will be required to provide us with a properly executed IRS Form W-8BEN (in the case of individuals) or IRS Form W-8BEN-E (in the case of entities), or other appropriate form, certifying the Non-U.S. Holder's entitlement to benefits under that treaty. This certification must be provided to us or our paying agent prior to the payment of dividends and must be updated periodically. In the case of a Non-U.S. Holder that is an entity, Treasury Regulations and the relevant tax treaty provide rules to determine whether, for purposes of determining the applicability of a tax treaty, dividends will be treated as paid to the entity or to those holding an interest in that entity. If a Non-U.S. Holder holds stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to such agent. The holder's agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty and you do not timely file the required certification, you may be able to obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS.

We generally are not required to withhold tax on dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains in the United States) if a properly executed IRS Form W-8ECI, stating that the dividends are so connected, is furnished to us (or, if stock is held through a financial institution or other agent, to such agent). In general, such effectively connected dividends will be subject to U.S. federal income tax, on a net income basis at the regular rates applicable to U.S. residents. A corporate Non-U.S. Holder receiving effectively connected dividends may also be subject to an additional "branch profits tax," which is imposed, under certain circumstances, at a rate of 30% (or such lower rate as may be specified by an applicable treaty) on the corporate Non-U.S. Holder's effectively connected earnings and profits, subject to certain adjustments. Non-U.S. Holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

To the extent distributions on our common stock, if any, exceed our current and accumulated earnings and profits, they will first reduce the Non-U.S. Holder's adjusted basis in our common stock, but not below zero, and then will be treated as gain to the extent of any excess amount distributed, and taxed in the same manner as gain realized from a sale or other disposition of common stock as described in the next section.

Gain on Disposition of Our Common Stock

Subject to the discussions below regarding backup withholding and foreign accounts, a Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to gain realized on a sale or other disposition of our common stock unless (a) the gain is effectively connected with a trade or business of such holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base that such holder maintains in the United States), (b) the Non-U.S. Holder is a nonresident alien individual and is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, or (c) we are or have been a "United States real property holding corporation" within the meaning of Code Section 897(c)(2) at any time within the shorter of the five-year period preceding such disposition or such holder's holding period. In general, we would be a United States real property holding corporation if our interests in U.S. real estate comprise (by fair market value) at least half of our business assets. We believe that we have not been and we are not, and do not anticipate becoming, a United States real property holding corporation. Even if we are treated as a United States real property holding corporation, gain realized by a Non-U.S. Holder on a disposition of our common stock will not be subject to U.S. federal income tax so long as

(1) the Non-U.S. Holder owned, directly, indirectly and constructively, no more than 5% of our common stock at all times within the shorter of (i) the five-year period preceding the disposition or (ii) the holder's holding period and (2) our common stock is regularly traded on an established securities market. There can be no assurance that our common stock will continue to qualify as regularly traded on an established securities market. If any gain on your disposition is taxable because we are a United States real property holding corporation and your ownership of our common stock exceeds 5%, you will be taxed on such disposition generally in the manner as gain that is effectively connected with the conduct of a U.S. trade or business (subject to the provisions under an applicable income tax treaty), except that the branch profits tax generally will not apply.

If you are a Non-U.S. Holder described in (a) above, you will be required to pay tax on the net gain derived from the sale at regular U.S. federal income tax rates, and corporate Non-U.S. Holders described in (a) above may be subject to the additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. Gain described in (b) above will be subject to U.S. federal income tax at a flat 30% rate or such lower rate as may be specified by an applicable income tax treaty, which gain may be offset by certain U.S.-source capital losses (even though you are not considered a resident of the United States), provided that the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

Information Reporting Requirements and Backup Withholding

Generally, we must report information to the IRS with respect to any dividends we pay on our common stock (even if the payments are exempt from withholding), including the amount of any such dividends, the name and address of the recipient, and the amount, if any, of tax withheld. A similar report is sent to the holder to whom any such dividends are paid. Pursuant to tax treaties or certain other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence.

Dividends paid by us (or our paying agents) to a Non-U.S. Holder may also be subject to U.S. backup withholding. U.S. backup withholding generally will not apply to a Non-U.S. Holder who provides a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-ECI, or otherwise establishes an exemption. Notwithstanding the foregoing, backup withholding may apply if the payor has actual knowledge, or reason to know, that the holder is a U.S. person who is not an exempt recipient.

U.S. information reporting and backup withholding requirements generally will apply to the proceeds of a disposition of our common stock effected by or through a U.S. office of any broker, U.S. or foreign, except that information reporting and such requirements may be avoided if the holder provides a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E or otherwise meets documentary evidence requirements for establishing non-U.S. person status or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding requirements will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is effected outside the United States through a non-U.S. office of a non-U.S. broker. Information reporting and backup withholding requirements may, however, apply to a payment of disposition proceeds if the broker has actual knowledge, or reason to know, that the holder is, in fact, a U.S. person. For information reporting purposes, certain brokers with substantial U.S. ownership or operations will generally be treated in a manner similar to U.S. brokers.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be credited against the tax liability of persons subject to backup withholding, provided that the required information is timely furnished to the IRS.

Foreign Accounts

Sections 1471 through 1474 of the Code (commonly referred to as FATCA) impose a U.S. federal withholding tax of 30% on certain payments, including dividends paid on, and the gross proceeds of a disposition of, our common stock paid to a foreign financial institution (as specifically defined by applicable rules) unless

such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). FATCA also generally imposes a federal withholding tax of 30% on certain payments, including dividends paid on, and the gross proceeds of a disposition of, our common stock to a non-financial foreign entity unless such entity provides the withholding agent with either a certification that it does not have any substantial direct or indirect U.S. owners or provides information regarding substantial direct and indirect U.S. owners of the entity. An intergovernmental agreement between the United States and an applicable foreign country may modify those requirements. The withholding tax described above will not apply if the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from the rules.

The U.S. Treasury Department 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 disposition of our common stock. In its preamble to such proposed regulations, the U.S. Treasury Department stated that taxpayers may generally rely on the proposed regulations until final regulations are issued. Non-U.S. holders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in our common stock.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY RECENT OR PROPOSED CHANGE IN APPLICABLE LAW.

UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC, Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

<u>Name</u>	<u>Number of Shares</u>
Morgan Stanley & Co. LLC	
Goldman Sachs & Co. LLC	
J.P. Morgan Securities LLC	
Credit Suisse Securities (USA) LLC	
Barclays Capital Inc.	
Jefferies LLC	
RBC Capital Markets, LLC	
JMP Securities LLC	
Raymond James & Associates, Inc.	
Stifel, Nicolaus & Company, Incorporated	
William Blair & Company, L.L.C.	
Needham & Company, LLC	
Total:	24,000,000

The underwriters and the representatives are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the shares of Class A common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of Class A common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of Class A common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters’ over-allotment option described below.

The underwriters initially propose to offer part of the shares of Class A common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers. After the initial offering of the shares of Class A common stock, the offering price and other selling terms may from time to time be varied by the representatives. 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 have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 3,600,000 additional shares of Class A common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of Class A common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of Class A common stock as the number listed next to the underwriter’s name in the preceding table bears to the total number of shares of Class A common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters’ option to purchase up to an additional 3,600,000 shares of Class A common stock.

	<u>Per Share</u>	<u>Total</u>	
		<u>No Exercise</u>	<u>Full Exercise</u>
Public offering price	\$	\$	\$
Underwriting discounts and commissions to be paid by us	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$

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The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately \$4.0 million. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority up to \$40,000 and expenses incurred in connection with the directed share program.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of Class A common stock offered by them.

We have applied to have our Class A common stock approved for listing on the Nasdaq Global Select Market under the symbol “DDOG.”

We and all directors and officers and the holders of all of our outstanding stock and stock options have agreed that, without the prior written consent of Morgan Stanley & Co. LLC and either of Goldman Sachs & Co. LLC or J.P. Morgan Securities LLC, on behalf of the underwriters, subject to certain exceptions, we and they will not, during the period ending 180 days after the date of this prospectus (the “restricted period”):

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock;
- file any registration statement with the Securities and Exchange Commission relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise; provided that such restricted period will end with respect to 20% of the shares subject to each lock-up agreement if at any time beginning 90 days after the date of this prospectus (1) we have filed at least one quarterly report on Form 10-Q or annual report on Form 10-K and (2) the last reported closing price of our Class A common stock is at least 33% greater than the initial public offering price of our Class A common stock for 10 out of any 15 consecutive trading days, including the last day, ending on or after the 90th day after the date of this prospectus; and provided further that, if 90 days after the date of this prospectus occurs within five trading days of a trading black-out period, the above referenced early expiration period will be the sixth trading day immediately preceding the commencement of the trading black-out period. In addition, with respect to shares not released as a result of such early release, if 180 days after the date of this prospectus occurs within five trading days of a trading black-out period, the restricted period will expire on the sixth trading day immediately preceding the commencement of the trading black-out period. In addition, we and each such person agrees that, without the prior written consent of Morgan Stanley & Co. LLC and either of Goldman Sachs & Co. LLC or J.P. Morgan Securities LLC, on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

The restrictions described in the immediately preceding paragraph are subject to specified exceptions, including the following:

(A) transfers of shares of common stock acquired in open market transactions after the completion of this offering provided that no filing under the Exchange Act reporting a reduction in beneficial ownership of shares would be required or voluntarily made;

(B) transfers of shares of common stock or any security convertible into or exercisable or exchangeable for common stock (1) as a bona fide gift, (2) to an immediate family member or to any trust for the direct or indirect benefit of the lock-up party or an immediate family member of the lock-up party, (3) to any entity controlled or managed, or under common control or management by, the lock-up party, or (4) by will, other testamentary document or intestate succession to the legal representative, heir, beneficiary or an immediate family member of the lock-up party,

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(C) transfers or distributions of shares of common stock or any security convertible into or exercisable or exchangeable for common stock by a lock-up party that is a corporation, partnership, limited liability company, trust or other business entity (1) to current or former general or limited partners, managers, members, stockholders or holders of similar equity interests in the lock-up party or (2) to the estates of any of the foregoing;

(D) the transfer of shares of common stock or any securities convertible into or exercisable or exchangeable for common stock to us upon a vesting event of our securities or upon the “net” or “cashless” exercise of options that would otherwise expire during the restricted period to the extent permitted by the instruments representing such options (including any transfer to us necessary to generate any amount of cash needed for the payment of taxes, including estimated taxes, due as a result of such vesting or exercise whether by means of a “net settlement” or otherwise), so long as such “cashless” or “net” exercise is effected solely by the surrender of outstanding options (or underlying shares of common stock) to us, and our cancellation of all or a portion thereof to pay the exercise price and/or withholding tax obligations;

(E) sales of shares of Class A common stock pursuant to the terms of the Underwriting Agreement;

(F) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that such plan does not provide for the transfer of common stock during the restricted period (other than any shares that are no longer subject to the restrictions under the lock-up agreement due to the early lock-up expiration as provided above);

(G) the transfer of shares of common stock or any security convertible into or exercisable or exchangeable for common stock that occurs by operation of law pursuant to a qualified domestic order or in connection with a divorce settlement or other court order;

(H) the reclassification and conversion of shares of our common stock and preferred stock into shares of Class B common stock and the conversion of Class B common stock into shares of Class A common stock, provided that, in each case, such shares remain subject to the terms of the lock-up agreement; or

(I) the transfer of shares of common stock or any security convertible into or exercisable or exchangeable for common stock pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction that is approved by our board of directors, made to all holders of common stock involving a change of control, provided that, in the event that the tender offer, merger, consolidation or other such transaction is not completed, the common stock owned by the lock-up party will remain subject to terms of the lock-up agreement,

provided that:

- in the case of any transfer or distribution pursuant to clauses (B), (C) and (G) above, each donee, trustee, distributee or transferee shall sign and deliver a lock-up agreement,
- in the case of any transfer or distribution pursuant to clauses (B) and (C) above, (1) no filing under the Exchange Act reporting a reduction in beneficial ownership of shares of common stock would be required or be voluntarily made and (2) such transfer or distribution would not involve a disposition for value, and
- in the case of any transfer or distribution pursuant to clauses (D) and (F) through (H) above, any filing required by Section 16 of the Exchange Act shall clearly indicate in the footnotes thereto that the such transfer or distribution is being made pursuant to the circumstances described in the applicable clause.

Morgan Stanley & Co. LLC and either of Goldman Sachs & Co. LLC or J.P. Morgan Securities LLC, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time, subject to applicable notice requirements.

In order to facilitate the offering of the Class A common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Class A common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale

by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of Class A common stock in the open market to stabilize the price of the Class A common stock. These activities may raise or maintain the market price of the Class A common stock above independent market levels or prevent or retard a decline in the market price of the Class A common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of Class A common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Directed Share Program

At our request, the underwriters have reserved for sale at the initial public offering price per share up to 5% of the shares of Class A common stock offered by this prospectus, to certain individuals through a directed share program, including our directors, employees and certain other early supporters of Datadog identified by

management. If purchased by these persons, these shares will not be subject to a lock-up restriction, except in the case of shares purchased by any director or executive officer, which shares will be subject to the lock-up restrictions described above. The number of shares of Class A common stock available for sale to the general public will be reduced by the number of reserved shares sold to these individuals. Any reserved shares not purchased by these individuals will be offered by the underwriters to the general public on the same basis as the other shares of Class A common stock offered under this prospectus. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with sales of the reserved shares. The directed share program will be arranged through Morgan Stanley & Co. LLC.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area (each, a “Member State”), no offer of shares may be made to the public in that Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the representatives; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of shares shall require us or any of our representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the representatives and us that it is a “qualified investor” as defined in the Prospectus Regulation.

In the case of any shares being offered to a financial intermediary as that term is used in Article 5 of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a nondiscretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an “offer of shares to the public” in relation to any shares in any Member State means the communication in any form and by means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase shares, the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended).

United Kingdom

Each underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”) received by it in connection with the issue or sale of the shares of our Class A common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our Class A common stock in, from or otherwise involving the United Kingdom.

Canada

The shares of Class A common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares of Class A common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

Shares of our Class A common stock may not be offered or sold 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 Ordinance (Cap. 32, Laws of Hong Kong), (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation, or document relating to shares of our Class A common stock 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 laws of Hong Kong) other than with respect to shares of our Class A common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares of our Class A common stock may not be circulated or distributed, nor may the shares of our Class A common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (SFA) (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where shares of our Class A common stock are subscribed or purchased under Section 275 by a relevant person which is: (i) a corporation (which is not an accredited investor) 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 is an accredited investor, shares, debentures and units of shares and debentures

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of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired shares of our Class A common stock under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Solely for purposes of the notification requirements under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore. The shares are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the FIEL) has been made or will be made with respect to the solicitation of the application for the acquisition of the shares of Class A common stock.

Accordingly, the shares of Class A common stock have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors (QII)

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of Class A common stock constitutes either a "QII only private placement" or a "QII only secondary distribution" (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of Class A common stock. The shares of Class A common stock may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of Class A common stock constitutes either a "small number private placement" or a "small number private secondary distribution" (each as described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of Class A common stock. The shares of Class A common stock may only be transferred en bloc without subdivision to a single investor.

LEGAL MATTERS

The validity of the shares of Class A common stock being offered by this prospectus will be passed upon for us by Cooley LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriters by Davis Polk & Wardwell LLP, New York, New York.

EXPERTS

The consolidated financial statements as of December 31, 2018 and 2017, and for each of the two years in the period ended December 31, 2018, included in this Prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein (which report expresses an unqualified opinion on the financial statements and includes an explanatory paragraph referring to the adoption of a new revenue accounting standard). Such financial statements have been so included in reliance upon the report of such firm given upon their authority 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 Class A common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our Class A common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

On the completion of this offering, we will be subject to the information reporting requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available at www.sec.gov.

We also maintain a website at www.datadog.com. Information contained in, or accessible through, our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is only as an inactive textual reference.

DATADOG, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Datadog, Inc.,

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Datadog, Inc. and its subsidiaries (the “Company”), as of December 31, 2018 and 2017, and the related consolidated statements of operations and comprehensive (loss) income, and convertible preferred stock and stockholders’ deficit, and cash flows for each of the two years in the period ended December 31, 2018, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Company has changed its method of accounting for revenue from contracts with customers due to the adoption of a new revenue accounting standard.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP
New York, New York
June 13, 2019 (September 9, 2019 as to the effect of the stock split described in Note 2)

We have served as the Company’s auditor since 2016.

DATADOG, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31,		June 30,	Pro Forma Stockholders' Equity June 30, 2019
	2017	2018	2019	(unaudited)
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 60,024	\$ 53,639	\$ 52,286	
Accounts receivable, net of allowance of doubtful accounts of \$450, \$477, and \$507 (unaudited) as of December 31, 2017, 2018 and June 30, 2019, respectively	30,957	55,822	67,447	
Deferred contract costs, current	1,701	3,717	5,066	
Prepaid expenses and other current assets	7,737	8,773	21,135	
Total current assets	100,419	121,951	145,934	
Property and equipment, net	11,121	21,649	30,123	
Operating lease assets	—	—	43,410	
Goodwill	6,292	7,626	7,626	
Intangibles, net	974	1,288	942	
Deferred contract costs, non-current	3,054	7,292	9,803	
Restricted cash	3,470	11,341	8,104	
Other assets	1,732	8,603	15,817	
TOTAL ASSETS	<u>\$127,062</u>	<u>\$ 179,750</u>	<u>\$ 261,759</u>	
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT				
CURRENT LIABILITIES:				
Accounts payable	\$ 5,316	\$ 12,638	\$ 23,529	
Accrued expenses and other current liabilities	16,656	30,290	21,725	
Operating lease liabilities, current	—	—	9,626	
Deferred revenue, current	35,283	69,306	101,818	
Total current liabilities	57,255	112,234	156,698	
Operating lease liabilities, non-current	—	—	38,737	
Deferred revenue, non-current	3,818	1,393	3,422	
Other liabilities	885	1,359	1,373	
Total liabilities	61,958	114,986	200,230	
COMMITMENTS AND CONTINGENCIES (NOTE 7)				
CONVERTIBLE PREFERRED STOCK:				
Convertible Preferred Stock; \$0.00001 par value per share; 179,814,912 shares authorized; 179,814,912, 179,814,912 and 179,011,431 shares issued and outstanding as of December 31, 2017 and 2018 and June 30, 2019 (unaudited); liquidation preference of \$141,312, \$141,312 and \$141,246 as of December 31, 2017 and 2018 and June 30, 2019 (unaudited); 0 shares issued and outstanding as of June 30, 2019 pro forma (unaudited)	140,805	140,805	140,752	—
STOCKHOLDERS' DEFICIT:				
Non-voting common shares; \$0.00001 par value per share; 0 shares authorized; 379,000 and 0 and 0 shares issued and outstanding as of December 31, 2017 and 2018 and June 30, 2019 (unaudited), respectively; 0 shares issued and outstanding as of June 30, 2019 pro forma (unaudited)	—	—	—	—
Common stock, \$0.00001 par value per share; 380,000,000 shares authorized; 62,160,984, 78,180,606 and 86,823,234 shares issued and outstanding as of December 31, 2017 and 2018 and June 30, 2019 (unaudited), respectively; 265,834,665 shares issued and outstanding as of June 30, 2019 pro forma (unaudited)	—	—	—	3
Additional paid-in capital	19,716	30,834	41,132	181,881
Accumulated other comprehensive (loss) income	(48)	31	(9)	(9)
Accumulated deficit	(95,369)	(106,906)	(120,346)	(120,346)
Total stockholders' (deficit) equity	(75,701)	(76,041)	(79,223)	61,529
TOTAL LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT	<u>\$127,062</u>	<u>\$ 179,750</u>	<u>\$ 261,759</u>	

See accompanying notes to consolidated financial statements.

DATADOG, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
(in thousands, except per share data)

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
			(unaudited)	
Revenue	\$ 100,761	\$ 198,077	\$ 85,393	\$ 153,272
Cost of revenue	23,414	46,529	18,592	39,928
Gross profit	77,347	151,548	66,801	113,344
Operating expenses:				
Research and development	24,734	55,176	23,297	46,847
Sales and marketing	44,213	88,849	34,617	66,225
General and administrative	11,356	18,556	8,611	13,928
Total operating expenses	80,303	162,581	66,525	127,000
Operating (loss) income	(2,956)	(11,033)	276	(13,656)
Other income, net	843	793	301	556
(Loss) income before income taxes	(2,113)	(10,240)	577	(13,100)
Provision for income taxes	(457)	(522)	(79)	(340)
Net (loss) income	<u>\$ (2,570)</u>	<u>\$ (10,762)</u>	<u>\$ 498</u>	<u>\$ (13,440)</u>
Other comprehensive (loss) income—foreign currency translation adjustments	(48)	78	42	(40)
Comprehensive (loss) income	<u>\$ (2,618)</u>	<u>\$ (10,684)</u>	<u>\$ 540</u>	<u>\$ (13,480)</u>
Net (loss) income attributable to common stockholders	<u>\$ (2,570)</u>	<u>\$ (10,762)</u>	<u>\$ —</u>	<u>\$ (13,440)</u>
Basic net (loss) income per share	<u>\$ (0.04)</u>	<u>\$ (0.15)</u>	<u>\$ 0.00</u>	<u>\$ (0.17)</u>
Weighted average shares used in calculating basic net (loss) income per share:	61,321	70,951	67,856	79,566
Diluted net (loss) income per share	<u>\$ (0.04)</u>	<u>\$ (0.15)</u>	<u>\$ 0.00</u>	<u>\$ (0.17)</u>
Weighted average shares used in calculating diluted net (loss) income per share:	61,321	70,951	81,528	79,566
Pro-forma net loss per share		<u>\$ (0.04)</u>		<u>\$ (0.05)</u>
Weighted average shares used in calculating pro-forma net loss per share		250,766		259,141

See accompanying notes to consolidated financial statements.

DATADOG, INC.
CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2018 AND SIX MONTHS ENDED JUNE 30, 2019 (unaudited)
(in thousands, except share data)

	Convertible Preferred Stock		Common Stock		Non-Voting Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
BALANCE—December 31, 2016 (as reported)	179,814,912	\$ 140,805	57,692,496	—	1,137,000	\$ —	13,785	\$ —	\$ (95,476)	\$ (81,691)
Effect of adoption of ASC 606	—	—	—	—	—	—	—	—	2,677	2,677
BALANCE—January 1, 2017 (as adjusted)	179,814,912	140,805	57,692,496	—	1,137,000	—	13,785	—	(92,799)	(79,014)
Issuance of common stock upon exercise of stock options	—	—	2,165,976	—	—	—	449	—	—	449
Vesting of early exercised stock options	—	—	—	—	—	—	143	—	—	143
Issuance of common stock for acquisition	—	—	2,292,012	—	—	—	2,015	—	—	2,015
Stock-based compensation	—	—	—	—	—	—	3,316	—	—	3,316
Change in accumulated other comprehensive (loss) income	—	—	—	—	—	—	—	(48)	—	(48)
Other	—	—	10,500	—	—	—	8	—	—	8
Net loss	—	—	—	—	—	—	—	—	(2,570)	(2,570)
BALANCE—December 31, 2017	179,814,912	140,805	62,160,984	—	1,137,000	—	19,716	(48)	(95,369)	(75,701)
Effect of adoption of ASU 2016-09	—	—	—	—	—	—	775	—	(775)	—
BALANCE—January 1, 2018	179,814,912	140,805	62,160,984	—	1,137,000	—	20,491	(48)	(96,144)	(75,701)
Issuance of common stock upon exercise of stock options	—	—	14,882,622	—	—	—	4,557	—	—	4,557
Vesting of early exercised stock options	—	—	—	—	—	—	375	—	—	375
Stock-based compensation	—	—	—	—	—	—	5,411	—	—	5,411
Conversion of non-voting common stock	—	—	1,137,000	—	(1,137,000)	—	—	—	—	—
Change in accumulated other comprehensive (loss) income	—	—	—	—	—	—	—	79	—	79
Net loss	—	—	—	—	—	—	—	—	(10,762)	(10,762)
BALANCE—December 31, 2018	179,814,912	\$ 140,805	78,180,606	\$ —	—	\$ —	\$ 30,834	\$ 31	\$ (106,906)	\$ (76,041)
Issuance of common stock upon exercise of stock options	—	—	7,839,147	—	—	—	4,470	—	—	4,470
Vesting of early exercised stock options	—	—	—	—	—	—	313	—	—	313
Stock-based compensation	—	—	—	—	—	—	5,462	—	—	5,462
Conversion of preferred stock to common stock	(803,481)	(53)	803,481	—	—	—	53	—	—	53
Change in accumulated other comprehensive (loss) income	—	—	—	—	—	—	—	(40)	—	(40)
Net loss	—	—	—	—	—	—	—	—	(13,440)	(13,440)
BALANCE—June 30, 2019	179,011,431	\$ 140,752	86,823,234	\$ —	—	\$ —	\$ 41,132	\$ (9)	\$ (120,346)	\$ (79,223)

DATADOG, INC.
CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
FOR THE SIX MONTHS ENDED JUNE 30, 2018 (unaudited)
(in thousands, except share data)

	Convertible Preferred Stock		Common Stock		Non-Voting Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
BALANCE—January 1, 2018	179,814,912	\$ 140,805	62,160,984	\$ —	1,137,000	\$ —	\$ 20,491	\$ (48)	\$ (96,144)	\$ (75,701)
Issuance of common stock upon exercise of stock options	—	—	10,289,763	—	—	—	3,175	—	—	3,175
Vesting of early exercised stock options	—	—	—	—	—	—	168	—	—	168
Stock-based compensation	—	—	—	—	—	—	1,818	—	—	1,818
Conversion of non-voting common stock	—	—	1,137,000	—	(1,137,000)	—	—	—	—	—
Change in accumulated other comprehensive (loss) income	—	—	—	—	—	—	—	42	—	42
Net income	—	—	—	—	—	—	—	—	498	498
BALANCE—June 30, 2018	<u>179,814,912</u>	<u>\$ 140,805</u>	<u>73,587,747</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 25,652</u>	<u>\$ (6)</u>	<u>\$ (95,646)</u>	<u>\$ (70,000)</u>

See accompanying notes to consolidated financial statements.

DATADOG, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net (loss) income	\$ (2,570)	\$ (10,762)	\$ 498	\$ (13,440)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation and amortization	2,704	6,026	2,496	4,769
Amortization of deferred contract costs	1,274	2,671	1,081	2,252
Stock-based compensation, net of amounts capitalized	3,068	5,244	1,743	5,339
Noncash lease expense	—	—	—	4,615
Provision for accounts receivable allowance	378	477	125	553
Loss on disposal of property and equipment	4	9	3	4
Changes in operating assets and liabilities:				
Accounts receivable, net	(19,274)	(25,322)	(14,262)	(12,179)
Deferred contract costs	(3,352)	(8,925)	(3,638)	(6,112)
Prepaid expenses and other current assets	(4,250)	(1,331)	(1,569)	(12,206)
Other assets	(1,482)	(6,955)	(3,955)	(4,029)
Accounts payable	4,647	7,241	3,564	7,473
Accrued expenses and other liabilities	2,860	10,857	2,507	(8,601)
Deferred revenue	29,825	31,599	22,042	34,542
Net cash provided by operating activities	<u>13,832</u>	<u>10,829</u>	<u>10,635</u>	<u>2,980</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property and equipment	(2,351)	(9,662)	(6,548)	(4,979)
Capitalized software development costs	(5,452)	(6,176)	(2,587)	(4,408)
Cash paid for acquisition of businesses; net of cash acquired	(4,957)	(1,618)	—	—
Net cash used in investing activities	<u>(12,760)</u>	<u>(17,456)</u>	<u>(9,135)</u>	<u>(9,387)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from exercise of stock options	462	7,782	4,076	5,197
Payment of offering costs	—	—	—	(156)
Net cash provided by financing activities	<u>462</u>	<u>7,782</u>	<u>4,076</u>	<u>5,041</u>
Effect of exchange rate changes on cash and cash equivalents	(54)	47	24	(23)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1,480	1,202	5,600	(1,389)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	62,298	63,778	63,778	64,980
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	<u>\$ 63,778</u>	<u>\$ 64,980</u>	<u>\$ 69,378</u>	<u>\$ 63,591</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid for income taxes	\$ 40	\$ 36	\$ 4	\$ 52
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Accrued property and equipment purchases	\$ —	\$ 25	\$ 867	\$ 3,446
Stock-based compensation included in capitalized software development costs	\$ 248	\$ 167	\$ 75	\$ 123
Vesting of early exercised options	\$ 143	\$ 375	\$ 168	\$ 313
Acquisition of intangible assets through issuance of common stock	\$ 2,015	\$ —	\$ —	\$ —
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH WITHIN THE CONSOLIDATED BALANCE SHEETS TO THE AMOUNTS SHOWN IN THE STATEMENTS OF CASH FLOWS ABOVE:				
Cash and cash equivalents	\$ 60,024	\$ 53,639	\$ 64,716	\$ 52,286
Restricted cash – Including amounts in prepaid expense and other current assets and other assets	3,754	11,341	4,662	11,305
Total cash, cash equivalents and restricted cash	<u>\$ 63,778</u>	<u>\$ 64,980</u>	<u>\$ 69,378</u>	<u>\$ 63,591</u>

See accompanying notes to consolidated financial statements.

DATADOG, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

Description of Business

Datadog, Inc. (“Datadog” or the “Company”) was incorporated in the State of Delaware on June 4, 2010. The Company is the monitoring and analytics platform for developers, IT operations teams and business users in the cloud age. The Company’s SaaS platform integrates and automates infrastructure monitoring, application performance monitoring and log management, to provide unified, real-time observability of its customers’ entire technology stack. The Company is headquartered in New York City and has various other global office locations.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Principles of Consolidation

The consolidated financial statements include the accounts of Datadog, Inc. and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Stock Split and Authorized Shares

On January 2, 2018, a 4-for-1 stock split of the Company’s then-outstanding common stock and convertible preferred stock was effected without any change in the par value per share. All information related to the Company’s common stock, convertible preferred stock and stock awards has been retroactively adjusted to give effect to the 4-for-1 stock split, without any change in the par value per share.

On September 6, 2019, the Company’s Board of Directors and stockholders approved an amended and restated certificate of incorporation of the Company effecting a 3-for-1 stock split of the Company’s issued and outstanding shares of common stock and convertible preferred stock, and an increase to the authorized shares of our common stock and convertible preferred stock to 380,000,000 shares and 179,814,912 shares, respectively. The split was effected on September 6, 2019 and without any change in the par value per share. All information related to the Company’s common stock, convertible preferred stock and stock awards has been retroactively adjusted to give effect to the 3-for-1 stock split, without any change in the par value per share.

Segment Information

The Company has a single operating and reportable segment as well as one business activity, monitoring and providing analytics on companies’ information technology (“IT”) infrastructure. The Company’s chief operating decision maker is its Chief Executive Officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance, and allocating resources. There are no segment managers who are held accountable for operations or results below the consolidated level.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Such estimates include allowance for doubtful accounts, the fair value of acquired assets and assumed liabilities from business combinations, useful lives of property, equipment, software, and finite lived intangibles, stock-based compensation including the determination of the fair value of the Company’s stock, valuation of long-lived assets and their recoverability, including goodwill, estimated expected period of benefit period for deferred contract costs, realization of deferred tax assets and uncertain tax positions, revenue

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recognition and the allocation of overhead costs between cost of revenue and operating expenses. The Company bases its estimates on historical experience and also on assumptions that management considers reasonable. The Company assesses these estimates on a regular basis; however, actual results could materially differ from these estimates.

Unaudited Interim Consolidated Financial Information

The accompanying interim consolidated balance sheet as of June 30, 2019, the interim consolidated statements of operations and comprehensive (loss) income, cash flows for the six months ended June 30, 2018 and 2019, the interim consolidated statement of convertible preferred stock and stockholders' deficit for the six months ended June 30, 2018 and 2019 and the related notes to such interim consolidated financial statements are unaudited. These unaudited interim consolidated financial statements are presented in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") and do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with GAAP. In management's opinion, the unaudited interim consolidated financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments necessary for the fair presentation of the Company's financial position as of June 30, 2019 and the Company's consolidated results of operations and cash flows for the six months ended June 30, 2018 and 2019. The results of operations for the six months ended June 30, 2019 are not necessarily indicative of the results to be expected for the full year or any other future interim or annual period.

Unaudited Pro Forma Stockholders' Equity and Pro Forma Net Loss Per Share

Immediately prior to the completion of the Company's initial public offering ("IPO"), all of the outstanding shares of its convertible preferred stock will automatically convert into 179,011,431 shares of Class B common stock, based on the 179,011,431 shares of the convertible preferred stock outstanding as of June 30, 2019. The unaudited pro forma stockholders' equity as of June 30, 2019 has been computed to give effect to the automatic conversion of the convertible preferred stock as though the conversion and reclassification had occurred as of June 30, 2019. The shares of Class A common stock issuable and the proceeds expected to be received in the IPO are excluded from such pro forma information.

Unaudited pro forma basic and diluted net loss per share is computed to give effect to the automatic conversion of 179,011,431 shares of the Company's outstanding convertible preferred stock into 179,011,431 shares of Class B common stock in connection with the IPO.

Foreign Currency Translation

The reporting currency of the Company is the United States dollar ("USD"). The functional currency of the Company is USD, and the functional currency of the Company's subsidiaries is generally the local currency of the jurisdiction in which the foreign subsidiary is located. The assets and liabilities of the Company's subsidiaries are translated to USD at exchange rates in effect at the balance sheet date. All income statement accounts are translated at monthly average exchange rates. Resulting foreign currency translation adjustments are recorded directly in accumulated other comprehensive loss as a separate component of stockholders' deficit.

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in other income, net in the accompanying consolidated statements of operations and comprehensive loss when realized.

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Revenue Recognition

The Company generates revenue from the sale of subscriptions to customers using its cloud-based platform. The terms of the Company's subscription agreements are primarily monthly or annual. The Company's customers can enter into (1) a subscription agreement for a committed contractual amount of usage that is apportioned ratably on a monthly basis over the term of the subscription period, (2) a subscription agreement for a committed contractual amount of usage that is delivered as used, or (3) a monthly subscription based on usage. The Company typically bills customers on an annual subscription in full up-front, with any usage in excess of the committed contracted amount billed monthly in arrears. The Company typically bills customers on a monthly plan in arrears. Customers also have the option to purchase additional services priced at rates at or above the stand-alone selling price.

The Company elected to early adopt Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("Topic 606"), effective January 1, 2017, using the full retrospective method of adoption. As such, the consolidated financial statements present revenue in accordance with Topic 606 for all of the periods presented.

The Company accounts for revenue contracts with customers through the following steps:

- (1) identify the contract with a customer;
- (2) identify the performance obligations in the contract;
- (3) determine the transaction price;
- (4) allocate the transaction price; and
- (5) recognize revenue when or as the Company satisfies a performance obligation.

The Company's revenue arrangements may include infrastructure monitoring, application performance monitoring, log management, and synthetics, as well as secondary services including custom metrics in dashboard monitoring, docker container monitoring, and app analytics. The Company has identified each service as a separate performance obligation.

The transaction price is based on the fixed price for the contracted level of service plus variable consideration for additional optional purchases. Billing periods correspond to the periods over which services are performed and there are no discounts given on the purchase of future services.

The Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on a range of actual prices charged to customers.

Revenue is recognized when control of these services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those services. The Company determined an output method to be the most appropriate measure of progress because it most faithfully represents when the value of the services are simultaneously received and consumed by the customer, and control is transferred.

For committed contractual amounts of usage, revenue is recognized ratably over the term of the subscription agreement generally beginning on the date that the platform is made available to a customer. For committed

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contractual amount of usage that is delivered as used, a monthly subscription based on usage, or usage in excess of a ratable subscription, the Company recognizes revenue as the product is used. Subscription revenue excludes sales and other indirect taxes.

The Company applied the practical expedient in Topic 606 and did not evaluate contracts of one year or less for the existence of a significant financing component.

Cost of Revenue

Cost of revenue consists primarily of costs related to providing subscription services to paying customers, including data center and networking expenses, employee compensation (including stock-based compensation) and other employee-related expenses for customer experience and technical operations staff, payments to outside service providers, payment processing fees, amortization of capitalized internally developed software costs and acquired developed technology, and allocated overhead costs.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development costs consist of employee compensation (including stock-based compensation) and other employee-related expenses, materials and supplies, and allocated overhead costs such as rent and facilities costs.

Advertising Costs

Advertising costs are expensed as incurred and were approximately \$4.4 million, \$8.3 million, \$3.7 million and \$4.6 million for the years ended December 31, 2017 and 2018, and six months ended June 30, 2018 and 2019 (unaudited), respectively, and are included in sales and marketing expense in the accompanying consolidated statement of operations and comprehensive loss.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts for financial reporting and the tax bases of assets and liabilities. The deferred assets and liabilities are recorded at the statutorily enacted tax rates anticipated to be in effect when such temporary differences reverse. The effect of on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. A valuation allowance is established; when based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company engages in transactions in which the tax consequences may be subject to uncertainty. The Company accounts for uncertain tax positions based on an evaluation as to whether it is more likely than not that a tax position will be sustained on audit, including resolution of any related appeals or litigation processes. This evaluation is based on all available evidence and assumes that the appropriate tax authorities have full knowledge of all relevant information concerning the tax position. The Company accounts for uncertain tax positions as non-current tax liabilities or through a reduction of a corresponding deferred tax asset. The tax benefit recognized is based on the largest amount that is greater than 50% likely of being realized upon ultimate settlement. The Company includes potential interest expense and penalties related to its uncertain tax positions in income tax expense.

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Stock-Based Compensation

The Company measures compensation expense for all stock-based payment awards, including stock options granted to employees, directors, and nonemployees, based on the estimated fair value of the awards on the date of grant. The fair value of each stock option granted is estimated using the Black Scholes option pricing model. The determination of the grant date fair value using an option-pricing model is affected by the estimated fair value of the Company's common stock as well as assumptions regarding a number of other complex and subjective variables. These variables include expected stock price volatility over the expected term of the award, actual and projected employee stock option exercise behaviors, the risk-free interest rate for the expected term of the award and expected dividends. Stock-based compensation is recognized on a straight-line basis over the requisite service period. The Company also has certain options that have performance-based vesting conditions; stock-based compensation expense for such awards is recognized on a straight-line basis from the time the vesting condition is likely to be met through the time the vesting condition has been achieved.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents consist of funds deposited into money market funds.

Restricted Cash

Restricted cash primarily consists of collateralized letters of credit established in connection with lease agreements for the Company's facilities. Restricted cash is included in current assets for leases that expire within one year and is included in non-current assets for leases that expire in more than one year from the balance sheet date.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to credit risk primarily consist of cash and cash equivalents and accounts receivable. For cash and cash equivalents, the Company is exposed to credit risk in the event of default by the financial institutions to the extent of the amounts recorded on the accompanying consolidated balance sheets exceed federally insured limits. The Company places its cash and cash equivalents with financial institutions with high-quality credit ratings and has not experienced any losses in such accounts. For accounts receivable, the Company is exposed to credit risk in the event of nonpayment by customers to the extent of the amounts recorded on the accompanying consolidated balance sheets.

There were no customers representing greater than 10% of total revenue for the years ended December 31, 2017 and 2018 or the six months ended June 30, 2018 or 2019 (unaudited). No customers represented greater than 10% of accounts receivable as of December 31, 2017 and 2018 or as of June 30, 2018 or 2019 (unaudited).

Geographical Information

Revenue by location is determined by the billing address for the customer. The following table sets forth revenue by geographic area (in thousands):

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
North America	\$ 76,352	\$ 150,945	\$ 63,185	\$ 115,436
International	24,409	47,132	22,208	37,836
Total	<u>\$ 100,761</u>	<u>\$ 198,077</u>	<u>\$ 85,393</u>	<u>\$ 153,272</u>

DATADOG, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Other than the United States, no other individual country accounted for 10% or more of total revenue for the years ended December 31, 2017 or 2018. As of December 31, 2017 and 2018, 84% and 85% of the Company's long lived assets were located in the United States and 16% and 15% were located in Europe, respectively. As of June 30, 2019, 78% (unaudited) of the Company's long lived assets were located in the United States and 22% (unaudited) were located in Europe.

Fair Value of Financial Instruments

The accounting guidance for fair value provides a framework for measuring fair value, clarifies the definition of fair value, and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance establishes a three tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Included in the Company's cash and cash equivalents are money market funds, which are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. As of December 31, 2017 and 2018 and June 30, 2019, the Company had \$60.0 million, \$53.6 million and \$52.3 million (unaudited), respectively, of cash and cash equivalents primarily invested in money market funds. In addition, the Company had \$3.8 million, \$11.3 million and \$11.3 million (unaudited), respectively, of restricted cash in connection with collateral for various lease agreements for the Company's facilities. Accounts receivable, accounts payable, and accrued expenses are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Accounts Receivable

Accounts receivable includes billed and unbilled receivables. Trade accounts receivable are recorded at invoiced amounts and do not bear interest. The Company generally does not require collateral and provides for expected losses. The expectation of collectability is based on a review of credit profiles of customers, contractual terms and conditions, current economic trends, and historical payment experience. The Company regularly reviews the adequacy of the allowance for doubtful accounts by considering the age of each outstanding invoice and the collection history of each customer to determine the appropriate amount of allowance for doubtful accounts. Accounts receivable deemed uncollectible are charged against the allowance for doubtful accounts when identified.

Unbilled accounts receivable represents revenue recognized on contracts for which billings have not yet been presented to customers because the amounts were earned but not contractually billable as of the balance sheet date. The unbilled accounts receivable balance is due within one year. As of December 31, 2017 and 2018 and June 30, 2019, unbilled accounts receivable of approximately \$10.5 million, \$13.1 million and \$13.7 million (unaudited), respectively, was included in accounts receivable on the Company's consolidated balance sheets.

DATADOG, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS*****Internal Use Software Development Costs***

The Company capitalizes qualifying internal use software development costs related to its cloud platform. The costs consist of personnel costs (including related benefits and stock-based compensation) that are incurred during the application development stage. Capitalization of costs begins when two criteria are met: (1) the preliminary project stage is completed, and (2) it is probable that the software will be completed and used for its intended function. Capitalization ceases when the software is substantially complete and ready for its intended use, including the completion of all significant testing. Costs related to preliminary project activities and post implementation operating activities are expensed as incurred.

Capitalized costs are included in property and equipment. These costs are amortized over the estimated useful life of the software, which is two years, on a straight-line basis, which represents the manner in which the expected benefit will be derived. The amortization of costs related to the platform applications is included in cost of revenue and sales and marketing expense based on an allocation between paid customer accounts and free customer accounts not generating revenue.

Property and Equipment, Net

Property and equipment, net is stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful life of the related asset. Expenses that improve an asset or extend its remaining useful life are capitalized. Costs of maintenance or repairs that do not extend the lives of the respective assets are charged to expenses as incurred.

Deferred Contract Costs

Sales commissions earned by the Company's sales force are considered incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and then amortized over a period of benefit which is determined to be four years. The Company determined the period of benefit by taking into consideration the length of terms in its customer contracts, life of the technology and other factors. Amounts expected to be recognized within one year of the balance sheet date are recorded as deferred contract costs, current; the remaining portion is recorded as deferred contract costs, non-current, in the consolidated balance sheets. Deferred contract costs are periodically analyzed for impairment. Amortization expense is included in sales and marketing expenses in the accompanying consolidated statements of operations.

The adoption of ASC 606 related to the deferral of incremental commission costs of obtaining a contract, primarily sales commissions, resulted in a decrease to accumulated deficit of \$2.7 million as of January 1, 2017.

Deferred contract costs on the Company's consolidated balance sheets were \$4.8 million, \$11.0 million and \$14.9 million as of December 31, 2017 and 2018 and June 30, 2019 (unaudited) respectively. Amortization expense was \$1.3 million, \$2.7 million, \$1.1 million and \$2.3 million for the years ended December 31, 2017 and 2018, and six months ended June 30, 2018 and 2019 (unaudited), respectively.

DATADOG, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following table represents a rollforward of the Company's deferred contract costs (in thousands):

	<u>Amount</u>
Balance as of January 1, 2017	\$ 2,677
Additions to deferred contract costs	3,352
Amortization of deferred contract costs	(1,274)
Balance as of December 31, 2017	4,755
Additions to deferred contract costs	8,925
Amortization of deferred contract costs	(2,671)
Balance as of December 31, 2018	11,009
Additions to deferred contract costs (unaudited)	6,112
Amortization of deferred contract costs (unaudited)	(2,252)
Balance as of June 30, 2019 (unaudited)	\$ 14,869

Deferred Offering Costs

Deferred offering costs, which consist of direct incremental legal, accounting, and consulting fees relating to the IPO, will be capitalized. The deferred offering costs will be offset against IPO proceeds upon the consummation of the IPO. In the event the planned IPO is terminated, the deferred offering costs will be expensed. There were no deferred offering costs recorded as of December 31, 2017 and 2018. As of June 30, 2019, there was \$1.4 million (unaudited) of deferred offering costs recorded.

Business Combinations

When the Company acquires a business, the purchase consideration is allocated to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated respective fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require the Company to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired users, acquired technology, and trade names from a market participant perspective, useful lives and discount rates. The Company's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to other income, net in the consolidated statement of operations.

Accounting for Impairment of Long-Lived Assets (Including Goodwill and Intangibles)

Long-lived assets with finite lives include property and equipment, capitalized development software costs and acquired intangible assets. Long-lived assets are amortized over their estimated useful lives which are as follows:

Computers and equipment	3 years
Furnitures and fixtures	5 years
Leasehold improvements	Shorter of lease term or useful life of asset
Capitalized software development costs	2 years
Intangible assets	1-3 years

DATADOG, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The Company evaluates long lived assets, including acquired intangible assets and capitalized software development costs, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or the estimated useful life becomes shorter than originally estimated. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset exceeds these estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the assets exceeds the fair value of the asset or asset group, based on discounted cash flows.

Goodwill is not amortized but rather tested for impairment at least annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. Goodwill impairment is recognized when the quantitative assessment results in the carrying value exceeding the fair value, in which case an impairment charge is recorded to the extent the carrying value exceeds the fair value. The Company did not recognize any impairment of goodwill during the years ended December 31, 2017 or 2018 or six months ended June 30, 2018 or 2019 (unaudited).

Operating Leases

The Company leases real estate facilities under operating leases. For leases that contain rent escalation or rent concession provisions, the Company records the total rent expense during the lease term on a straight-line basis over the term of the lease. Prior to the adoption of ASC 842, *Leases* on January 1, 2019, the Company records the difference between the rent paid and the straight-line rent expense as a deferred rent liability within accrued expenses and other current liabilities and other liabilities.

Deferred Revenue

The Company records contract liabilities to deferred revenue when the Company receives customer payments in advance of the performance obligations being satisfied on the Company's contracts. Certain of the Company's customers pay in advance of satisfaction of performance obligations and other customers with monthly contract terms are billed in arrears on a monthly basis.

The deferred revenue balance as of January 1, 2017 was \$9.2 million. The Company recognized \$9.2 million and \$37.1 million of revenue during the fiscal years ended December 31, 2017 and 2018, respectively from beginning deferred revenue balances as of January 1, 2017 and 2018, respectively. The increase in contract liabilities from December 31, 2017 to December 31, 2018 primarily resulted from growth of contracts with new and existing customers.

The Company recognized \$24.0 million (unaudited) and \$51.7 million (unaudited) for the six months ended June 30, 2018 and 2019, respectively, from beginning deferred revenue balances as of January 1, 2018 and 2019, respectively.

Remaining performance obligations represent the aggregate amount of the transaction price in contracts allocated to performance obligations not delivered, or partially undelivered, as of the end of the reporting period. Remaining performance obligations include unearned revenue, multi-year contracts with future installment payments and certain unfulfilled orders against accepted customer contracts at the end of any given period. As of December 31, 2018 and June 30, 2019, the aggregate transaction price allocated to remaining performance obligations was \$127.1 million and \$186.8 million (unaudited), respectively. There is uncertainty in the timing of revenues associated with the Company's drawdown contracts, as future revenue can often vary significantly from past revenue.

DATADOG, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

However, the Company expects to recognize substantially all of the remaining performance obligations over the next 24 months.

Net Income (Loss) Per Share Attributable to Common Shareholders

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period giving effect to all potentially dilutive securities to the extent they are dilutive. The dilutive effect of potentially dilutive securities is reflected in diluted net income (loss) per share by application of the two-class method. During the periods when we are in a net loss position, the net loss attributable to common stockholders was not allocated to the convertible preferred stock and unvested common stock under the two-class method as these securities do not have a contractual obligation to share in our losses.

Accounting Pronouncements Recently Adopted

In November 2015, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2015-17, *Income Taxes (Topic 740), Balance Sheet Classification of Deferred Tax*. ASU No. 2015-17 was issued by the FASB as part of its initiative to reduce complexity in accounting standards (the Simplification Initiative). Current GAAP requires an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified statement of financial position. To simplify the presentation of deferred income taxes, the amendments in ASU 2015-17 require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments of ASU 2015-17. ASU 2015-17 is effective for financial statements issued for annual periods beginning after December 15, 2017 and interim periods within those annual periods. Early adoption is permitted for financial statements that have not been previously issued. The ASU was adopted January 1, 2019 and applied retrospectively to all deferred tax assets and liabilities for all periods presented. The Company adoption of this ASU had no material impact on the Company’s consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The Company has adopted this ASU effective January 1, 2018, and elected to account for forfeitures as they occur upon adoption, rather than estimated expected forfeitures over the course of a vesting period. The Company recognized a cumulative effect of \$0.8 million to accumulated deficit as of January 1, 2018 upon adoption.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows*. The ASU provides guidance on how certain cash receipts and outflows should be classified on entities’ statement of cash flows. The Company adopted the ASU on January 1, 2019 on a retrospective basis to all periods presented. Adoption of this ASU did not have a material impact on the Company’s consolidated statements of cash flows for the periods presented.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows*. The standard requires that the statements of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The Company adopted the ASU on January 1, 2019 on a retrospective basis for all periods presented. Prior to the adoption of the ASU, changes within restricted cash were presented within investing activities as changes related to payments and refunds of security deposits in connection with leases for the Company’s facilities. As a result of adopting the ASU, the Company includes restricted cash with cash and cash equivalents when reconciling the beginning-of-period and

DATADOG, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

end-of-period total amounts presented on the statement of consolidated cash flows. Accordingly, the statement of cash flows has been revised to include restricted cash as a consolidated component of cash, cash equivalents, and restricted cash.

In January 2017, the FASB issued ASU 2017-01 *Business Combinations (Topic 805): Clarifying the Definition of a Business*. This ASU provides guidance to evaluate whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. If substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single asset or a group of similar assets, the assets acquired (or disposed of) are not considered a business. The Company adopted ASU 2017-01 as of January 1, 2017 on a prospective basis and there was no material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The update simplifies the measurement of goodwill by eliminating step 2 from the goodwill impairment test. Entities should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The Company early adopted this ASU on January 1, 2017 and its adoption had no impact on the Company's consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting*. This amends the scope of modification accounting for share-based payment arrangements. The ASU provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting. Specifically, an entity would not apply modification accounting if the fair value, vesting conditions, and classification of the awards are the same immediately before and after the modification. The Company adopted this ASU on January 1, 2019 on a retrospective basis to all periods presented. Application of this ASU did not have a material impact on the Company's consolidated financial statements for the year ended December 31, 2018.

In February 2016, the FASB issued ASU 2016-02, *Leases (ASC 842)*, which requires, among other items, lessees to recognize most leases as assets and liabilities on the balance sheet. Qualitative and quantitative disclosures are also enhanced to better understand the amount, timing and uncertainty of cash flows arising from leases. The Company adopted this ASU on January 1, 2019 and has elected the transition option prescribed by ASU 2018-11, and accordingly will not restate prior periods under ASC 842. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification and determination of the lease term. Upon adoption, the Company recognized a right of use asset of \$47.9 million and a lease liability of \$51.4 million with no impact to accumulated deficit or consolidated statement of cash flows. The Company's consolidated financial statements for the six months ended June 30, 2019 reflect the adoption of ASC 842.

Accounting Pronouncements Not Yet Adopted

In June 2018, the FASB issued ASU 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. The updated guidance simplifies the accounting for nonemployee share-based payment transactions. The amendments in the new guidance specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. The ASU is effective for public business entities for fiscal years beginning after December 15, 2018 and the Company does not expect a material effect on the Company's consolidated financial statements as a result of this ASU.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software*, which align the requirements for capitalizing implementation costs incurred in a hosting arrangement

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that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendments in this ASU. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The Company does not expect the adoption of this ASU to have a material effect on the Company's consolidated financial statements.

3. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	December 31,		June 30,
	2017	2018	2019
			(unaudited)
Hosting	\$ 2,182	\$ 3,356	\$ 8,554
General prepaid expenses	1,293	3,607	4,715
Other receivables	1,896	526	2,256
Deferred compensation	1,358	—	—
Marketing	390	218	1,283
Rent	334	1,066	1,126
Restricted cash	284	—	3,201
Total prepaid expenses and other current assets	<u>\$ 7,737</u>	<u>\$ 8,773</u>	<u>\$ 21,135</u>

4. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	December 31,		June 30,
	2017	2018	2019
			(unaudited)
Computers and equipment	\$ 2,304	\$ 4,540	\$ 6,237
Furniture & fixtures	1,287	2,621	4,067
Leasehold improvements	2,401	8,554	13,767
Capitalized software development costs	8,657	15,000	19,532
Total property and equipment	14,649	30,715	43,603
Less: accumulated depreciation and amortization	(3,528)	(9,066)	(13,480)
Total property and equipment, net	<u>\$ 11,121</u>	<u>\$ 21,649</u>	<u>\$ 30,123</u>

As discussed in Note 2, *Basis of Presentation and Summary of Significant Accounting Policies—Internal Use Software*, the Company capitalizes costs related to the development of computer software for internal use and is included in capitalized software development costs within property and equipment, net.

Depreciation and amortization expense was approximately \$2.2 million, \$5.5 million, \$2.3 million and \$4.4 million for the years ended December 31, 2017 and 2018, and six months ended June 30, 2018 and 2019 (unaudited), respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Acquisition, Intangible Assets and Goodwill

Focusmatic Acquisition

On March 28, 2017, the Company completed an acquisition of Focusmatic SAS (“Focusmatic”). Focusmatic is a log processing and analytics company that aligns with the Company’s goal of improving visibility for its customers IT infrastructure. Goodwill was not deductible for tax purposes. Pursuant to the Agreement and Plan of Merger, the entire ownership of Focusmatic was purchased by the Company in exchange for 2,292,012 shares of the Company’s common stock and \$5.4 million of cash consideration. Goodwill resulted primarily from the expected integration of the employee base and product offerings of Focusmatic with the Company. The acquisition was accounted for as a business combination in accordance with ASC 805, *Business Combinations* with the results of Focusmatic’s operations included in the consolidated financial statements from the date of acquisition. Results of operations for this acquisition have been included in the Company’s consolidated statements of operations and comprehensive loss since the acquisition date and were not material. Pro forma results of operations for this acquisition have not been presented because it was also not material to the consolidated results of operations. Transaction costs amounted to approximately \$0.1 million and were expensed as incurred.

The aggregate purchase consideration and estimated fair values of the assets acquired and liabilities assumed at the date of acquisition were as follows (in thousands):

	<u>Fair Value</u>
Fair value of purchase consideration:	
Cash consideration	\$ 5,397
Common stock	2,015
Total purchase consideration	<u>\$ 7,412</u>
	<u>Fair Value</u>
Fair value of net assets acquired:	
Net tangible assets (liabilities)	\$ (200)
Developed technology	1,300
Customer relationships	20
Goodwill	6,292
Total fair value of net assets acquired	<u>\$ 7,412</u>

Madumbo Acquisition

On September 28, 2018, the Company entered into a Stock Purchase Agreement with Madumbo whereby the Company acquired all of the issued and outstanding shares of Madumbo for \$1.6 million in cash consideration. Madumbo created an artificial intelligence platform that the Company plans to use to strengthen the Company’s current product offering. Goodwill was not deductible for tax purposes. Goodwill resulted primarily from the expected integration of Madumbo’s platform with the Company’s existing product offerings. The acquisition was accounted for as a business combination in accordance with ASC 805, *Business Combinations*. The results of Madumbo’s operations have been included in the Company’s consolidated statements of operations and comprehensive loss since the acquisition date and were not material. Pro forma results of operations for this acquisition have not been presented because it was also not material to the consolidated results of operations. Transaction costs amounted to approximately \$0.1 million and were expensed as incurred.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The aggregate purchase consideration and estimated fair values of the assets acquired and liabilities assumed at the date of acquisition were as follows (in thousands):

	<u>Fair Value</u>
Fair value of net assets acquired:	
Net tangible assets (liabilities)	\$ (536)
Developed technology	825
Goodwill	1,334
Total fair value of net assets acquired	<u>\$ 1,623</u>

Intangibles, net consisted of the following (in thousands):

	<u>December 31, 2017</u>			<u>December 31, 2018</u>			<u>Amortization Period</u>
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>	
Developed technology	\$ 1,300	\$ (330)	\$ 970	\$ 2,125	\$ (837)	\$ 1,288	2-3 years
Customer relationships	20	(16)	4	20	(20)	—	1 year
Total	<u>\$ 1,320</u>	<u>\$ (346)</u>	<u>\$ 974</u>	<u>\$ 2,145</u>	<u>\$ (857)</u>	<u>\$ 1,288</u>	

	<u>As of June 30, 2019</u> (unaudited)		
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Developed technology	<u>\$ 2,125</u>	<u>\$ (1,183)</u>	<u>\$ 942</u>

Intangible amortization expense was approximately \$0.5 million, \$0.5 million, \$0.2 million and \$0.4 million for the years ended December 31, 2017 and 2018 and six months ended June 30, 2018 and 2019 (unaudited), respectively. Amortization of developed technology and customer relationships are included in cost of revenue on the Company's consolidated statement of operations and comprehensive loss.

As of June 30, 2019, future amortization expense by year is expected to be as follows (in thousands):

	<u>Amount</u> (unaudited)
Remainder of 2019	\$ 361
2020	378
2021	203
Total	<u>\$ 942</u>

The changes in the carrying amount of goodwill were as follows (in thousands):

	<u>Amount</u>
Balance as of January 1, 2017	\$ —
Focusmatic acquisition	6,292
Balance as of December 31, 2017	6,292
Madumbo acquisition	1,334
Balance as of December 31, 2018 and June 30, 2019 (unaudited)	<u>\$ 7,626</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	<u>December 31,</u>		<u>June 30,</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Accrued compensation	\$10,143	\$ 8,434	\$ 6,062
Early exercise liability-stock options	81	2,931	3,346
Commissions and bonuses	2,349	6,795	5,695
Income tax liability	152	516	753
Payroll and sales taxes	335	1,147	1,317
Deferred rent	600	3,527	—
Other	2,996	6,940	4,552
Total accrued expenses and other current liabilities	<u>\$16,656</u>	<u>\$30,290</u>	<u>\$ 21,725</u>

7. Commitments and Contingencies

Lease Commitments—The Company has entered into various noncancelable operating leases for its facilities expiring between fiscal 2019 and 2025. Certain operating leases contain provisions under which monthly rent escalates over time. When lease agreements contain escalating rent clauses or free rent periods, the Company recognizes rent expense on a straight-line basis over the term of the lease.

Rent expense for the years ended December 31, 2017 and 2018 was \$3.8 million and \$10.0 million, respectively.

During 2017 and 2018 the Company received \$0.1 million and \$0.7 million, respectively, in sub-lease income which were recorded as a credit to rent expense.

Future minimum lease payments under noncancelable operating leases as of December 31, 2018 are as follows (in thousands):

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 9,833
2020	14,549
2021	17,254
2022	17,036
2023	14,986
Thereafter	4,017
Total	77,675
Future sublease income	(4,886)
Net minimum lease payments	<u>\$72,789</u>

The above payments include payments related to a lease entered into in July 2018 with a lease term of 5 years and total lease payments over the life of the lease of approximately \$19.8 million. The Company has not taken possession of the underlying property as of December 31, 2018 or June 30, 2019 and therefore, the operating lease liability has not been reflected on the consolidated balance sheet subsequent to the adoption of ASC 842.

Non-Income Tax Matters—In January 2015, the Company recorded a \$5.0 million contingent Federal payroll tax liability in conjunction with common stock repurchase transactions, as part of a capital raise, with

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certain of its employees. The potential payroll tax treatment of these transactions was subject to uncertainty, and the contingent payroll tax liability was deemed probable and reasonably estimable. On April 15, 2019, the period of limitations for assessing the contingent Federal payroll tax liability expired and the Company was legally released from being the primary obligor. As a result, the Company recognized a \$5.0 million benefit in the consolidated statement of operations during the six months ended June 30, 2019 (unaudited).

401(k) Plan—The Company sponsors a 401(k) defined contribution plan covering all eligible US employees. Contributions to the 401(k) plan are discretionary. The Company did not make any matching contributions to the 401(k) plan for the years ended December 31, 2017 and 2018.

Legal Matters—The Company is involved from time to time in various claims and legal actions arising in the ordinary course of business. While it is not feasible to predict or determine the ultimate outcome of these matters, the Company believes that none of its current legal proceedings will have a material adverse effect on its financial position or results of operations.

Indemnification—The Company enters into indemnification provisions under some agreements with other parties in the ordinary course of business, including business partners, investors, contractors, customers, and the Company’s officers, directors and certain employees. The Company has agreed to indemnify and defend the indemnified party claims and related losses suffered or incurred by the indemnified party from actual or threatened third-party claim because of the Company’s activities or non-compliance with certain representations and warranties made by the Company. It is not possible to determine the maximum potential loss under these indemnification provisions due to the Company’s limited history of prior indemnification claims and the unique facts and circumstances involved in each particular provision. To date, losses recorded in the Company’s consolidated statements of operations and comprehensive (loss) income in connection with the indemnification provisions have not been material.

8. Leases

The Company has entered into various noncancelable operating leases for its facilities expiring between fiscal 2019 and 2025. Certain lease agreements contain an option for the Company to renew a lease for a term of up to five years or an option to terminate a lease early within three years. The Company considers these options, which may be elected at the Company’s sole discretion, in determining the lease term on a lease-by-lease basis. The Company has elected the practical expedient not to record leases with an initial term of 12 months or less on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. The Company accounts for lease components and non-lease components as a single lease component. Operating lease assets and liabilities are reflected within operating lease assets; operating lease liabilities, current and operating lease liabilities, non-current, on the consolidated balance sheet.

Lease expense for these leases is recognized on a straight-line basis over the lease term, with variable lease payments recognized in the period those payments are incurred.

The components of lease cost recognized within the Company’s consolidated statements of operations and comprehensive loss were as follows (in thousands):

	<u>Six Months Ended</u> <u>June 30, 2019</u> <u>(unaudited)</u>
Operating lease cost ⁽¹⁾	\$ 5,830
Variable lease cost ⁽²⁾	10
Short-term lease cost	1,584

1) Includes right of use amortization of \$4.5 million

2) Primarily related to Consumer Price Index adjustments, common area maintenance and property tax.

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Supplemental cash flow information and non-cash activity related to the Company’s operating leases are as follows (in thousands):

	<u>June 30, 2019</u> <u>(unaudited)</u>
Cash paid for amounts included in measurement of lease liabilities	\$ 4,548

Maturities of lease liabilities by fiscal year for the Company’s operating leases are as follows (in thousands):

	<u>Amount</u> <u>(unaudited)</u>
Remainder of 2019	\$ 5,756
2020	12,583
2021	12,550
2022	11,559
2023	8,326
2024 and beyond	4,017
Total lease payments	<u>\$ 54,791</u>
Less: imputed interest	(6,428)
Present value of lease liabilities	<u>\$ 48,363</u>

Weighted average remaining lease term and discount rate for the Company’s operating leases are as follows:

	<u>June 30,</u> <u>2019</u> <u>(unaudited)</u>
Weighted average remaining lease term	4.6 years
Weighted average discount rate	5.6%

9. Convertible Preferred Stock

Convertible Preferred Stock—Convertible Preferred Stock is carried at the issuance price, net of issuance costs.

At December 31, 2017, convertible preferred stock (the “Preferred Stock”) consisted of the following (in thousands, except share and per share data):

	<u>Shares Issued and Outstanding</u>	<u>Issuance Price Per Share</u>	<u>Carrying Value¹</u>	<u>Liquidation Preference</u>
Seed	19,403,952	\$ 0.0575	\$ 1,090	\$ 1,117
Series A	49,195,632	\$ 0.1255	6,042	\$ 6,175
Series B	39,619,992	\$ 0.3192	12,564	\$ 12,648
Series C	30,389,424	\$ 0.8840	26,764	\$ 26,865
Series D	41,205,912	\$ 2.2935	94,345	\$ 94,507
	<u>179,814,912</u>		<u>\$ 140,805</u>	

1) Amounts are net of issuance costs.

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At December 31, 2018, Preferred Stock consisted of the following (in thousands, except share and per share data):

	Shares Issued and Outstanding	Issuance Price Per Share	Carrying Value ¹	Liquidation Preference
Seed	19,403,952	\$ 0.0575	\$ 1,090	\$ 1,117
Series A	49,195,632	\$ 0.1255	6,042	\$ 6,175
Series B	39,619,992	\$ 0.3192	12,564	\$ 12,648
Series C	30,389,424	\$ 0.8840	26,764	\$ 26,865
Series D	41,205,912	\$ 2.2935	94,345	\$ 94,507
	<u>179,814,912</u>		<u>\$ 140,805</u>	

1) Amounts are net of issuance costs.

At June 30, 2019 (unaudited), Preferred Stock consisted of the following (in thousands, except share and per share data):

	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Carrying Value ¹	Liquidation Preference
Seed	19,403,952	18,692,994	\$ 0.0575	\$ 1,062	\$ 1,076
Series A	49,195,632	49,119,849	\$ 0.1255	6,032	\$ 6,165
Series B	39,619,992	39,619,992	\$ 0.3192	12,564	\$ 12,648
Series C	30,389,424	30,372,684	\$ 0.8840	26,749	\$ 26,850
Series D	41,205,912	41,205,912	\$ 2.2935	94,345	\$ 94,507
	<u>179,814,912</u>	<u>179,011,431</u>		<u>\$ 140,752</u>	

1) Amounts are net of issuance costs.

Significant rights and preferences of the above convertible Preferred Stock are as follows:

Conversion—At any time following the date of issuance, each share of Preferred Stock is convertible, at the option of its holder, into the number of shares of common stock, which results from dividing the applicable original issue price per share for each series by the applicable conversion price per share for such series.

The initial conversion price of the Series D Preferred Stock shall be equal to \$2.29, the Series C Preferred Stock shall be equal to \$0.88, the Series B Preferred Stock shall be equal to \$0.32, the Series A Preferred Stock shall be equal to \$0.13, and the Seed Preferred Stock shall be equal to \$0.06.

The conversion price may be adjusted from time to time based on certain events such as a Deemed Issue of Additional Shares of Common Stock, stock splits and combinations, dividends or distributions or in the event of a merger or reorganization.

The Preferred Stock is subject to mandatory conversion upon the sale of shares of Common Stock of at least \$3.44 per share in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, resulting in at least \$75 million of gross proceeds to the Company (“Qualified Liquidation Event”).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Voting—The holders of Preferred Stock are entitled to vote on all matters and are entitled to the number of votes equal to the number of shares of common stock into which each share is then convertible. The holders of the shares of Series B Preferred Stock, shall be entitled to elect one director, the holders of Series A Preferred Stock, shall be entitled to elect two directors.

Dividends—The Company shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Company (other than dividends on common shares payable in common shares) unless the holders of the Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Seed Preferred Stock in an amount at least equal to \$0.00345 per share, on each outstanding share of Series A Preferred Stock in an amount at least equal to \$0.00753 per share, on each outstanding share of Series B Preferred Stock in an amount at least equal to \$0.0191 per share, on each outstanding share of Series C Preferred Stock in an amount at least equal to \$0.0530 per share, and on each outstanding share of Series D Preferred Stock in an amount at least equal to \$0.1376 per share.

No dividends have been declared or paid by the Company since inception.

Liquidation Preference—In the event of any liquidation, the holders of shares of Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders, on a pari passu basis. The liquidation to Preferred Stock (Seed, Series A, Series B, Series C, and Series D) will be an amount per share equal to the greater of (a) the original issue price plus any dividends declared but unpaid thereon, or (b) such amount per share as would have been payable had all shares been converted into Common Stock immediately prior to liquidation.

If upon any liquidation, the assets of the Company are insufficient to make payment in full to the holders of Seed Preferred, Series A Preferred, Series B Preferred, Series C Preferred, and Series D Preferred, then such assets shall be distributed among the holders of the Seed, Series A, Series B Preferred, Series C Preferred, and Series D ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

After payment has been made to the holders of the Preferred Stock, the remaining assets available for distribution will be distributed ratably among the holders of common stock.

Redemption—The Preferred Stock is redeemable upon certain deemed liquidation events such as a merger or sale of substantially all the assets of the Company.

Classification—The convertible Preferred Stock is not mandatorily redeemable, but a liquidation event would constitute a redemption event outside of management's control. Therefore, all shares of convertible Preferred Stock have been presented outside of permanent equity in accordance with ASC 480, *Distinguishing Liabilities from Equity*. Further, the Company will not adjust the carrying value of the convertible Preferred Stock to the redemption value of such shares, since it is uncertain whether or when a redemption event will occur. In accordance with ASC 480, if it becomes certain that the convertible Preferred Stock will become redeemable, the carrying amount will be adjusted to equal the fair value of the instrument on the date that the contingent event becomes certain.

10. Equity

Common Stock—Holders of common stock are entitled to one vote per share and may elect two directors. Holders of common stock are entitled to receive any dividends as may be declared from time to time by the board of directors. Common stock is subordinate to the Preferred Stock with respect to dividend rights and rights upon a Qualified Liquidation Event of the Company. The common stock is not redeemable at the option of the holder.

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At December 31, 2017 and 2018 and June 30, 2019, the Company had reserved shares of common stock for future issuance as follows:

	<u>December 31,</u>		<u>June 30,</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Seed Preferred Stock	19,403,952	19,403,952	18,692,994 (unaudited)
Series A Preferred Stock	49,195,632	49,195,632	49,119,849
Series B Preferred Stock	39,619,992	39,619,992	39,619,992
Series C Preferred Stock	30,389,424	30,389,424	30,372,684
Series D Preferred Stock	41,205,912	41,205,912	41,205,912
Non-voting common shares	1,137,000	—	—
2012 stock option plan:			
Options outstanding	44,877,888	38,865,057	34,618,503
Shares available for future grants	8,939,016	69,225	976,632
	<u>234,768,816</u>	<u>218,749,194</u>	<u>214,606,566</u>

In January 2018, the Company converted the then outstanding shares of non-voting common stock to common stock. The non-voting common stock had the same rights and preferences as common stock except that the non-voting stock did not contain any voting rights.

In March 2019, certain investors proposed a tender offer to purchase shares of the Company's capital stock from certain stockholders at a price of \$15.92 per share, pursuant to an offer to purchase to which the Company was not a party. The Company agreed to waive certain transfer restrictions in connection with, and assist in the administration of, the tender offer. The tender offer was completed in the second quarter of 2019, and an aggregate of 14,366,871 shares of the Company's capital stock were successfully tendered, including 803,481 shares of Preferred stock that converted into an equal number of shares of common stock in conjunction with the sale.

Stock-Based Compensation—The Company adopted an equity incentive plan in 2012 (the "Plan"), pursuant to which the Company's board of directors may grant stock option and restricted stock awards to employees, directors, officers, agents, consultants, advisors, and independent contractors. The Company has reserved 72,842,148 shares of the Company's common stock for issuance pursuant to awards granted under the Plan as of June 30, 2019 (unaudited). Shares issued under the Plan shall be drawn from authorized and unissued shares or reacquired common stock. Stock option grants typically vest over a four-year requisite service period. Certain awards do include provisions where vesting accelerates upon the change of control event. The contractual term of stock options is typically ten years.

The Company uses the Black-Scholes option pricing model to value stock options. The fair value of each award is recognized on a straight-line basis over the vesting or service period, which is typically four years. The Black-Scholes model requires specified inputs to determine the fair value of stock-based awards, consisting of (i) the expected volatility of the Company's common stock over the expected option life, (ii) the risk-free interest rate, (iii) the expected dividend yield, and (iv) the expected option life.

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The following table summarizes the assumptions used during the years ended December 31, 2017 and 2018:

	Year Ended December 31,	
	2017	2018
Expected volatility	37.1% - 38.8%	38.4% - 39.0%
Risk-free interest rate	1.8% - 2.2%	2.6% - 3.0%
Expected dividend yield	—%	—%
Expected term (in years)	5.1 - 6.1	5.8 - 6.1
Fair value of common stock	\$0.87 - \$1.02	\$2.23 - \$5.63

The following table summarizes the assumptions used during the six months ended June 30, 2018 and 2019:

	Six Months Ended June 30,	
	2018	2019
Expected volatility	38.5% - 38.9%	38.9% - 39.2%
Risk-free interest rate	2.6% - 2.8%	1.8% - 2.6%
Expected dividend yield	—%	—%
Expected term (in years)	5.9 - 6.1	5.2 - 6.2
Fair value of common stock	\$2.23 - \$3.45	\$6.16 - \$10.62

Expected volatility—The Company performed an analysis of its peer companies with similar expected lives to develop an expected volatility assumption.

Expected term—Derived from the life of the options granted under the option plan and is based on the simplified method which is essentially the weighted average of the vesting period and contractual term.

Risk-free interest rate—Based upon quoted market yields for the United States Treasury debt securities.

Expected dividend yield—Since the Company has never paid and has no intention to pay cash dividends on common stock, the expected dividend yield is zero.

Fair value of the common stock—Because the Company's common stock is not yet publicly traded, the Company must estimate the fair value of common stock. The Board of Directors considers numerous objective and subjective factors to determine the fair value of the Company's common stock at each meeting in which awards are approved. The factors considered include, but are not limited to: (i) the results of contemporaneous independent third-party valuations of the Company's common stock; (ii) the prices, rights, preferences, and privileges of the Company's redeemable convertible Preferred Stock relative to those of its common stock; (iii) the lack of marketability of the Company's common stock; (iv) actual operating and financial results; (v) current business conditions and projections; (vi) the likelihood of achieving a liquidity event, such as an initial public offering or sale of the Company, given prevailing market conditions; and (vii) precedent transactions involving the Company's shares.

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Stock option activity during the years ended December 31, 2017 and 2018 and the six months ended June 30, 2019 (unaudited) is as follows:

	<u>Shares Available For Grant</u>	<u>Number Of Options Outstanding</u>	<u>Weighted- Average Exercise Price</u>	<u>Weighted- Average Remaining Contractual Life (in Years)</u>
Balance—January 1, 2017	3,714,672	35,825,160	\$ 0.39	8.9
Increase in option pool	16,443,048	—		
Options granted	(12,841,968)	12,841,968	\$ 0.89	
Options exercised	—	(2,165,976)	\$ 0.21	
Options forfeited	1,623,264	(1,623,264)	\$ 0.64	
Balance—December 31, 2017	8,939,016	44,877,888	\$ 0.53	8.3
Options granted	(11,236,803)	11,236,803	\$ 1.61	
Options exercised	—	(14,882,622)	\$ 0.52	
Options forfeited	2,367,012	(2,367,012)	\$ 0.79	
Balance—December 31, 2018	69,225	38,865,057	\$ 0.83	7.9
Increase in option pool (unaudited)	4,500,000	—		
Options granted (unaudited)	(4,261,980)	4,261,980	\$ 6.30	
Options exercised (unaudited)	—	(7,839,147)	\$ 0.66	
Options forfeited (unaudited)	669,387	(669,387)	\$ 1.65	
Balance—June 30, 2019 (unaudited)	<u>976,632</u>	<u>34,618,503</u>	\$ 1.53	7.9
Exercisable—June 30, 2019 (unaudited)		18,028,107	\$ 0.64	7.0

The weighted average grant-date fair value of options granted during 2017 and 2018 was \$0.40 and \$2.48, respectively. The Company received approximately \$0.5 million and \$7.8 million in cash proceeds from options exercised during 2017 and 2018, respectively. The intrinsic value of options exercised in 2017 and 2018 was approximately \$1.5 million and \$36.4 million, respectively. The aggregate fair value of options vested during 2017 and 2018 was \$4.2 million and \$3.5 million, respectively.

The weighted average grant-date fair value of options granted during the six months ended June 30, 2018 and June 30, 2019 was \$1.77 (unaudited) and \$4.03 (unaudited), respectively. The Company received approximately \$4.1 million (unaudited) and \$5.2 million (unaudited) in cash proceeds from options exercised during the six months ended June 30, 2018 and June 30, 2019, respectively. The intrinsic value of options exercised during the six months ended June 30, 2018 and June 30, 2019 was approximately \$19.4 million (unaudited) and \$53.8 million (unaudited), respectively. The aggregate fair value of options vested during the six months ended June 30, 2018 and 2019 was \$2.0 million (unaudited) and \$3.6 million (unaudited), respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock-based compensation expense was included in the consolidated statement of operations and comprehensive loss as follows (in thousands):

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
Cost of revenue	\$ 112	\$ 287	\$ 108	\$ 211
Research and development	1,160	1,641	544	1,775
Sales and marketing	977	1,910	719	1,736
General and administrative	819	1,406	372	1,617
Stock-based compensation, net of amounts capitalized	3,068	5,244	1,743	5,339
Capitalized stock-based compensation expense	248	167	75	123
Total stock-based compensation expense	\$ 3,316	\$ 5,411	\$ 1,818	\$ 5,462

Total compensation cost related to unvested awards not yet recognized was approximately \$28.4 million and \$39.0 million (unaudited) as of December 31, 2018 and June 30, 2019, respectively. The weighted average period over which this compensation cost related to unvested employee awards will be recognized is 3.4 years and 3.3 years (unaudited) as of December 31, 2018 and June 30, 2019, respectively.

Common stock purchased pursuant to an early exercise of stock options is not deemed to be outstanding for accounting purposes until those shares vest. The consideration received for an exercise of an option is considered to be a deposit of the exercise price and the related dollar amount is recorded as a liability. The shares issued upon the early exercise of these unvested stock option awards, which are reflected as exercises in the table above, are considered to be legally issued and outstanding on the date of exercise. Upon termination of service, the Company may repurchase unvested shares acquired through early exercise of stock options at a price equal to the price per share paid upon the exercise of such options. The Company has recorded liabilities related to early exercises of 262,788 shares of common stock, 2,095,656 shares of common stock and 2,362,500 shares of common stock as of December 31, 2017 and 2018 and June 30, 2019 (unaudited), respectively.

11. Income Taxes
For the years ended December 31, 2017 and 2018

Income Taxes—For financial reporting purposes, income/(loss) before income taxes, includes the following components (in thousands):

	December 31,	
	2017	2018
Domestic	\$(2,498)	\$(11,273)
Foreign	385	1,033
Loss before income taxes	\$(2,113)	\$(10,240)

DATADOG, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Total income taxes allocated to operations for the years ended December 31, 2017 and 2018 were as follows (in thousands):

<u>2017</u>	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 41	\$ —	\$ 41
State	60	—	60
Foreign	477	(121)	356
Total	<u>\$ 578</u>	<u>\$ (121)</u>	<u>\$457</u>
<u>2018</u>	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ —	\$ —	\$ —
State	(127)	—	(127)
Foreign	559	90	649
Total	<u>\$ 432</u>	<u>\$ 90</u>	<u>\$ 522</u>

Tax Rate Reconciliation—Income tax expense was \$0.5 million and \$0.5 million for the years ended December 31, 2017 and 2018, respectively, and differed from the amounts computed by applying the U.S. federal statutory income tax rate of 34% and 21% for the years ended December 31, 2017 and 2018, respectively, to pretax loss from operations as a result of the following (in thousands):

	<u>December 31,</u>	
	<u>2017</u>	<u>2018</u>
Income tax expense at federal statutory rate	\$ (719)	\$(2,151)
Non deductible expenses	735	1,289
State taxes (net of federal benefit)	60	(100)
Impacts of United States tax reform—rate change and mandatory repatriation	4,353	—
Change in valuation allowance	(4,146)	1,052
Uncertain tax positions	366	241
Foreign taxes	(146)	191
Other	(46)	—
Total	<u>\$ 457</u>	<u>\$ 522</u>

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act makes broad and complex changes to the U.S. tax code that affected the Company’s financial results for the year ended December 31, 2017, including, but not limited to: (1) requiring a one-time transition tax (payable over eight years) on certain un-repatriated earnings of foreign subsidiaries; (2) a future reduction of the U.S. federal corporate tax rate from 34% to 21% effective January 1, 2018, that reduced the current value of the Company’s deferred tax assets and liabilities; and (3) bonus depreciation that allows for full expensing of qualified property placed in service after September 27, 2017. In addition, the Tax Act establishes new tax laws that may affect the Company’s financial results for the years ending after December 31, 2017, including, but not limited to: (1) a reduction of the U.S. federal income tax rate from 34% to 21%; (2) limitation of the deduction for interest expense; (3) a general elimination of U.S. federal income taxes on dividends from foreign subsidiaries; (4) a new provision designed to tax global intangible low-taxed income; (5) limitations on the deductibility of certain executive compensation; and (6) limitations on the use of Foreign Income Tax Credit to reduce the Company’s income tax liability.

DATADOG, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Pursuant to the Staff Accounting Bulletin published by the SEC on December 22, 2017, addressing the challenges in accounting for the effects of the Tax Act in the period of enactment, companies reported provisional amounts for those specific income tax effects of the Tax Act for which the accounting was incomplete but a reasonable estimate could be determined. Those provisional amounts were subject to adjustment during a measurement period of up to one year from the enactment date (a “measurement-period adjustment”). Pursuant to this guidance, the estimated impact of the Tax Act was based on a preliminary review of the new tax law and projected future financial results and was subject to revision based upon further analysis and interpretation of the Tax Act and to the extent that actual results differed from projections available at that time.

In 2018, the Company completed its accounting with respect to the Tax Act and did not make any measurement-period adjustments to the initial tax expense of \$4.0 million recorded in 2017. The accounting is summarized below:

- **Reduction of U.S. Federal Corporate Tax Rate:** The Tax Act reduced the corporate tax rate to 21%, effective January 1, 2018. Consequently, the Company recorded a decrease related to deferred tax assets and liabilities with a corresponding net adjustment to deferred income tax expense for the year ended December 31, 2017 of \$4.0 million. In addition, the valuation allowance was reduced by \$4.0 million, as the Company is in a full valuation allowance position for the U.S. Deferred Tax Asset position. The Company did not make any measurement-period adjustments related to this item in 2018. The Company’s accounting for this element of the Tax Act is complete.
- **One-Time Mandatory Deemed Repatriation Tax:** The one-time mandatory deemed repatriation tax is imposed on previously untaxed accumulated and current earnings and profits of the Company’s foreign subsidiaries. The Company was able to reasonably estimate the one-time mandatory deemed repatriation tax and recorded an initial provisional tax obligation, with a corresponding adjustment to income tax expense for the year ended December 31, 2017, which did not have a material impact. The Company did not make any measurement-period adjustments related to this item in 2018. The Company’s accounting for this element of the Tax Act is complete.
- **Valuation Allowances:** The Company must assess whether its valuation allowance analyses are affected by the various aspects of the Tax Act. During 2017, the Company released \$4.0 million of valuation allowance corresponding with the reduction of the associated U.S. deferred tax assets. The Company did not make any measurement-period adjustments related to this item in 2018. The Company’s accounting for this element of the Tax Act is complete.
- **Global Intangible Low-Taxed Income (GILTI) Policy Election:** The FASB allows companies to adopt an accounting policy to either recognize deferred tax for GILTI or treat such tax cost as a current period expense when incurred. The Company has adopted an accounting policy to treat taxes due on GILTI as a current period expense.

DATADOG, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Components of Deferred Taxes—The tax effects of temporary differences that give rise to the deferred tax assets and deferred tax liabilities at December 31, 2017 and 2018 are presented below (in thousands):

	December 31,	
	2017	2018
Deferred tax assets:		
Net operating losses (Federal and State)	\$ 6,328	\$ 7,448
Stock-based compensation	1,616	1,668
Bad debt reserve	113	120
Intangibles	165	200
Accrued compensation	276	248
Deferred revenue	2	658
Federal withholding tax reserve	1,502	1,550
Internal use software	214	725
Rent expense	209	865
Unrealized foreign exchange	1	—
Total deferred tax assets	\$10,426	\$13,482
Less: valuation allowance	(8,586)	(9,730)
Net deferred tax assets	\$ 1,840	\$ 3,752
Deferred tax liabilities:		
Fixed assets	\$ (381)	\$ (737)
Commissions	(1,210)	(2,796)
Unrealized foreign exchange		(95)
Sec. 481(a) adjustment	(249)	(124)
Total deferred tax liabilities	\$ (1,840)	\$ (3,752)
Net deferred tax assets/liabilities	\$ —	\$ —

The Company accounts for income taxes using an asset and liability method and deferred income tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets and liabilities are expected to be realized or settled. The Company's deferred tax assets and liabilities are comprised primarily of federal and state net operating loss carryforwards and basis differences for financial reporting and tax purposes of certain assets and liabilities. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based upon the weight of all available evidence, which includes the historical operating performance and the recorded cumulative losses in prior fiscal periods, management does not believe as of December 31, 2017 and 2018 that it is more likely than not that the Company will realize its deferred tax assets. As a result, a valuation allowance of \$8.6 million and \$9.7 million has been provided at December 31, 2017 and 2018, respectively. The valuation allowance changed by (\$3.8 million) and \$1.2 million at December 31, 2017 and 2018, respectively. At December 31, 2017 and 2018, the Company has net operating loss carryforwards for federal tax purposes of approximately \$23.2 million and \$28.0 million, respectively, which is available to offset federal taxable income. The federal net operating loss carryforwards generated at December 31, 2017 and prior will begin to expire in 2031, if not utilized. Net operating losses generated in the December 31, 2018 period have an indefinite carryforward period but are subject to an 80% of taxable income limitation. The Company has approximately \$21.7 million and \$24.2 million of post-apportioned net operating loss carryforwards as of December 31, 2017 and 2018, respectively for various state tax purposes. The state net operating loss carryforwards will begin to expire in 2029, if not utilized.

DATADOG, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Utilization of the net operating losses may be subject to an annual limitation provided for in the Internal Revenue Code under Section 382 and similar state codes. The Company has prepared an analysis to determine whether its net operating losses may be limited under such provisions. It has been determined that any annual limitation would not result in the expiration of net operating loss carryforwards before utilization.

In general, it is the practice and intention of the Company to reinvest the earnings of its non-U.S. subsidiaries in those operations. Historically, the Company has not made a provision for U.S. income tax with respect to accumulated earnings of foreign subsidiaries where the foreign investment of such earnings is essentially permanent in duration. Generally, such amounts would become subject to U.S. taxation upon the remittance of dividends and under certain other circumstances. The Company has not provided U.S. taxes on unremitted earnings of its foreign subsidiaries as it asserts permanent reinvestment on any accumulated earnings and profits.

Consistent with the provisions of ASC 740, *Income Taxes*, the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The following table shows the changes in the gross amount of unrecognized tax benefits as of December 31, 2017 and 2018 (in thousands):

	December 31,	
	2017	2018
Beginning balance	\$ —	\$563
Increases based on tax positions during the current period	563	357
Ending balance	<u>\$563</u>	<u>\$920</u>

The total amount of unrecognized tax benefits that, if recognized would impact the effective tax rate would be \$0.4 million and \$0.8 million for the years ended December 31, 2017 and 2018, respectively.

The Company's policy for classifying interest and penalties associated with unrecognized income tax benefits is to include such items in income tax expense. The total amount of interest and penalties associated with unrecognized income tax benefits is \$0.2 million and \$0.4 million for the years ended December 31, 2017 and 2018, respectively.

Although it is reasonably possible that certain unrecognized tax benefits may increase or decrease within the next twelve months due to tax examination changes, settlement activities, expirations of statute of limitations, or the impact on recognition and measurement considerations related to the results of published tax cases or other similar activities, we do not anticipate any significant changes to unrecognized tax benefits over the next 12 months.

The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions and in various international jurisdictions. Tax years 2013 and forward generally remain open for examination for federal and state tax purposes. To the extent utilized in future years' tax returns, net operating loss carryforwards at December 31, 2017 and 2018 will remain subject to examination until the respective tax year is closed.

DATADOG, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2018 and 2019

The Company has an effective tax rate of 13.7% and (2.6)% for the six months ended June 30, 2018 and 2019 (unaudited), respectively. The Company has incurred U.S. operating losses and has minimal profits in its foreign jurisdictions.

The Company has evaluated the available evidence supporting the realization of its deferred tax assets, including the amount and timing of future taxable income, and has determined that it is more likely than not that its net deferred tax assets will not be realized in the U.S. Due to uncertainties surrounding the realization of the deferred tax assets, the Company maintains a full valuation allowance against substantially all of its net deferred tax assets. When the Company determines that it will be able to realize some portion or all of its deferred tax assets, an adjustment to its valuation allowance on its deferred tax assets would have the effect of increasing net income in the period such determination is made.

The Company has applied ASC 740, *Income Taxes*, and has determined that it has uncertain positions that would result in a tax reserve deemed immaterial for the six months ended June 30, 2018 and 2019 (unaudited). The Company's policy is to recognize interest and penalties related to uncertain tax positions in income tax expense. The Company is subject to U.S. federal tax authority, U.S. state tax authority and foreign tax authority examinations.

12. Net (Loss) Income Per Share

Basic and diluted net income (loss) per common share is presented in conformity with the two-class method required for participating securities. Prior to the conversion of the Preferred Stock upon the IPO, holders of Series Seed, Series A, Series B, Series C and Series D Preferred Stock are each entitled to receive non-cumulative dividends at a rate of \$0.00345 per share, \$0.00753 per share, \$0.0191 per share, \$0.0530 per share and \$0.1376 per share, respectively, payable prior and in preference to any dividends on any shares of the Company's common stock.

DATADOG, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the calculation of basic and diluted net (loss) income per share (in thousands, except per share data):

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
(unaudited)				
Basic net (loss) income per share:				
Numerator:				
Allocation of net (loss) income	\$ (2,570)	\$ (10,762)	\$ 498	\$ (13,440)
Less: net income allocated to preferred stockholders	—	—	(498)	—
Allocation of net (loss) income attributable to common stockholders	<u>\$ (2,570)</u>	<u>\$ (10,762)</u>	<u>\$ —</u>	<u>\$ (13,440)</u>
Denominator:				
Weighted-average common shares outstanding	61,321	70,951	67,856	79,566
Basic net (loss) income per share	<u>\$ (0.04)</u>	<u>\$ (0.15)</u>	<u>\$ 0.00</u>	<u>\$ (0.17)</u>
Diluted net (loss) income per share:				
Numerator:				
Allocation of net (loss) income for basic computation	\$ (2,570)	\$ (10,762)	\$ 498	\$ (13,440)
Less: net income allocated to preferred stockholders	—	—	(498)	—
Allocation of net (loss) income attributable to common stockholders	<u>\$ (2,570)</u>	<u>\$ (10,762)</u>	<u>\$ —</u>	<u>\$ (13,440)</u>
Denominator:				
Number of shares used in basic calculation	61,321	70,951	67,856	79,566
Weighted-average effect of dilutive securities				
Employee stock options	—	—	13,672	—
Number of shares used in diluted calculation	<u>61,321</u>	<u>70,951</u>	<u>81,528</u>	<u>79,566</u>
Diluted net (loss) income per share	<u>\$ (0.04)</u>	<u>\$ (0.15)</u>	<u>\$ 0.00</u>	<u>\$ (0.17)</u>

Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows (in thousands):

	Year Ended December 31,		Six Months Ended June 30,	
	2017	2018	2018	2019
(unaudited)				
Convertible Preferred Stock	179,815	179,815	179,815	179,011
Shares subject to outstanding stock options	44,877	38,865	23,274	34,620
Unvested early exercised stock options	263	2,096	849	2,363
Total	<u>224,955</u>	<u>220,776</u>	<u>203,938</u>	<u>215,994</u>

Unaudited Pro Forma Net Loss Per Share

Immediately prior to the completion of the IPO, all outstanding shares of convertible preferred stock will convert into Class B shares of common stock, based on the shares of the convertible preferred stock outstanding

DATADOG, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as of June 30, 2019. Unaudited pro forma net loss per share for the fiscal year ended December 31, 2018 and six months ended June 30, 2019 has been computed to give effect to the automatic conversion of the convertible preferred stock (using the as converted method).

The following table presents the calculation of pro forma basic and diluted net loss per share (in thousands, except per share data):

	Year Ended December 31, 2018		Six Months Ended June 30, 2019	
	Class A	Class B	Class A	Class B
Net loss and pro forma net loss	\$ —	\$ (10,762)	\$ —	\$ (13,440)
Shares:				
Weighted-average shares used in computing basic net loss per share	—	70,951	—	79,566
Pro forma adjustment to reflect conversion of convertible Preferred Stock	—	179,815	—	179,575
Weighted average shares used in computing pro forma net loss per share	—	250,766	—	259,141
Pro forma basic and diluted net loss per share	\$ —	\$ (0.04)	\$ —	\$ (0.05)

13. Subsequent Events

For its consolidated financial statements as of December 31, 2018, the Company evaluated subsequent events through June 13, 2019, the date on which the consolidated financial statements were issued, for events requiring recording or disclosure in the consolidated financial statements for the year ended December 31, 2018, except for the 3-for-1 stock split described in Note 2 for which the date is September 9, 2019. The Company has identified the following subsequent events:

In April 2019, the Company entered into a hosting agreement, effective May 2019, for a total purchase commitment of \$225.0 million payable over the next three years.

On April 22, 2019, the Company completed an offer to certain stockholders to sell shares to certain new and existing investors totaling \$228.7 million. Approximately 15,000,000 common shares were sold at a price of \$15.92 per share. The funds for this transaction settled on May 8, 2019.

14. Subsequent Events (Unaudited)

For its consolidated interim financial statements as of June 30, 2019, the Company evaluated subsequent events through August 14, 2019, the date on which the consolidated interim financial statements were originally issued and through the re-issuance date of September 9, 2019, for events requiring recording or disclosure in the consolidated interim financial statements for the interim period ended June 30, 2019. The Company has identified the following subsequent events:

In July 2019, the Board of Directors approved an increase of 6,000,000 shares of common stock under the Plan.

In July 2019, the Board of Directors approved the Equity Incentive Plan (the “2019 Plan”) and an Employee Stock Purchase Plan (the “2019 ESPP”) each of which will become effective in connection with the IPO, subject

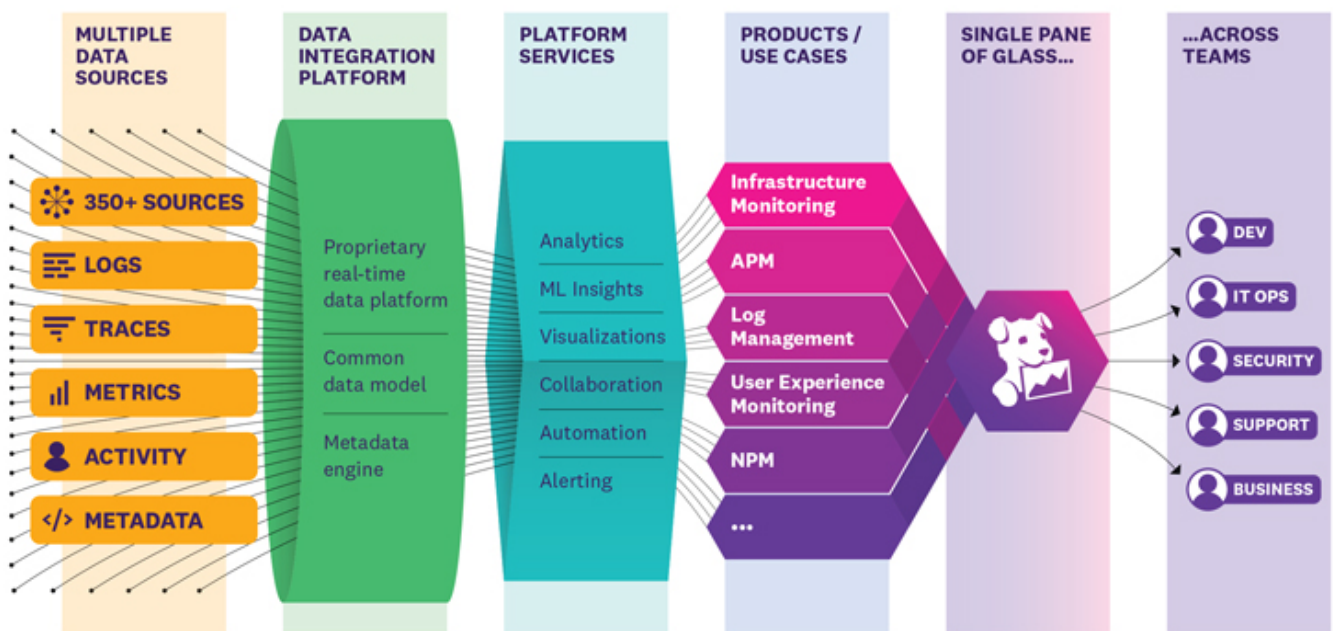
DATADOG, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

to approval by the stockholders. The maximum amount of shares that may be issued under the 2019 Plan and 2019 ESPP are approximately 9% and 2%, respectively, of the fully diluted shares of the Company immediately following the IPO.

In July and August 2019, the Company granted stock options to purchase 4,484,700 shares and 550,950 shares of common stock, respectively, with an exercise price of \$10.74 per share. The Company expects to recognize aggregate stock-based compensation expense related to these stock options of approximately \$44.0 million over a weighted-average requisite service period of approximately four years.

We founded Datadog to break down silos



One product
One platform
Used by **everyone**
Deployed **everywhere**



DATADOG

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Unless otherwise indicated, all references to “Datadog,” the “company,” “we,” “our,” “us” or similar terms refer to Datadog, Inc. and its subsidiaries.

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all expenses to be paid by us, other than underwriting discounts and commissions, in connection with this offering. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the exchange listing fee.

SEC registration fee	\$ 73,593
FINRA filing fee	91,580
Exchange listing fee	150,000
Printing and engraving expenses	750,000
Legal fees and expenses	1,500,000
Accounting fees and expenses	800,000
Custodian transfer agent and registrar fees	25,000
Miscellaneous	609,827
Total	\$ 4,000,000

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation’s board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act. Our amended and restated certificate of incorporation that will be in effect on the completion of this offering permits indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law, and our amended and restated bylaws that will be in effect on the completion of this offering provide that we will indemnify our directors and officers and permit us to indemnify our employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law.

We have entered into indemnification agreements with our directors and officers, whereby we have agreed to indemnify our directors and officers to the fullest extent permitted by law, including indemnification against expenses and liabilities incurred in legal proceedings to which the director or officer was, or is threatened to be made, a party by reason of the fact that such director or officer is or was a director, officer, employee or agent of Datadog, Inc., provided that such director or officer acted in good faith and in a manner that the director or officer reasonably believed to be in, or not opposed to, the best interest of Datadog, Inc. At present, there is no pending litigation or proceeding involving a director or officer of Datadog, Inc. regarding which indemnification is sought, nor is the registrant aware of any threatened litigation that may result in claims for indemnification.

We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act and the Securities Exchange Act of 1934, as amended, that might be incurred by any director or officer in his capacity as such.

The underwriters are obligated, under certain circumstances, under the underwriting agreement to be filed as Exhibit 1.1 hereto, to indemnify us and our officers and directors against liabilities under the Securities Act.

Item 15. Recent Sales of Unregistered Securities.

The following sets forth information regarding all unregistered securities sold since January 1, 2016:

- (1) *Issuances of Options to Purchase Common Stock*—From January 1, 2016 through the date of this registration statement, we granted under our 2012 Plan options to purchase an aggregate of 36,106,995 shares of our common stock to a total of 1,584 employees, consultants and directors, having exercise prices ranging from \$0.7958 to \$7.96 per share. 8,927,505 of the options granted under the 2012 Plan have been exercised.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. Unless otherwise specified above, we believe these transactions were exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act (and Regulation D or Regulation S promulgated thereunder) or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or under benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed on the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

Item 16. Exhibits and Financial Statement Schedules.

- (a) Exhibits.

See the Exhibit Index on the page immediately preceding the signature page for a list of exhibits filed as part of this registration statement on Form S-1, which Exhibit Index is incorporated herein by reference.

- (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 for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance on Rule 430A and contained in

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a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act will be deemed to be part of this registration statement as of the time it was declared effective.

- (2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus will be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time will be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
1.1	Form of Underwriting Agreement.
3.1	Eighth Amended and Restated Certificate of Incorporation of Datadog, Inc., as currently in effect.
3.2	Form of Amended and Restated Certificate of Incorporation of Datadog, Inc., to be in effect on the completion of the offering.
3.3†	Amended and Restated Bylaws of Datadog, Inc., as currently in effect.
3.4†	Form of Amended and Restated Bylaws of Datadog, Inc., to be in effect on the completion of the offering.
4.1	Form of Class A Common Stock Certificate.
5.1	Opinion of Cooley LLP.
10.1†	Fourth Amended and Restated Investor Rights Agreement, dated December 28, 2015.
10.2+†	Datadog, Inc. 2012 Equity Incentive Plan and terms of agreements thereunder.
10.3+	Datadog, Inc. 2019 Equity Incentive Plan and terms of agreements thereunder.
10.4+	Datadog, Inc. 2019 Employee Stock Purchase Plan.
10.5+	Form of Indemnity Agreement entered into by and between Datadog, Inc. and each director and executive officer.
10.6+	Offer Letter, by and between Datadog, Inc. and Olivier Pomel, dated May 20, 2011.
10.7+	Offer Letter, by and between Datadog, Inc. and David Obstler, dated August 28, 2018.
10.8+	Offer Letter, by and between Datadog, Inc. and Laszlo Kopits, dated February 27, 2017.
10.9†	Agreement of Sub-Sub-Sublease, by and between Datadog, Inc. and Ideeli Inc., dated April 14, 2016.
10.10†	Agreement of Sub-Sublease, by and between Datadog, Inc. and BT Americas Inc., dated September 18, 2017.
10.11†	Sublease, by and between Datadog, Inc. and Covington & Burling LLP, dated July 19, 2018.
10.12+	Non-Employee Director Compensation Policy.
10.13+	Form of Change of Control and Severance Agreement
21.1†	List of Subsidiaries of Datadog, Inc.
23.1	Consent of Deloitte & Touche LLP, independent registered public accounting firm.
23.2	Consent of Cooley LLP (included in Exhibit 5.1).
24.1†	Power of Attorney (included on page II-5).

† Previously submitted.

+ Indicates management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in New York, New York, on September 9, 2019.

DATADOG, INC.

By: /s/ Olivier Pomel
Name: Olivier Pomel
Title: Chief Executive Officer and Director

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Olivier Pomel</u> Olivier Pomel	Chief Executive Officer and Director (<i>Principal Executive Officer</i>)	September 9, 2019
<u>/s/ David Obstler</u> David Obstler	Chief Financial Officer (<i>Principal Financial and Accounting Officer</i>)	September 9, 2019
<u>/s/ Alexis Lê-Quốc</u> Alexis Lê-Quốc	President, Chief Technology Officer and Director	September 9, 2019
<u> *</u> Michael Callahan	Director	September 9, 2019
<u> *</u> Matthew Jacobson	Director	September 9, 2019
<u> *</u> Dev Ittycheria	Director	September 9, 2019

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
* _____	Director	September 9, 2019
Julie Richardson		
* _____	Director	September 9, 2019
Shardul Shah		
*By: <u> /s/ Laszlo Kopits </u> Attorney-in-Fact		

[•] Shares

DATADOG, INC.

CLASS A COMMON STOCK (PAR VALUE \$0.00001 PER SHARE)

UNDERWRITING AGREEMENT

[•], 2019

Morgan Stanley & Co. LLC
Goldman Sachs & Co. LLC
J.P. Morgan Securities LLC

As Representatives of the several Underwriters named in Schedule I hereto

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

c/o Goldman Sachs & Co. LLC
200 West Street
New York, New York 10282-2198

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Ladies and Gentlemen:

Datadog, Inc., a Delaware corporation (the “**Company**”), proposes to issue and sell to the several Underwriters named in Schedule I hereto (the “**Underwriters**”) an aggregate of [●] shares of the Class A common stock, par value \$0.00001 per share, of the Company (the “**Firm Shares**”).

The Company also proposes to issue and sell to the several Underwriters not more than an additional [●] shares of its Class A common stock, par value \$0.00001 per share, (the “**Additional Shares**”), if and to the extent that Morgan Stanley & Co. LLC, Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, as representatives of the several Underwriters (the “**Representatives**”), shall have determined to exercise, on behalf of the Underwriters, the right to purchase such shares of Class A common stock granted to the Underwriters in Section 2 hereof. The Firm Shares and the Additional Shares are hereinafter collectively referred to as the “**Shares**.” The shares of Class A common stock and Class B common stock, each par value \$0.00001 per share, of the Company to be outstanding after giving effect to the sales contemplated hereby are hereinafter referred to as the “**Common Stock**.”

The Company has filed with the Securities and Exchange Commission (the “**Commission**”) a registration statement on Form S-1 (File No. 333-233428), including a prospectus, relating to the Shares. The registration statement as amended at the time it becomes effective, including the information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A under the Securities Act of

1933, as amended (the “**Securities Act**”), is hereinafter referred to as the “**Registration Statement**”; the prospectus in the form first used to confirm sales of Shares (or in the form first made available to the Underwriters by the Company to meet requests of purchasers pursuant to Rule 173 under the Securities Act) is hereinafter referred to as the “**Prospectus**.” If the Company has filed an abbreviated registration statement to register additional shares of Common Stock pursuant to Rule 462(b) under the Securities Act (the “**Rule 462 Registration Statement**”), then any reference herein to the term “**Registration Statement**” shall be deemed to include such Rule 462 Registration Statement.

For purposes of this Underwriting Agreement (this “**Agreement**”), “**free writing prospectus**” has the meaning set forth in Rule 405 under the Securities Act, “**Time of Sale Prospectus**” means the preliminary prospectus identified on Schedule II hereto together with the documents, pricing information and the free writing prospectuses, if any, set forth in Schedule II hereto, and “**broadly available road show**” means a “bona fide electronic road show” as defined in Rule 433(h)(5) under the Securities Act that has been made available without restriction to any person. As used herein, the terms “Registration Statement,” “preliminary prospectus,” “Time of Sale Prospectus” and “Prospectus” shall include the documents, if any, incorporated by reference therein as of the date hereof.

Morgan Stanley & Co. LLC (“**Morgan Stanley**”) has agreed to reserve a portion of the Shares to be purchased by it under this Agreement for sale to the Company’s directors, officers, employees and business associates and other parties related to the Company (collectively, “**Participants**”), as set forth in the Prospectus under the heading “Underwriters” (the “**Directed Share Program**”). The Shares to be sold by Morgan Stanley and its affiliates pursuant to the Directed Share Program, at the direction of the Company, are referred to hereinafter as the “Directed Shares”. Any Directed Shares not orally confirmed for purchase by any Participant by the end of the business day on which this Agreement is executed will be offered to the public by the Underwriters as set forth in the Prospectus.

1. *Representations and Warranties of the Company.* The Company represents and warrants to and agrees with each of the Underwriters that:
 - (a) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or, to the Company’s knowledge, threatened by the Commission.
 - (b) (i) The Registration Statement, when it became effective, did not contain and, as amended or supplemented, if applicable, as of the date of such amendment or supplement, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, as of the date of such amendment or supplement, will comply in all material respects with the

applicable requirements of Securities Act and the applicable rules and regulations of the Commission thereunder, (iii) the Time of Sale Prospectus does not, and at the time of each sale of the Shares in connection with the offering when the Prospectus is not yet available to prospective purchasers and at the Closing Date (as defined in Section 4), the Time of Sale Prospectus, as then amended or supplemented by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iv) each broadly available road show, if any, when considered together with the Time of Sale Prospectus, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (v) the Prospectus, as of its date, does not contain and, as amended or supplemented, if applicable, as of the date of such amendment or supplement and as of the Closing Date and any Option Closing Date (as defined in Section 2), will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Registration Statement, the Time of Sale Prospectus or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by or on behalf of any such Underwriter through the Representatives expressly for use therein.

(c) The Company is not an “ineligible issuer” in connection with the offering pursuant to Rules 164, 405 and 433 under the Securities Act. Any free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the applicable requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or that was prepared by or on behalf of or used or referred to by the Company complies or, if filed after the effective time of this Agreement, will comply as of the date of such filing, in all material respects with the applicable requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Except for the free writing prospectuses, if any, identified in Schedule III hereto, and electronic road shows, if any, each furnished to the Representatives before first use, the Company has not prepared, used or referred to, and will not, without the Representatives’ prior consent, prepare, use or refer to, any free writing prospectus.

(d) The consolidated financial statements (including the related notes thereto) of the Company and its consolidated subsidiaries included in the Registration Statement, the Time of Sale Prospectus and the Prospectus comply in all material respects with the applicable requirements of the Securities Act and present fairly in all material respects the consolidated financial position of the

Company and its consolidated subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“**U.S. GAAP**”) applied on a consistent basis throughout the periods covered thereby. The summary and selected consolidated financial data included in the Registration Statement, the Time of Sale Prospectus and the Prospectus have been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly in all material respects the information shown thereby. There are no historical or pro forma financial statements that are required to be included in the Registration Statement, the Time of Sale Prospectus or the Prospectus under the Securities Act that are not so included. All disclosures included in the Registration Statement, the Time of Sale Prospectus and the Prospectus regarding “non-GAAP financial measures” (as such term is defined by the rules and regulations of Commission) comply in all material respects with Regulation G of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and Item 10 of Regulation S-K of the Securities Act, to the extent applicable.

(e) Deloitte & Touche LLP, who have certified certain of the financial statements of the Company and its subsidiaries, is an independent registered public accounting firm with respect to the Company and its subsidiaries within the meaning of the Securities Act and the applicable rules and regulations adopted thereunder by the Commission and the Public Company Accounting Oversight Board (United States).

(f) The Company has taken all necessary actions to ensure that, upon the effectiveness of the Registration Statement, it will be in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002, as amended, and all rules and regulations promulgated thereunder or implementing the provisions thereof that are then in effect and with which the Company is required to comply as of the effectiveness of the Registration Statement. As of the date of the initial “public” filing of the Registration Statement, there were no outstanding personal loans made, directly or indirectly, by the Company or any of its subsidiaries to any director or executive officer of the Company or any of its subsidiaries (except normal advances for business expenses in the ordinary course of business).

(g) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Delaware), has the corporate power and authority to own or lease its property and to conduct its business as described in the Time of Sale Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction (to the extent the concept of good standing is applicable in such jurisdiction) in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing (to the extent that such concepts are applicable in such jurisdiction) would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(h) Each subsidiary of the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation (to the extent that such concepts are applicable in such jurisdiction), has the corporate power and authority to own or lease its property and to conduct its business as described in the Time of Sale Prospectus and is duly qualified to transact business and is in good standing (to the extent the concept of good standing is applicable in such jurisdiction) in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing (to the extent that such concepts are applicable in such jurisdiction) would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole; all of the issued and outstanding shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable (to the extent that such concepts are applicable in such jurisdiction) and are owned directly or indirectly by the Company or a wholly-owned subsidiary of the Company, and all of the issued and outstanding shares of capital stock of each subsidiary of the Company are free and clear of all liens, encumbrances, equities or claims.

(i) This Agreement has been duly authorized, executed and delivered by the Company.

(j) The authorized capital stock of the Company conforms as to legal matters to the description thereof contained under the headings “Capitalization” and “Description of Capital Stock” in each of the Time of Sale Prospectus and the Prospectus as of the dates set forth therein.

(k) The shares of Common Stock outstanding prior to the issuance of the Shares have been duly authorized and are validly issued, fully paid and non-assessable.

(l) The Shares have been duly authorized and, when issued, delivered and paid for in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive or similar rights that have not been validly waived.

(m) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not contravene any provision of (i) applicable law, (ii) the certificate of incorporation or by-laws of the Company, (iii) any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or (iv) any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, except in the case of clauses (i), (iii) and (iv) as would not, individually

or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole; and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, except such as have been obtained or waived or as may be required by the securities or Blue Sky laws of the various states or foreign jurisdictions or the rules and regulations of the Financial Industry Regulatory Authority (“**FINRA**”) in connection with the offer and sale of the Shares.

(n) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Prospectus.

(o) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject (i) other than proceedings accurately described in all material respects in the Time of Sale Prospectus and proceedings that would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, or on the power or ability of the Company to perform its obligations under this Agreement or to consummate the transactions contemplated by the Time of Sale Prospectus or (ii) that are required to be described in the Registration Statement or the Prospectus and are not so described in all material respects; and there are no statutes, regulations, contracts or other documents to which the Company or its subsidiaries is subject or bound that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described in all material respects or filed as required.

(p) Each preliminary prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied when so filed in all material respects with the applicable requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder.

(q) The Company is not, and after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Prospectus will not be, required to register as an “investment company” as such term is defined in the Investment Company Act of 1940, as amended.

(r) The Company and its subsidiaries, taken as a whole, (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (collectively, “**Environmental Laws**”), (ii) have received all permits, licenses or

other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(s) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(t) Except as have been waived or complied with in connection with the issuance and sale of the Shares contemplated hereby or as described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company or to require the Company to include such securities with the Shares registered pursuant to the Registration Statement.

(u) (i) None of the Company or its subsidiaries or controlled affiliates, or any director or officer of the Company or its subsidiaries or controlled affiliates, or, to the Company's knowledge, any employee, agent or representative of the Company or of any of its subsidiaries or controlled affiliates, has (A) used, directly or indirectly, any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (B) taken any action, directly or indirectly, in furtherance of an offer, payment, benefit, promise to pay, or authorization or approval of the payment, giving or receipt of money, property, gifts or anything else of value, directly or indirectly, to any government official (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) ("**Government Official**") in order to influence official action; (C) violated or is in violation of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom or any other applicable anti-bribery or anti-corruption laws (collectively the "**Anti-Corruption Laws**"); or (D) directly or indirectly made, offered, agreed, authorized, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without

limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit; (ii) the Company and its subsidiaries and controlled affiliates have conducted their businesses in compliance with the Anti-Corruption Laws and have instituted and maintained and will continue to maintain policies and procedures reasonably designed to promote and achieve compliance with the Anti-Corruption Laws and with the representations and warranties contained herein; and (iii) neither the Company nor its subsidiaries will use, directly or indirectly, the proceeds of the offering in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of any Anti-Corruption Laws.

(v) The operations of the Company and its subsidiaries are and have been conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements, including to the extent applicable those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of jurisdictions where the Company and its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency having jurisdiction over the Company or any of its subsidiaries (collectively, the “**Anti-Money Laundering Laws**”), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(w) (i) None of the Company or its subsidiaries, or any director or officer thereof, or, to the Company’s knowledge, any employee, agent, controlled affiliate or representative of the Company or any of its subsidiaries, is an individual or entity (“Person”) that is, or is owned or controlled by one or more Persons that are:

(A) the subject or target of any sanctions administered or enforced by the U.S. Department of Treasury’s Office of Foreign Assets Control (“**OFAC**”) or the U.S. Department of State, the United Nations Security Council (“**UNSC**”), the European Union (“**EU**”), Her Majesty’s Treasury (“**HMT**”), or other relevant sanctions authority (collectively, “**Sanctions**”), or

(B) located, organized or resident in a country or territory that is the subject or target of comprehensive Sanctions (including, without limitation, the Crimea region of Ukraine, Cuba, Iran, North Korea and Syria).

(ii) The Company will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject or target of Sanctions; or

(B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

(iii) For the past 5 years, the Company and its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not knowingly engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject or target of Sanctions.

(x) Subsequent to the respective dates as of which information is given in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, (i) the Company and its subsidiaries have not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction; (ii) the Company has not purchased any of its outstanding capital stock, other than from its employees or other service providers in connection with the termination of their service from the Company or its subsidiaries pursuant to the existing terms of the equity compensation plans or agreements described in the Time of Sale Prospectus, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock other than ordinary and customary dividends; and (iii) there has not been any material change in the capital stock, (other than the exercise or settlement of equity awards or grants of equity awards or forfeiture of equity awards outstanding as of such respective dates as of which information is given in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, in each case granted pursuant to the equity compensation plans described in the Time of Sale Prospectus), short-term debt or long-term debt of the Company and its subsidiaries taken as a whole, except in each case as described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, respectively.

(y) The Company and its subsidiaries do not own any real property. The Company and its subsidiaries have good and marketable title to all personal property owned by them which is material to the business of the Company and its subsidiaries, taken as a whole, in each case free and clear of all liens, encumbrances and defects except such as are described in the Time of Sale Prospectus or such as do not materially diminish the value of such property and do

not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries, or would not, singly or in the aggregate, reasonably have a material adverse effect on the Company and its subsidiaries, taken as a whole; and any real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and, to the Company's knowledge, enforceable leases with such exceptions as are not material and do not materially interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries, in each case except as described in the Time of Sale Prospectus.

(z) Except as described in each of the Time of Sale Prospectus and except as would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, (i) the Company and its subsidiaries own or possess or, to the Company's knowledge, can obtain on reasonable terms, adequate rights to use all patents, trademarks, service marks, trade names, domain names, copyrights, software and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) and other technology and intellectual property rights, including registrations and applications for registration thereof (collectively, "**Intellectual Property**") used in or reasonably necessary to the conduct of their businesses as described in the Registration Statement, the Prospectus and the Time of Sale Prospectus (collectively, "**Company Intellectual Property**"); (ii) neither the Company nor any of its subsidiaries has received any written notice of any infringement of, or conflict with asserted rights of others with respect to, any Intellectual Property that would render any material Company Intellectual Property invalid, unenforceable or inadequate to protect the interest of the Company or any of its subsidiaries therein if the subject of an unfavorable decision, ruling or finding; (iii) to the Company's knowledge, the Company's and its subsidiaries' conduct of their business does not infringe, misappropriate or otherwise violate, and has not infringed, misappropriated, or otherwise violated, asserted rights of any others with respect to any Intellectual Property; and (iv) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by any third party (A) challenging the ownership, validity, enforceability or scope of any Company Intellectual Property, or (B) alleging that the Company or any of its subsidiaries has infringed, misappropriated or otherwise violated asserted rights of any others with respect to any Intellectual Property or any of the foregoing.

(aa) (i) The Company and its subsidiaries have used all software and other materials distributed under a "free," "open source," or similar licensing model (including but not limited to the MIT License, Apache License, GNU General Public License, GNU Lesser General Public License and GNU Affero General Public License) ("**Open Source Software**") in compliance with all license terms applicable to such Open Source Software, except where the failure to comply would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole; and (ii) neither the Company nor any of its subsidiaries has used or distributed any Open Source Software in any

manner that requires or has required any proprietary software code or other technology owned by the Company or any of its subsidiaries to be (1) disclosed or distributed in source code form, (2) licensed for the purpose of making derivative works or (3) redistributed at no charge, other than solely with respect to such Open Source Software, except as would not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(bb) Except as described in the Time of Sale Prospectus and except as would not have a material adverse effect on the Company and its subsidiaries, taken as a whole, (i) to the Company's knowledge, there has been no security breach or incident, unauthorized access or disclosure, or other compromise of the Company and its subsidiaries' information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, technology, data and databases, including the data and information of their respective customers and employees and any sensitive third-party data collected, maintained, processed or stored by or on behalf of the Company and its subsidiaries (collectively, "**IT Systems and Data**"); (ii) the IT Systems and Data are adequate for, and operate and perform as required in connection with the operation of the business of the Company and its subsidiaries as currently conducted; (iii) the Company and its subsidiaries have implemented and maintained commercially reasonable physical, technical and administrative controls, policies, procedures, and technical safeguards to maintain and protect their material confidential information and the integrity, continuous operation, redundancy and security of all IT Systems and Data, reasonably consistent with industry standards; and (iv) the Company and its subsidiaries are presently in material compliance with all applicable laws and statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of any personally identifiable information included in their IT Systems and Data.

(cc) No material labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent; and the Company is not aware of any existing, threatened or imminent labor disturbance by the employees of any of its principal suppliers, manufacturers or contractors that would reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(dd) The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are, in the reasonable judgement of the Company, prudent and customary in the businesses in which they are engaged; taken as a whole neither the Company nor any of its subsidiaries has been refused any insurance coverage sought or applied for; and neither the Company nor any of its subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, except as described in the Time of Sale Prospectus.

(ee) The Company and its subsidiaries, taken as a whole, possess all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses, except where the failure to obtain such certificates, authorizations and permits would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, in each case except as described in the Time of Sale Prospectus.

(ff) The Company and its subsidiaries, as a whole, maintain a system of internal accounting controls designed to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Since the end of the Company's most recent audited fiscal year, there has been (i) no material weakness in the Company's internal control over financial reporting as defined in Rule 13(a) - 15(f) under the Exchange Act (whether or not remediated) and (ii) no change in the Company's internal control over financial reporting that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Company's internal control over financial reporting.

(gg) Except as described in the Time of Sale Prospectus, the Company has not sold, issued or distributed any shares of Common Stock during the six-month period preceding the date hereof, including any sales pursuant to Rule 144A under, or Regulation D or S of, the Securities Act, other than shares issued pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants.

(hh) The Registration Statement, the Prospectus, the Time of Sale Prospectus and any preliminary prospectus comply, and any amendments or supplements thereto will comply, with any applicable laws or regulations of foreign jurisdictions in which the Prospectus, the Time of Sale Prospectus or any preliminary prospectus, as amended or supplemented, if applicable, are distributed in connection with the Directed Share Program.

(ii) No consent, approval, authorization or order of, or qualification with, any governmental body or agency, other than those obtained, is required in connection with the offering of the Directed Shares in any jurisdiction where the Directed Shares are being offered.

(jj) The Company has not offered, or caused Morgan Stanley or any Morgan Stanley Entity (as defined in Section 10) to offer, Shares to any person pursuant to the Directed Share Program with the specific intent to unlawfully influence (i) a customer or supplier of the Company to alter the customer's or supplier's level or type of business with the Company, or (ii) a trade journalist or publication to write or publish favorable information about the Company or its products.

(kk) The Company and each of its subsidiaries have filed all federal, state, local and foreign tax returns required to be filed by them through the date of this Agreement or have requested extensions thereof (except where the failure to file would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole) and have paid all taxes required to be paid thereon (except where the failure to pay would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries taken as a whole, or, except as currently being contested in good faith and for which reserves required by U.S. GAAP have been created in the financial statements of the Company), and no tax deficiency has been determined adversely to the Company or any of its subsidiaries which has had (nor does the Company nor any of its subsidiaries have any notice or knowledge of any tax deficiency which would reasonably be expected to be determined adversely to the Company or its subsidiaries and which would reasonably be expected to have) a material adverse effect on the Company and its subsidiaries taken as a whole.

(ll) From the time of initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any person authorized to act on its behalf in any Testing-the-Waters Communication) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Securities Act (an "**Emerging Growth Company**"). "**Testing-the-Waters Communication**" means any oral or written communication with potential investors for this offering undertaken in reliance on Section 5(d) of the Securities Act.

(mm) The Company (i) has not alone engaged in any Testing-the-Waters Communication other than Testing-the-Waters Communications with the consent of the Representatives with entities that are "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act or institutions that are "accredited investors" within the meaning of Rule 501 under the Securities Act and (ii) has not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications. The Company reconfirms that the

Representatives have been authorized to act on its behalf in undertaking Testing-the-Waters Communications. The Company has not distributed any Written Testing-the-Waters Communications other than those listed on Schedule III hereto, if any. “**Written Testing-the-Waters Communication**” means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act.

(nn) As of the time of each sale of the Shares in connection with the offering when the Prospectus is not yet available to prospective purchasers, none of (i) the Time of Sale Prospectus, (ii) any free writing prospectus, when considered together with the Time of Sale Prospectus, and (iii) any individual Written Testing-the-Waters Communication, when considered together with the Time of Sale Prospectus, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information (as defined below).

(oo) The Company and its subsidiaries, as a whole, have designed a system of “disclosure controls and procedures” (as defined in Rule 13a-15(e) under the Exchange Act) that is designed to comply with the requirements of the Exchange Act within the time period required and has been designed to ensure that material information relating to the Company is made known to the Company’s principal executive officer and principal financial officer by others within the Company or its subsidiaries; and such disclosure controls and procedures are effective.

(pp) Neither the Company nor any of its subsidiaries has any securities rated by any “nationally recognized statistical rating organization,” as such term is defined in Section 3(a)(62) of the Exchange Act.

2. *Agreements to Sell and Purchase.* The Company hereby agrees to sell to the several Underwriters, and each Underwriter, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, agrees, severally and not jointly, to purchase from the Company the respective numbers of Firm Shares set forth in Schedule I hereto opposite its name at \$[●] a share (the “**Purchase Price**”) the number of Firm Shares (subject to such adjustments to eliminate fractional shares as the Representatives may determine) that bears the same proportion to the number of Firm Shares to be sold by the Company as the number of Firm Shares set forth in Schedule I hereto opposite the name of such Underwriter bears to the total number of Firm Shares.

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to sell to the Underwriters the Additional Shares, and the Underwriters shall have the right to purchase, severally and not jointly, up to [●] Additional Shares at the Purchase Price, provided, however, that

the amount paid by the Underwriters for any Additional Shares shall be reduced by an amount per share equal to any dividends declared by the Company and payable on the Firm Shares but not payable on such Additional Shares. The Representatives may exercise this right on behalf of the Underwriters in whole or from time to time in part by giving written notice to the Company not later than 30 days after the date of this Agreement. Any exercise notice shall specify the number of Additional Shares to be purchased by the Underwriters and the date on which such shares are to be purchased. Each purchase date must be at least one business day after the written notice is given and may not be earlier than the Closing Date nor later than ten business days after the date of such notice. Additional Shares may be purchased as provided in Section 4 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. On each day, if any, that Additional Shares are to be purchased (an “**Option Closing Date**”), each Underwriter agrees, severally and not jointly, to purchase the number of Additional Shares (subject to such adjustments to eliminate fractional shares as the Representatives may determine) that bears the same proportion to the total number of Additional Shares to be purchased on such Option Closing Date as the number of Firm Shares set forth in Schedule I hereto opposite the name of such Underwriter bears to the total number of Firm Shares.

3. *Terms of Public Offering.* The Company is advised by the Representatives that the Underwriters propose to make a public offering of their respective portions of the Shares as soon after the Registration Statement and this Agreement have become effective as in the Representatives’ judgment is advisable. The Company is further advised by the Representatives that the Shares are to be offered to the public initially at \$[●] a share (the “**Public Offering Price**”) and to certain dealers selected by the Representatives at a price that represents a concession not in excess of \$[●] a share under the Public Offering Price, and that any Underwriter may allow, and such dealers may reallow, a concession, not in excess of \$[●] a share, to any Underwriter or to certain other dealers.

4. *Payment and Delivery.* Payment for the Firm Shares shall be made to the Company in Federal or other funds immediately available in New York City against delivery of such Firm Shares for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on [●], 2019,¹ or at such other time on the same or such other date, not later than [●], 2019,² as shall be designated in writing by the Representatives. The time and date of such payment are hereinafter referred to as the “**Closing Date.**”

Payment for any Additional Shares shall be made to the Company in Federal or other funds immediately available in New York City against delivery of such Additional

¹ [NTD: To be 2 business days or, in the event the offering is priced after 4:30 p.m. Eastern Time (and T+3 settlement is deemed to apply to secondary sales), 3 business days after the date of the Underwriting Agreement.]

² [NTD: To be 5 business days after Closing Date.]

Shares for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on the date specified in the corresponding notice described in Section 2 or at such other time on the same or on such other date, in any event not later than [●], 2019,³ as shall be designated in writing by the Representatives.

The Firm Shares and Additional Shares shall be registered in such names and in such denominations as the Representatives shall request in writing not later than one full business day prior to the Closing Date or the applicable Option Closing Date, as the case may be. The Firm Shares and Additional Shares shall be delivered to the Representatives on the Closing Date or an Option Closing Date, as the case may be, for the respective accounts of the several Underwriters, with any transfer taxes payable in connection with the transfer of the Shares to the Underwriters duly paid by the Company.

5. *Conditions to the Underwriters' Obligations.* The obligations of the Company to sell the Shares to the Underwriters and the several obligations of the Underwriters to purchase and pay for the Shares on the Closing Date are subject to the condition that the Registration Statement shall have become effective not later than 4:30 p.m. (New York City time) on the date hereof.

The several obligations of the Underwriters are subject to the following further conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Prospectus that, in the Representatives' judgment, is material and adverse and that makes it, in the Representatives' judgment, impracticable to market the Shares on the terms and in the manner contemplated in the Time of Sale Prospectus.

(b) The Underwriters shall have received on the Closing Date a certificate, dated the Closing Date and signed on behalf of the Company by an executive officer of the Company, to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the date hereof and the Closing Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date. The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to proceedings threatened.

(c) The Underwriters shall have received on the Closing Date an opinion and a negative assurance letter of Cooley LLP, outside counsel for the Company, dated the Closing Date, each in form and substance reasonably satisfactory to the Representatives.

³ [NTD: To be 10 business days after the expiration of the green shoe option.]

(d) The Underwriters shall have received on the Closing Date an opinion and a negative assurance letter of Davis Polk & Wardwell LLP, counsel for the Underwriters, dated the Closing Date, in form and substance reasonably satisfactory to the Representatives.

With respect to Section 5(c) and 5(d) above, Cooley LLP and Davis Polk & Wardwell LLP may state that their opinions and beliefs are based upon their participation in the preparation of the Registration Statement, the Time of Sale Prospectus and the Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification, except as specified.

The opinion of Cooley LLP described in Sections 5(c) above shall be rendered to the Underwriters at the request of the Company and shall so state therein.

(e) The Underwriters shall have received, on each of the date hereof and the Closing Date, a letter dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Representatives, from Deloitte & Touche LLP, independent registered public accounting firm, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus; *provided* that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than three business days prior to the Closing Date.

(f) The Underwriters shall have received, on each of the date hereof and the Closing Date, a certificate dated the date hereof or the Closing Date, as the case may be, and signed by the chief financial officer of the Company, in his capacity as such, with respect to certain financial and accounting information in the Registration Statement, the Time of Sale Prospectus and the Prospectus, in form and substance reasonably satisfactory to the Representatives.

(g) The "lock-up" agreements, each substantially in the form of Exhibit A hereto, between the Representatives and the officers, directors and certain securityholders of the Company relating to sales and certain other dispositions of shares of Common Stock or certain other securities, delivered to the Representatives on or before the date hereof, shall be in full force and effect on the Closing Date.

(h) The Firm Shares and Additional Shares, if any, shall have been approved for listing on the Nasdaq Global Select Market, subject to official notice of the issuance.

(i) The several obligations of the Underwriters to purchase Additional Shares hereunder are subject to the delivery to the Representatives on the applicable Option Closing Date of the following:

(j) a certificate, dated the Option Closing Date and signed on behalf of the Company by an executive officer of the Company, confirming that the certificate delivered on the Closing Date pursuant to Section 5(b) hereof remains true and correct as of such Option Closing Date;

(k) an opinion and a negative assurance letter of Cooley LLP, outside counsel for the Company, dated the Option Closing Date, relating to the Additional Shares to be purchased on such Option Closing Date and otherwise to the same effect as the opinion required by Section 5(c) hereof;

(l) an opinion and a negative assurance letter of Davis Polk & Wardwell LLP, counsel for the Underwriters, dated the Option Closing Date, relating to the Additional Shares to be purchased on such Option Closing Date and otherwise to the same effect as the opinion required by Section 5(d) hereof;

(m) a letter dated the Option Closing Date, in form and substance reasonably satisfactory to the Representatives, from Deloitte & Touche LLP, independent registered public accounting firm, substantially in the same form and substance as the letter furnished to the Underwriters pursuant to Section 5(e) hereof; *provided* that the letter delivered on the Option Closing Date shall use a “cut-off date” not earlier than three business days prior to such Option Closing Date;

(n) a certificate, dated the Option Closing Date and signed by the chief financial officer of the Company, substantially in the same form and substance as the certificate delivered to the Underwriters pursuant to Section 5(f) hereof; and

(o) such other documents and certificates as the Representatives may reasonably request, including with respect to the good standing of the Company and its subsidiaries, the due authorization and issuance of the Additional Shares to be sold on such Option Closing Date and other matters related to the issuance of such Additional Shares.

6. *Covenants of the Company.* The Company covenants with each Underwriter as follows:

(a) To furnish to the Representatives, without charge, four signed copies of the Registration Statement (including exhibits thereto) and for delivery to each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and to furnish to the Representatives in New York City, without charge, prior to 10:00 a.m. New York City time on the business day next succeeding the date of this Agreement and during the period mentioned in Section 6(e) or 6(f) below, as many copies of the Time of Sale Prospectus, the Prospectus and any supplements and amendments thereto or to the Registration Statement as the Representatives may reasonably request.

(b) Before amending or supplementing the Registration Statement, the Time of Sale Prospectus or the Prospectus, to furnish to the Representatives a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which the Representatives reasonably object, and to file with the Commission within the applicable period specified in Rule 424(b) under the Securities Act any prospectus required to be filed pursuant to such Rule.

(c) To furnish to the Representatives a copy of each proposed free writing prospectus to be prepared by or on behalf of, used by, or referred to by the Company and not to use or refer to any proposed free writing prospectus to which the Representatives reasonably object.

(d) Not to take any action that would result in an Underwriter or the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of the Underwriter that the Underwriter otherwise would not have been required to file thereunder.

(e) If the Time of Sale Prospectus is being used to solicit offers to buy the Shares at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus in order to make the statements therein, in the light of the circumstances in which they were made, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement then on file, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not, in the light of the circumstances when the Time of Sale Prospectus is delivered to a prospective purchaser, be misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer conflict with the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with applicable law.

(f) If, during such period after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is required by law to be delivered in connection with sales by an Underwriter or dealer (the "**Prospectus Delivery Period**"), any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus (or in

lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is delivered to a purchaser, not misleading, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses the Representatives will furnish to the Company) to which Shares may have been sold by the Representatives on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with applicable law.

(g) To endeavor to qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representatives shall reasonably request provided, however, that nothing contained herein shall require the Company to qualify as a foreign corporation or other entity or as a dealer in securities in any jurisdiction where it would not otherwise be required to so qualify, to execute or file any general consent to service of process in any such jurisdiction or to subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(h) To make generally available (which may be satisfied by filing with the Commission on its Electronic Data Gathering Analysis and Retrieval (EDGAR) System) to the Company's securityholders and to the Representatives as soon as practicable an earnings statement covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the date of this Agreement which shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(i) To comply with all applicable securities and other laws, rules and regulations in each jurisdiction in which the Directed Shares are offered in connection with the Directed Share Program.

(j) The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (a) completion of the distribution of the Shares within the meaning of the Securities Act and (b) completion of the Restricted Period referred to in Section 1(l).

(k) If at any time during the Prospectus Delivery Period and following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication, as then amended or supplemented, included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will

promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

(l) The Company has delivered to each Underwriter (or its agent), on or prior to the date of execution of this Agreement, a properly completed and executed Certification Regarding Beneficial Owners of Legal Entity Customers, together with copies of identifying documentation, and the Company undertakes to provide such additional supporting documentation as each Underwriter may reasonably request in connection with the verification of the foregoing Certification.

(m) Without the prior written consent of Morgan Stanley and at least one other Representative (the “**Requisite Representatives**”) on behalf of the Underwriters, the Company will not, and will not cause any of its affiliates to, during the period ending 180 days after the date of the Prospectus (the “**Restricted Period**”), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock beneficially owned (as such term is used in the Exchange Act) or any other securities convertible into or exercisable or exchangeable for Common Stock or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise or (3) file any registration statement with the Commission relating to the offering of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock.

The restrictions contained in the preceding paragraph shall not apply to: (a) Shares to be sold hereunder, (b) the issuance by the Company of shares of Common Stock or securities convertible into or exercisable for Common Stock pursuant to the conversion or exchange of convertible or exchangeable securities or the exercise of warrants or options (including net exercise) or the settlement of restricted stock units (including net settlement), in each case outstanding on the date hereof and described in the Time of Sale Prospectus, (c) grants of stock options, stock awards, restricted stock, restricted stock units or other equity awards and the issuance of Common Stock or securities convertible into or exercisable for Common Stock (whether upon the exercise of stock options or otherwise) to employees, officers, directors, advisors, or consultants of the Company pursuant to the terms of a plan in effect on the date hereof and described in the Time of Sale Prospectus, (d) the establishment or amendment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Common Stock, provided that (i) such plan does not provide for the transfer of Common Stock during the Restricted Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by the Company regarding the establishment or amendment of such plan, such announcement or filing shall

include a statement to the effect that no transfer of Common Stock may be made under such plan during the Restricted Period, (e) the filing of any registration statement on Form S-8 relating to securities granted or to be granted pursuant to any plan in effect on the date hereof and described in the Time of Sale Prospectus or any assumed benefit plan contemplated by clause (f), (f) the offer or issuance or agreement to issue by the Company of Common Stock or securities convertible into, exercisable for or which are otherwise exchangeable for or represent the right to receive Common Stock in connection with an acquisition, merger, joint venture, strategic alliance, commercial or other collaborative relationship or the acquisition or license by the Company or any of its subsidiaries of the securities, business, property or other assets of another person or entity or pursuant to any employee benefit plan as assumed by the Company in connection with any such acquisition or transaction, provided that the aggregate number of shares of Common Stock, securities convertible into, exercisable for or which are otherwise exchangeable for or represent the right to receive Common Stock that the Company may sell or issue or agree to sell or issue pursuant to this clause (f) shall not exceed 7.5% of the total number of shares of Common Stock outstanding immediately following the issuance of the Shares hereunder and provided further that the recipients thereof provide to the Representatives a signed lock up letter substantially in the form of the lock-up letter described in Section 5(g) hereof.

If Requisite Representatives, in their sole discretion, agree to release or waive the restrictions set forth in a lock-up letter described in Section 5(g) hereof for an officer or director of the Company and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by (i) a press release substantially in the form of Exhibit B hereto through a major news service or (ii) any other method that satisfies the obligations described in FINRA Rule 5131(d)(2) at least two business days before the effective date of the release or waiver.

7. *Expenses.* Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, the Company agrees to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection with the registration and delivery of the Shares under the Securities Act and all other fees or expenses in connection with the preparation and filing of the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, any free writing prospectus prepared by or on behalf of, used by, or referred to by the Company and amendments and supplements to any of the foregoing, including all reasonable, documented printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the Shares to the Underwriters, including any transfer or other taxes payable thereon, (iii) the reasonable, documented cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the Shares under state securities laws and all expenses in connection with the qualification of the Shares

for offer and sale under state securities laws as provided in Section 6(g) hereof, including filing fees and the reasonable documented fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky or Legal Investment memorandum, (iv) all filing fees and the reasonable fees and disbursements of counsel to the Underwriters incurred in connection with the review and qualification of the offering of the Shares by FINRA (provided that the amount payable by the Company with respect to fees and disbursements of counsel for the Underwriters pursuant to subsections (iii) and (iv) shall not exceed \$40,000), (v) all fees and expenses in connection with the preparation and filing of the registration statement on Form 8-A relating to the Common Stock and all costs and expenses incident to listing the Shares on the Nasdaq Global Select Market, (vi) the cost of printing certificates, if any, representing the Shares, (vii) the costs and charges of any transfer agent, registrar or depository, (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares (with the Underwriters agreeing to pay all costs and expenses related to their participation in investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares), including, without limitation, expenses associated with the preparation or dissemination of any electronic road show, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the officers and other employees or representatives of the Company and any such consultants, and the Company's pro rata share (based on the number of seats occupied by officers and other employees and representatives of the Company and any such consultants, on the one hand, and by employees and representatives of the Underwriters, on the other hand, in each case counting each individual flight between destinations as a separate trip to measure such relative use; for the avoidance of doubt, if any seats are not occupied for a leg of the trip, they will not be counted as used by either party for such calculation) of the cost of any aircraft chartered in connection with the road show with the prior approval of the Company (with the remainder of the cost of such aircraft to be paid by the Underwriters), (ix) the document production charges and expenses associated with printing this Agreement, (x) all fees and disbursements of counsel incurred by the Underwriters in connection with the Directed Share Program and stamp duties, similar taxes or duties or other taxes, if any, incurred by the Underwriters in connection with the Directed Share Program and (xi) all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section. It is understood, however, that except as provided in this Section, Section 9 entitled "Indemnity and Contribution", Section 10 entitled "Directed Share Program Indemnification and the last paragraph of Section 12 below, the Underwriters will pay all of their costs and expenses, including fees and disbursements of their counsel, stock transfer taxes payable on resale of any of the Shares by them and any advertising expenses connected with any offers they may make, and all travel and other expenses of the Underwriters or any of their employees incurred by them in connection with the road show presentations.

8. *Covenants of the Underwriters.* Each Underwriter severally covenants with the Company not to take any action that would result in the Company being required to file with the Commission under Rule 433(d) a free writing prospectus prepared by or on behalf of such Underwriter that otherwise would not be required to be filed by the Company thereunder, but for the action of the Underwriter.

9. *Indemnity and Contribution.* (a) The Company agrees to indemnify and hold harmless each Underwriter, each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, and each affiliate of any Underwriter within the meaning of Rule 405 under the Securities Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus, the Time of Sale Prospectus or any amendment or supplement thereto, any “issuer free writing prospectus” as defined in Rule 433(h) under the Securities Act, any Company information that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act, any “road show” as defined in Rule 433(h) under the Securities Act (a “road show”), the Prospectus or any amendment or supplement thereto, or any Written Testing-the-Waters Communication or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are arise out of or are based upon any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use therein.

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, the directors of the Company, the officers of the Company who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus, the Time of Sale Prospectus or any amendment or supplement thereto, any “issuer free writing prospectus” as defined in Rule 433(h) under the Securities Act, any Company information that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act, any road show, the Prospectus or any amendment or supplement thereto, or any Written Testing-the-Waters Communication or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use therein.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 9(a) or 9(b), such person (the “**indemnified party**”) shall promptly notify the person against whom such indemnity may be sought (the “**indemnifying party**”) in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the reasonably incurred, documented fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed in writing to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood and agreed that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for (i) the reasonably incurred and documented fees and expenses of more than one separate firm (in addition to any local counsel) for all Underwriters and all persons, if any, who control any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act or who are affiliates of any Underwriter within the meaning of Rule 405 under the Securities Act, (ii) the reasonably incurred and documented fees and expenses of more than one separate firm (in addition to any local counsel) for the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either such Section and that all such reasonably incurred and documented fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Underwriters and such control persons and affiliates of any Underwriters, such firm shall be designated in writing by the Representatives. In the case of any such separate firm for the Company, and such directors, officers and control persons of the Company, such firm shall be designated in writing by the Company. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is

entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement (x) includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding and (y) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) To the extent the indemnification provided for in Section 9(a) or 9(b) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party or parties on the other hand from the offering of the Shares or (ii) if the allocation provided by clause 9(d)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 9(d)(i) above but also the relative fault of the indemnifying party or parties on the one hand and of the indemnified party or parties on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Shares after deducting underwriting discounts and commissions but before deducting expenses received by the Company and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate Public Offering Price of the Shares. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 9 are several in proportion to the respective number of Shares they have purchased hereunder, and not joint.

(e) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 9 were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or

by any other method of allocation that does not take account of the equitable considerations referred to in Section 9(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 9(d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 9, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(f) The indemnity and contribution provisions contained in this Section 9 and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter, any person controlling any Underwriter or any affiliate of any Underwriter, or the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Shares.

10. *Directed Share Program Indemnification.* (a) The Company agrees to indemnify and hold harmless Morgan Stanley, each person, if any, who controls Morgan Stanley within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each affiliate of Morgan Stanley within the meaning of Rule 405 of the Securities Act (“**Morgan Stanley Entities**”) from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) (i) caused by any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or with the consent of the Company for distribution to Participants in connection with the Directed Share Program or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) caused by the failure of any Participant to pay for and accept delivery of Directed Shares that the Participant agreed to purchase; or (iii) related to, arising out of, or in connection with the Directed Share Program, other than losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the bad faith or gross negligence of Morgan Stanley Entities.

(b) In case any proceeding (including any governmental investigation) shall be instituted involving any Morgan Stanley Entity in respect of which indemnity may be sought pursuant to Section 10(a), the Morgan Stanley Entity seeking indemnity, shall promptly notify the Company in writing and the Company, upon request of the Morgan Stanley Entity, shall retain counsel reasonably satisfactory to the Morgan Stanley Entity to represent the Morgan Stanley Entity and any others the Company may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Morgan Stanley Entity shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Morgan Stanley Entity unless (i) the Company shall have agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Company and the Morgan Stanley Entity and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The Company shall not, in respect of the legal expenses of the Morgan Stanley Entities in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Morgan Stanley Entities. Any such separate firm for the Morgan Stanley Entities shall be designated in writing by Morgan Stanley. The Company shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Company agrees to indemnify the Morgan Stanley Entities from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time a Morgan Stanley Entity shall have requested the Company to reimburse it for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the Company agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Company of the aforesaid request and (ii) the Company shall not have reimbursed the Morgan Stanley Entity in accordance with such request prior to the date of such settlement. The Company shall not, without the prior written consent of Morgan Stanley, effect any settlement of any pending or threatened proceeding in respect of which any Morgan Stanley Entity is or could have been a party and indemnity could have been sought hereunder by such Morgan Stanley Entity, unless such settlement includes an unconditional release of the Morgan Stanley Entities from all liability on claims that are the subject matter of such proceeding.

(c) To the extent the indemnification provided for in Section 10(a) is unavailable to a Morgan Stanley Entity or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then the Company in lieu of indemnifying the Morgan Stanley Entity thereunder, shall contribute to the amount paid or payable by the Morgan Stanley Entity as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Morgan Stanley Entities on the other hand from the offering of the Directed Shares or (ii) if the allocation provided by clause 10(c)(i) above is not permitted by applicable law, in

such proportion as is appropriate to reflect not only the relative benefits referred to in clause 10(c)(i) above but also the relative fault of the Company on the one hand and of the Morgan Stanley Entities on the other hand in connection with any statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Morgan Stanley Entities on the other hand in connection with the offering of the Directed Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Directed Shares (before deducting expenses) and the total underwriting discounts and commissions received by the Morgan Stanley Entities for the Directed Shares, bear to the aggregate Public Offering Price of the Directed Shares. If the loss, claim, damage or liability is caused by an untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact, the relative fault of the Company on the one hand and the Morgan Stanley Entities on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement or the omission or alleged omission relates to information supplied by the Company or by the Morgan Stanley Entities and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(d) The Company and the Morgan Stanley Entities agree that it would not be just or equitable if contribution pursuant to this Section 10 were determined by *pro rata* allocation (even if the Morgan Stanley Entities were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 10(c). The amount paid or payable by the Morgan Stanley Entities as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by the Morgan Stanley Entities in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 10, no Morgan Stanley Entity shall be required to contribute any amount in excess of the amount by which the total price at which the Directed Shares distributed to the public were offered to the public exceeds the amount of any damages that such Morgan Stanley Entity has otherwise been required to pay. The remedies provided for in this Section 10 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(e) The indemnity and contribution provisions contained in this Section 10 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Morgan Stanley Entity or the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Directed Shares.

11. *Termination.* The Underwriters may terminate this Agreement by notice given by the Representatives to the Company, if after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the New York Stock Exchange, the NYSE American or the Nasdaq Global Market, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred, (iv) any moratorium on commercial banking activities shall have been declared by Federal or New York State authorities or (v) there shall have occurred any outbreak or escalation of hostilities, or any change in financial markets or any calamity or crisis that, in the Representatives' judgment, is material and adverse and which, singly or together with any other event specified in this clause (v), makes it, in the Representatives' judgment, impracticable or inadvisable to proceed with the offer, sale or delivery of the Shares on the terms and in the manner contemplated in the Time of Sale Prospectus or the Prospectus.

12. *Effectiveness; Defaulting Underwriters.* This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date or an Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase Shares that it has or they have agreed to purchase hereunder on such date, and the aggregate number of Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate number of the Shares to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the number of Firm Shares set forth opposite their respective names in Schedule I bears to the aggregate number of Firm Shares set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as the Representatives may specify, to purchase the Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; *provided* that in no event shall the number of Shares that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 12 by an amount in excess of one-ninth of such number of Shares without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Firm Shares and the aggregate number of Firm Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Firm Shares to be purchased on such date, and arrangements satisfactory to the Representatives and the Company for the purchase of such Firm Shares are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either the Representatives or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement, in the Time of Sale Prospectus, in the Prospectus or in any other documents or arrangements may be effected. If, on an Option Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Additional Shares and the aggregate number of Additional Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Additional Shares to be purchased on such Option Closing Date, the non-defaulting Underwriters shall have the option to (i) terminate their obligation hereunder to purchase

the Additional Shares to be sold on such Option Closing Date or (ii) purchase not less than the number of Additional Shares that such non-defaulting Underwriters would have been obligated to purchase in the absence of such default. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement required to be complied with or fulfilled by the Company, or if for any reason the Company shall be unable to perform its obligations under this Agreement (other than by reason of a default by the Underwriters or the occurrence of any of the events described in Section 12), the Company will reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all documented out-of-pocket expenses reasonably incurred (including the reasonable fees and disbursements of their counsel) by such Underwriters in connection with this Agreement or the offering contemplated hereunder.

13. *Entire Agreement.* (a) This Agreement, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Agreement) that relate to the offering of the Shares, represents the entire agreement between the Company and the Underwriters with respect to the preparation of any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, the conduct of the offering, and the purchase and sale of the Shares.

(b) The Company acknowledges that in connection with the offering of the Shares: (i) the Underwriters have acted at arm's length, are not agents of, and owe no fiduciary duties to, the Company or any other person, (ii) the Underwriters owe the Company only those duties and obligations set forth in this Agreement and prior written agreements (to the extent not superseded by this Agreement), if any, and (iii) the Underwriters may have interests that differ from those of the Company. The Company waives to the full extent permitted by applicable law any claims that the Company may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the Shares.

14. *Compliance with USA PATRIOT Act.* In accordance with the requirements of the USA PATRIOT Act, the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

15. *Recognition of the U.S. Special Resolution Regimes.* (a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

For purposes of this Section a “**BHC Act Affiliate**” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k). “**Covered Entity**” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b). “**Default Right**” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable. “**U.S. Special Resolution Regime**” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

16. *Counterparts.* This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law, e.g., www. Docusign.com) or other transmission method any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

17. *Applicable Law.* This Agreement and any claim, controversy or dispute relating to or arising out of this Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

18. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

19. *Notices.* All communications hereunder shall be in writing and effective only upon receipt and if to the Underwriters shall be delivered, mailed or sent to the Representatives in care of Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, Attention: Equity Syndicate Desk, with a copy to the Legal Department; Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282-2198, Attention: Equity Syndicate Desk, with a copy to the Legal Department; J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York, Attention: Equity

Syndicate Desk, with a copy to the Legal Department; if to the Company shall be delivered, mailed or sent to Datadog, Inc., New York Times Building, 620 8th Avenue, 45th Floor, New York, NY 10015, Attention: General Counsel.

[Signature Pages Follow]

Very truly yours,

DATADOG, INC.

By: _____

Name:

Title:

[Signature Page to Underwriting Agreement]

Accepted as of the date hereof

Morgan Stanley & Co. LLC
Goldman Sachs & Co. LLC
J.P. Morgan Securities LLC

Acting severally on behalf of themselves and the
several Underwriters named in Schedule I hereto

By: Morgan Stanley & Co. LLC

By: _____
Name:
Title:

By: Goldman Sachs & Co. LLC

By: _____
Name:
Title:

By: J.P. Morgan Securities LLC

By: _____
Name:
Title:

[Signature Page to Underwriting Agreement]

<u>Underwriter</u>	<u>Number of Firm Shares To Be Purchased</u>	<u>Number of Additional Shares To Be Purchased</u>
Morgan Stanley & Co. LLC	[•]	[•]
Goldman Sachs & Co. LLC	[•]	[•]
J.P. Morgan Securities LLC	[•]	[•]
Credit Suisse Securities (USA) LLC	[•]	[•]
Barclays Capital Inc.	[•]	[•]
Jefferies LLC	[•]	[•]
RBC Capital Markets, LLC	[•]	[•]
JMP Securities LLC	[•]	[•]
Raymond James & Associates, Inc.	[•]	[•]
Stifel, Nicolaus & Company, Incorporated	[•]	[•]
William Blair & Company, L.L.C.	[•]	[•]
Needham & Company, LLC	[•]	[•]
Total:	[•]	[•]

Time of Sale Prospectus

1. Preliminary Prospectus issued [●], 2019
2. [Any free writing prospectuses filed by the Company under Rule 433(d) of the Securities Act]
3. [Free writing prospectus containing a description of terms that does not reflect final terms, if the Time of Sale Prospectus does not include a final term sheet]
4. [Orally communicated pricing information such as price per share and size of offering if a Rule 134 pricing term sheet is used at the time of sale instead of a pricing term sheet filed by the Company under Rule 433(d) as a free writing prospectus]

Written Testing-the-Waters Communication

1. [Testing-the-Waters presentation dated [●], 2019]

IV-1

FORM OF LOCK-UP LETTER

_____, 2019

Morgan Stanley & Co. LLC
Goldman Sachs & Co. LLC
J.P. Morgan Securities LLC

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, NY 10036

c/o Goldman Sachs & Co. LLC
200 West Street
New York, New York 10282-2198

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Ladies and Gentlemen:

The undersigned understands that Morgan Stanley & Co. LLC, Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC (the “**Representatives**”) propose to enter into an Underwriting Agreement (the “**Underwriting Agreement**”) with Datadog, Inc., a Delaware corporation (the “**Company**”), providing for the public offering (the “**Public Offering**”) by the several Underwriters, including the Representatives (the “**Underwriters**”), of shares of the Class A common stock, par value \$0.00001 per share, of the Company (the “**Class A Stock**”). As used herein, the term “**Common Stock**” refers to shares of the Company’s Common Stock, par value \$0.00001 per share, including any shares of Class A Stock and Class B common stock, par value \$0.00001 per share, of the Company.

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of Morgan Stanley & Co. LLC and at least one other Representative (the “**Requisite Representatives**”) on behalf of the Underwriters (*provided* that any request for such consent must be provided in writing to each Representative), it will not, during the period commencing on the date hereof and ending 180 days after the date of the final prospectus (the “**Restricted Period**”) relating to the Public Offering (the “**Prospectus**”), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or

warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock beneficially owned (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), by the undersigned or any other securities so owned convertible into or exercisable or exchangeable for Common Stock or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The undersigned acknowledges and agrees that the foregoing precludes the undersigned from engaging in any hedging or other transactions designed or intended, or which could reasonably be expected to lead to or result in, a sale or disposition of any shares of Common Stock, or securities convertible into or exercisable or exchangeable for Common Stock, even if any such sale or disposition transaction or transactions would be made or executed by or on behalf of someone other than the undersigned.

Notwithstanding the foregoing, if the 180th day after the date of the Prospectus (the “**Expiration Date**”) will occur during or within five trading days of a Company “black-out” period under its insider trading policy (or similar period when trading is not permitted by insiders under the Company’s insider trading policy) (a “**Blackout Period**”), the Expiration Date will instead be the sixth trading day immediately preceding the commencement of such Blackout Period (the “**Blackout-Related Release**”), *provided* that, in the case of a Blackout-Related Release, the Company shall announce by press release through a major news service, or on a Form 8-K, the Expiration Date of the Blackout-Related Release at least two business days prior to the opening of trading on such Expiration Date.

In addition, notwithstanding the foregoing, if at any time beginning 90 days after the date of the Prospectus (the “**Early Expiration Threshold Date**”) (i) the Company has filed at least one quarterly report on Form 10-Q or annual report on Form 10-K, and (ii) the last reported closing price of the Class A Common Stock on the exchange on which the Class A Common Stock is listed (the “**Closing Price**”) is at least 33% greater than the initial public offering price per share set forth on the cover page of the Prospectus (the “**IPO Price**”) for 10 out of any 15 consecutive trading days ending on or after the Early Expiration Threshold Date, including the last day of such 15 trading-day period (any such 15 trading-day period during which such condition is satisfied, the “**Measurement Period**”), then 20% of the undersigned’s Common Stock that are subject to the 180-day Restricted Period, which percentage shall be calculated based on the number of the undersigned’s Common Stock subject to the 180-day Restricted Period as of the last day of the Measurement Period, will be automatically released from such restrictions (the “**Early Lock-Up Expiration**”) immediately prior to the opening of trading on the exchange on which the Class A Common Stock is listed on the first trading day following the end of the Measurement Period (the “**Early Lock-Up Expiration Date**”); *provided* that, if the 90th day after the date of the Prospectus will occur during or within five trading days of a Blackout Period, the Early Expiration Threshold Date will instead be the sixth trading day immediately preceding the commencement of such Blackout Period (the “**Early Lock-Up Acceleration**”); *provided further* that, in the case

of an Early Lock-Up Acceleration, the Company shall announce by press release through a major news service, or on a Form 8-K, the Early Lock-Up Acceleration and the Early Lock-Up Expiration Date at least two business days prior to the opening of trading on the Early Lock-Up Expiration Date.

The foregoing shall not apply to:

(a) transactions relating to shares of Class A Stock or other securities acquired in the Public Offering or in open market transactions after the completion of the Public Offering; *provided* that no filing under the Exchange Act reporting a reduction in beneficial ownership of shares of Class A Stock shall be required or shall be voluntarily made in connection with subsequent sales of Class A Stock or other securities acquired in the Public Offering or such open market transactions during the Restricted Period;

(b) transfers of shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock (i) as a bona fide gift, (ii) to an immediate family member (as defined below) or to any trust for the direct or indirect benefit of the undersigned or an immediate family member of the undersigned, (iii) to any corporation, partnership, limited liability company, investment fund or other entity controlled or managed, or under common control or management by, the undersigned, or (iv) by will, other testamentary document or intestate succession to the legal representative, heir, beneficiary or an immediate family member of the undersigned, *provided* that, in the case of any transfer pursuant to this clause (b), (i) each transferee shall sign and deliver a lock-up agreement substantially in the form of this agreement, (ii) no filing under the Exchange Act reporting a reduction in beneficial ownership of shares of Common Stock shall be required or shall be voluntarily made during the Restricted Period and (iii) such transfer shall not involve a disposition for value;

(c) if the undersigned is a corporation, partnership, limited liability company, trust or other business entity, transfers or distributions of shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock to current or former general or limited partners, managers or members, stockholders, other equityholders or direct or indirect affiliates (within the meaning of Rule 405 under the Securities Act of 1933, as amended) of the undersigned or to the estates of any of the foregoing; *provided* that, in the case of any transfer or distribution pursuant to this clause (c), (i) each transferee or distributee shall sign and deliver a lock-up agreement substantially in the form of this agreement, (ii) no filing under the Exchange Act reporting a reduction in beneficial ownership of shares of Common Stock shall be required or shall be voluntarily made during the Restricted Period and (iii) such transfer shall not involve a disposition for value;

(d) the transfer of shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock to the Company upon a vesting event of the Company's securities or upon the "net" or "cashless" exercise of options that would otherwise expire during the Restricted Period to the extent permitted by the instruments representing such options (including any transfer to the Company necessary to generate

any amount of cash needed for the payment of taxes, including estimated taxes, due as a result of such vesting or exercise whether by means of a “net settlement” or otherwise), so long as such “cashless” or “net” exercise is effected solely by the surrender of outstanding options (or underlying shares of Common Stock) to the Company, and the Company’s cancellation of all or a portion thereof to pay the exercise price and/or withholding tax obligations, but for the avoidance of doubt, excluding all methods of exercise that would involve a sale other than to the Company of any shares of Common Stock relating to options, whether to cover the applicable exercise price and/or withholding tax obligations or otherwise, *provided* that any filing under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that the filing relates to the circumstances described in this clause (d);

(e) sales of shares of Class A Stock pursuant to the terms of the Underwriting Agreement;

(f) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Common Stock, *provided* that (i) such plan does not provide for the transfer of Common Stock during the Restricted Period, other than, in the case of an Early Lock-Up Expiration, the transfer of any shares of Common Stock released from the restrictions set forth herein, and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the undersigned or the Company regarding (a) the establishment of such plan during the Restricted Period, such announcement or filing shall include a statement to the effect that no transfer of Common Stock may be made under such plan during the Restricted Period or (b) the transfer of shares of Common Stock in the case of an Early Lock-Up Expiration, any such filing under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that the filing relates to the circumstances described in this clause (f);

(g) the transfer of shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock that occurs by operation of law pursuant to a qualified domestic order or in connection with a divorce settlement or other court order, *provided* that (i) the transferee shall sign and deliver a lock-up agreement substantially in the form of this agreement, and (ii) any filing required under Section 16(a) of the Exchange Act during the Restricted Period shall clearly indicate in the footnotes thereto that the filing relates to the circumstances described in this clause (g) ;

(h) the reclassification and conversion of shares of Common Stock and Preferred Stock, par value \$0.00001 per share, of the Company into shares of Class B Stock and the conversion of Class B Stock into shares of Class A Stock, *provided* that, in each case, (i) such shares shall continue to be subject to the restrictions on transfer set forth in this agreement; and (ii) any filing required under Section 16(a) of the Exchange Act during the Restricted Period shall clearly indicate in the footnotes thereto that the filing relates to the circumstances described in this clause (h); or

(i) the transfer of shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction that is approved by the Board of Directors of the Company, made to all holders of Common Stock involving a change of control (as defined below), *provided* that, in the event that the tender offer, merger, consolidation or other such transaction is not completed, the Common Stock owned by the undersigned shall remain subject to the restrictions contained in this agreement.

As used herein, (i) “immediate family member” means the spouse, domestic partner, lineal descendant, father, mother, brother, sister, or any other person with whom the undersigned has a relationship by blood, marriage or adoption not more remote than first cousin and (ii) “change of control” shall mean the transfer (whether by tender offer, merger, consolidation or other similar transaction), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an Underwriter pursuant to the Public Offering), of the Company’s voting securities if, after such transfer, such person or group of affiliated persons would hold more than 75% of the number of outstanding voting securities of the Company (or the surviving entity) and 75% of the voting control of the outstanding voting securities of the Company (or the surviving entity).

In addition, the undersigned agrees that, without the prior written consent of the Requisite Representatives on behalf of the Underwriters, it will not, during the Restricted Period, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company’s transfer agent and registrar against the transfer of the undersigned’s shares of Common Stock except in compliance with the foregoing restrictions.

If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing provisions shall be equally applicable to any issuer-directed Shares the undersigned may purchase in the offering.

If the undersigned is an officer or director of the Company, (i) the Requisite Representatives agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock, the Requisite Representatives will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Requisite Representatives hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

The undersigned represents and warrants that the undersigned is not, and has not caused or directed any of its affiliates to be or become, currently a party to any agreement or arrangement that is designed to or which reasonably could be expected to lead to or result in any activity prohibited by this letter agreement during the Restricted Period.

If the undersigned is not a natural person, the undersigned represents and warrants that no single natural person, entity or “group” (within the meaning of Section 13(d)(3) of the Exchange Act) beneficially owns, directly or indirectly, 50% or more of the common equity interests, or 50% or more of the voting power, in the undersigned.

The undersigned understands that the Company and the Underwriters are relying upon this agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this agreement is irrevocable and shall be binding upon the undersigned’s heirs, legal representatives, successors and assigns.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Underwriters.

This agreement shall automatically terminate and the undersigned will be released from all obligations hereunder upon the earliest to occur, if any, of (a) the Company, on the one hand, or the Representatives, on the other hand, advising the other in writing that it has determined not to proceed with the Public Offering prior to the execution of the Underwriting Agreement, (b) the date the Registration Statement is withdrawn, if prior to the closing of the Public Offering, (c) the date the Underwriting Agreement is terminated, if prior to the closing of the Public Offering, and (d) December 31, 2019, if the Underwriting Agreement has not been executed by such date.

This agreement and any claim, controversy or dispute arising under or related to this agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof.

FORM OF WAIVER OF LOCK-UP

_____, 2019

[Name and Address of
Officer or Director
Requesting Waiver]

Dear Mr./Ms. [Name]:

This letter is being delivered to the Representatives in connection with the offering by Datadog, Inc. (the "**Company**") of _____ shares of common stock, \$0.00001 par value (the "**Common Stock**"), of the Company and the lock-up letter dated _____, 2019 (the "**Lock-up Letter**"), executed by the Representatives in connection with such offering, and the Representatives' request for a [waiver] [release] dated _____, 20__, with respect to _____ shares of Common Stock (the "**Shares**").

Morgan Stanley & Co. LLC and [Goldman Sachs & Co. LLC] [J.P. Morgan Securities LLC] hereby agree to [waive] [release] the transfer restrictions set forth in the Lock-up Letter, but only with respect to the Shares, effective _____, 20__; provided, however, that such [waiver] [release] is conditioned on the Company announcing the impending [waiver] [release] by press release through a major news service at least two business days before effectiveness of such [waiver] [release]. This letter will serve as notice to the Company of the impending [waiver] [release].

Except as expressly [waived] [released] hereby, the Lock-up Letter shall remain in full force and effect.

Very truly yours,

Morgan Stanley & Co. LLC

[Goldman Sachs & Co. LLC] [J.P. Morgan Securities LLC]

Acting severally on behalf of themselves and the several Underwriters named in Schedule I hereto

MORGAN STANLEY & CO. LLC

By: _____
Name:
Title:

[GOLDMAN SACHS & CO. LLC]
[J.P. MORGAN SECURITIES LLC]

By: _____
Name:
Title:

cc: Company

FORM OF PRESS RELEASE

Datadog, Inc.
[Date]

Datadog, Inc. (the “**Company**”) announced today that Morgan Stanley & Co. LLC and [Goldman Sachs & Co. LLC] [J.P. Morgan Securities LLC], active book-running managers in the Company’s recent public sale of _____ shares of common stock is [waiving][releasing] a lock-up restriction with respect to _____ shares of the Company’s common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on _____, 20__, and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

**EIGHTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
DATADOG, INC.**

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

Datadog, 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 Datadog, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on June 4, 2010 under the name DATADOG, INC.

2. That the Board of Directors duly adopted resolutions proposing to amend and restate the Seventh Amended and Restated Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolutions setting forth the proposed amendment and restatement are substantially as follows:

RESOLVED, that the Seventh Amended and Restated Certificate of Incorporation of this corporation be further amended and restated in its entirety to read as follows:

FIRST: The name of this corporation is Datadog, Inc. (the “**Corporation**”).

SECOND: The address of the registered office of the Corporation in the State of Delaware is 251 Little Falls Drive, in the City of Wilmington, 19808, County of New Castle. The name of its registered agent at such address is Corporation Service 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: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 380,000,000 shares of Common Stock, \$0.00001 par value per share (“**Common Stock**”), and (ii) 179,814,912 shares of Preferred Stock, \$0.00001 par value per share (“**Preferred Stock**”).

Effective as of the effectiveness of the filing with the Secretary of State of the State of Delaware of this Eighth Amended and Restated Certificate of Incorporation of the Corporation (the “**Effective Time**”), the outstanding shares of the Corporation’s capital stock shall be subdivided and changed such that (a) each share of Common Stock outstanding immediately prior to the Effective Time shall automatically be changed into three (3) fully-paid and non-assessable shares of Common Stock, without any action on the part of the holder thereof, and (b) each share

of each series of Preferred Stock outstanding immediately prior to the Effective Time shall automatically be changed into three (3) fully-paid and non-assessable shares of such relevant series of Preferred Stock, without any action on the part of the holder thereof (the “**Stock Split**”). At and after the Effective Time, each outstanding certificate that prior to the Stock Split represented shares of capital stock shall be deemed for all purposes to evidence ownership of and to represent the same number of shares of capital stock reflected on such certificate, and promptly following the Effective Time, the Corporation shall issue and deliver to each holder of capital stock (except to the extent that such class or series of capital stock is maintained in uncertificated form by the Corporation) one or more additional certificates representing the additional shares of capital stock held by each such holder by virtue of the Stock Split, and, from and after the Effective Time, the registered owner thereof on the books and records of the Corporation shall have and be entitled to exercise any voting and other rights with respect to, and to receive any dividend and other distributions upon, all such shares of capital stock.

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of 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 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. 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. There shall be no cumulative voting.

B. PREFERRED STOCK

19,403,952 shares of the Preferred Stock of the Corporation are designated “**Seed Preferred Stock**,” 49,195,632 shares of the Preferred Stock of the Corporation are designated “**Series A Preferred Stock**,” 39,619,992 shares of the Preferred Stock of the Corporation are designated “**Series B Preferred Stock**,” 30,389,424 shares of the Preferred Stock of the Corporation are designated “**Series C Preferred Stock**,” and 41,205,912 shares of the Preferred Stock of the Corporation are designated “**Series D Preferred Stock**”), and each such series shall

have the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. The Seed Preferred Stock, the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, and the Series D Preferred Stock shall be collectively referred to as the "Preferred Stock." 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.

1.1 In any calendar year, the Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in the Certificate of Incorporation) the holders of the Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Seed Preferred Stock in an amount at least equal to \$0.003450 per share, on each outstanding share of Series A Preferred Stock in an amount at least equal to \$0.007530 per share, on each outstanding share of Series B Preferred Stock in an amount at least equal to \$0.019153 per share, on each outstanding share of Series C Preferred Stock in an amount at least equal to \$0.053040 per share, and on each outstanding share of Series D Preferred Stock in an amount at least equal to \$0.137613 per share (in each case, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) (the "**Preferred Dividends**"). The foregoing rights to receive dividends on Preferred Stock shall not be cumulative, and no right to dividends shall accrue to holders of Preferred Stock by reason of the fact that dividends on said shares are not declared or paid. Thereafter the Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock and other than Preferred Dividends) unless (in addition to the obtaining of any consents required elsewhere in the Certificate of Incorporation) the holders of the Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of such Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of such Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Seed Original Issue Price, Series A Original Issue Price, Series B Original Issue Price, Series C Original Issue Price, or Series D Original Issue Price, as applicable; provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Corporation, the dividend payable to the holders of Preferred Stock pursuant to this Section 1.1 shall be calculated based upon the dividend on the class or series of capital stock that would result in the highest Preferred Stock dividend. The "**Seed Original Issue Price**" shall mean \$0.0575417 per share, the "**Series A Original Issue**

Price” shall mean \$0.1255200 per share, the “**Series B Original Issue Price**” shall mean \$0.3192250 per share, the “**Series C Original Issue Price**” shall mean \$0.8840167 per share, and the “**Series D Original Issue Price**” shall mean \$2.2935383 per share (each an “**Original Issue Price**”). Each Original Issue Price shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock, Series A Preferred Stock or Series Seed Preferred Stock, as applicable. If at any time dividends then payable with respect to the Preferred Stock cannot be paid in full, such payment will be distributed ratably among the holders of Preferred Stock based upon the aggregate unpaid dividends on such shares of Preferred Stock.

1.2 Whenever a distribution provided for in this Section 1 shall be payable in property other than cash, the value of such distribution shall be deemed to be the fair market value of such property as determined in good faith by the Board of Directors.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Preferential Payments to Holders of Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the holders of shares of Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, on a *pari passu* basis, but before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, (i) in the case of the Series D Preferred Stock, an amount per share equal to the greater of (a) the Series D Original Issue Price plus any dividends declared but unpaid thereon, or (b) such amount per share as would have been payable had all shares of Series D Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up of the Corporation or Deemed Liquidation Event (the amount payable pursuant to this clause (i) is hereinafter referred to as the “**Series D Liquidation Amount**”), (ii) in the case of the Series C Preferred Stock, an amount per share equal to the greater of (a) the Series C Original Issue Price plus any dividends declared but unpaid thereon, or (b) such amount per share as would have been payable had all shares of Series C Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up of the Corporation or Deemed Liquidation Event (the amount payable pursuant to this clause (ii) is hereinafter referred to as the “**Series C Liquidation Amount**”), (iii) in the case of the Series B Preferred Stock, an amount per share equal to the greater of (a) the Series B Original Issue Price plus any dividends declared but unpaid thereon, or (b) such amount per share as would have been payable had all shares of Series B Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up of the Corporation or Deemed Liquidation Event (the amount payable pursuant to this clause (iii) is hereinafter referred to as the “**Series B Liquidation Amount**”), (iv) in the case of the Series A Preferred Stock, an amount per share equal to the greater of (a) the Series A Original Issue Price plus any dividends declared but unpaid thereon, or (b) such amount per share as would have been payable had all shares of Series A Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (the amount payable pursuant to this clause (iv) is hereinafter referred to as the “**Series A Liquidation Amount**”), and (v) in the case of the Seed Preferred Stock, an amount per

share equal to the greater of (a) the Seed Original Issue Price plus any dividends declared but unpaid thereon, or (b) such amount per share as would have been payable had all shares of Seed Preferred Stock been converted into Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (the amount payable pursuant to this clause (v) is hereinafter referred to as the “**Seed Liquidation Amount**”). If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the holders of shares of Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

2.2 Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after the payment of all preferential amounts required to be paid to the holders of shares of Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares held by each such holder.

2.3 Deemed Liquidation Events.

2.3.1 Definition. Each of the following events shall be considered a “**Deemed Liquidation Event**” unless (i) the holders of at least a majority of the outstanding shares of Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock, and Series A Preferred Stock, exclusively and voting together as a single class and on an as-converted to Common Stock basis (the “**Requisite Investors**”) and (ii) the holders of at least a majority of the outstanding shares of Series D Preferred Stock, voting exclusively and as a separate class, elect otherwise by written notice sent to the Corporation at least ten (10) days prior to the effective date of any such event:

(a) a merger or consolidation in which

- (i) the Corporation is a constituent party, or
- (ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

2.3.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(i) unless the agreement or plan of merger or consolidation for such transaction (the “**Merger Agreement**”) provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(ii) or 2.3.1(b), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within 90 days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of shares of Preferred Stock no later than the 90th day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause (ii) to require the redemption of such shares of each series of Preferred Stock, and (ii) if (x) the Requisite Investors or (y) with respect to the Series D Preferred Stock, the holders of a majority of the outstanding shares of Series D Preferred Stock so request in a written instrument delivered to the Corporation not later than 120 days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the Corporation), together with any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by Delaware law governing distributions to stockholders (the “**Available Proceeds**”), on the 150th day after such Deemed Liquidation Event, to redeem all outstanding shares of Series D Preferred Stock at a price per share equal to the Series D Liquidation Amount, all outstanding shares of Series C Preferred Stock at a price per share equal to the Series C Liquidation Amount, all outstanding shares of Series B Preferred Stock at a price per share equal to the Series B Liquidation Amount, all outstanding shares of Series A Preferred Stock at a price per share equal to the Series A Liquidation Amount, and all outstanding shares of Seed Preferred Stock at a price per share equal to the Seed Liquidation Amount. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Preferred Stock, the Corporation shall ratably redeem each holder’s shares of Preferred Stock to the fullest extent of such Available Proceeds, and shall redeem the remaining shares as soon as it may lawfully do so under Delaware law governing distributions to stockholders. Prior to the distribution or redemption provided for in this Subsection 2.3.2(b), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business.

2.3.3 Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board of Directors of the Corporation.

2.3.4 Allocation of Escrow and Contingent Consideration. In the event of a Deemed Liquidation Event pursuant to Subsection 2.3.1(a), if any portion of the consideration payable to the stockholders of the Corporation is placed into escrow and/or is payable to the stockholders of the Corporation subject to contingencies, the definitive agreement governing such Deemed Liquidation Event shall provide that (a) the portion of such consideration that is not placed in escrow and not subject to any contingencies (the “**Initial Consideration**”) shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 above as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event and (b) any additional consideration which becomes payable to the stockholders of the Corporation upon release from escrow or satisfaction of contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 after taking into account the previous payment of the Initial Consideration as part of the same transaction.

3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Certificate of Incorporation, holders of Preferred Stock shall vote together with the holders of Common Stock as a single class.

3.2 Election of Directors. The holders of record of the shares of Series B Preferred Stock, voting exclusively and as a separate class, shall be entitled to elect one (1) director of the Corporation (the “**Series B Director**”), the holders of record of the shares of Series A Preferred Stock, voting exclusively and as a separate class, shall be entitled to elect two (2) directors of the Corporation (the “**Series A Directors**,” and together with the Series B Director, the “**Preferred Directors**”), and the holders of record of the shares of Common Stock, voting exclusively and as a separate class, shall be entitled to elect two (2) directors of the Corporation. Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the holders of the shares of the class or series of capital stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. If the holders of shares of Series B Preferred Stock, Series A Preferred Stock or Common Stock, as the case may be, fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors, voting exclusively and as a separate class, pursuant to the first sentence of this Subsection 3.2, then any directorship not so filled shall remain vacant until such time as the holders

of the Series B Preferred Stock, Series A Preferred Stock or Common Stock, as the case may be, elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the stockholders of the Corporation that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class. The holders of record of the shares of Common Stock and of any other class or series of voting stock (including the Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock, Series A Preferred Stock and Seed Preferred Stock), exclusively and voting together as a single class, on an as-converted to Common Stock basis, shall be entitled to elect the balance of the total number of directors of the Corporation. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of at least a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Except as otherwise provided in this Subsection 3.2, a vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to this Subsection 3.2. The rights of the holders of the Series B Preferred Stock, Series A Preferred Stock, and Common Stock under the first sentence of this Subsection 3.2 shall terminate on: (i) with respect to the Series B Preferred Stock, the first date following the Series B Original Issue Date (as defined below) on which there are issued and outstanding less than 9,397,764 shares of Series B Preferred Stock, and (ii) with respect to the Series A Preferred Stock, the first date on which there are issued and outstanding less than 9,934,716 shares of Series A Preferred Stock (subject, in each case, to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock and Series A Preferred Stock, respectively).

3.3 Preferred Stock Protective Provisions. At any time when there are issued and outstanding collectively at least 21,600,000 shares of Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock or Series A Preferred Stock, as applicable), the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the Requisite Investors, given in writing or by vote at a meeting, consenting or voting (and any such act or transaction entered into without such consent or vote shall be null and void ab initio, and of no force or effect):

3.3.1 liquidate, dissolve, sell all or substantially all of the assets of, or wind-up the business and affairs of the Corporation, effect any merger or consolidation (or sale of more than 50% of the voting power of the Corporation) or any other Deemed Liquidation Event, or exclusively license material intellectual property, or consent to any of the foregoing, if such action would result in proceeds to the holders of Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock, and Series A Preferred Stock in an amount less than \$3.44 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to each of the Series D Preferred Stock, Series C Preferred Stock, Series B Preferred Stock, and Series A Preferred Stock) (the “**Threshold Amount**”); provided that in calculating the Threshold Amount, proceeds relating to earn outs, milestone payments or other contingent consideration (other than funds placed in escrow for indemnification purposes) shall be disregarded;

3.3.2 amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation;

3.3.3 create, or authorize the creation of, or issue or obligate itself to issue shares of, any additional class or series of capital stock, or any security convertible into or exercisable for any capital stock, unless the same ranks junior to the Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends and rights of redemption;

3.3.4 (i) reclassify, alter or amend any existing security of the Corporation that is *pari passu* with the Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Preferred Stock in respect of any such right, preference or privilege, or (ii) reclassify, alter or amend any existing security of the Corporation that is junior to the Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or *pari passu* with the Preferred Stock in respect of any such right, preference or privilege;

3.3.5 increase or decrease (other than for decreases resulting from conversion of the Preferred Stock) the authorized number of shares of Common Stock or any series of Preferred Stock;

3.3.6 purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) the Preferred Dividends, (ii) dividends or other distributions payable on shares of Common Stock solely in the form of additional shares of Common Stock and (iii) 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 lower of the original purchase price or the then-current fair market value thereof;

3.3.7 increase the shares of Common Stock reserved for issuance under the Corporation's 2012 Equity Incentive Plan or adopt any other equity incentive plan;

3.3.8 create, or authorize the creation of, or issue, or authorize the issuance of any debt security, or permit any subsidiary to take any such action with respect to any debt security, if the aggregate indebtedness of the Corporation and its subsidiaries for borrowed money following such action would exceed \$500,000 unless the creation and issuance of such debt security has received the prior approval of the Board of Directors, including the approval of a majority of the Preferred Directors;

3.3.9 create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of such subsidiary;

3.3.10 increase or decrease the authorized number of directors constituting the Board of Directors;

3.3.11 acquire another entity, or any material interest in another entity;

3.3.12 engage in any transaction with any affiliate, other than on an arms' -length basis and as approved by the Board of Directors, including the approval of a majority of the Preferred Directors;

3.3.13 materially deviate from annual operating budgets and business plans, other than as approved by the Board of Directors, including the approval of a majority of the Preferred Directors; or

3.3.14 enter into any agreement to do any of the foregoing.

3.4 Actions Requiring the Consent of the Series B Holders. The Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the outstanding shares of Series B Preferred Stock (voting on an as-converted basis):

3.4.1 amend, change, or alter any of the rights, preferences or privileges of the Series B Preferred Stock;

3.4.2 increase or decrease the authorized shares of Series B Preferred Stock; or

3.4.3 waive or terminate (i) the anti-dilution provisions applicable to the Series B Preferred Stock provided in Section 4 below, (ii) payment of the Series B Liquidation Amount, or (iii) the conversion rights of the Series B Preferred Stock;

provided, however, that such consent shall not be required for the authorization, designation or issuance of a new series of Preferred Stock that is senior to or *pari passu* with the Series B Preferred Stock, subject to the provisions of Section 3.3.3 above.

3.5 Actions Requiring the Consent of the Series C Holders. The Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the outstanding shares of Series C Preferred Stock (voting on an as-converted basis):

3.5.1 amend, change, or alter any of the rights, preferences or privileges of the Series C Preferred Stock;

3.5.2 increase or decrease the authorized shares of Series C Preferred Stock; or

3.5.3 waive or terminate (i) the anti-dilution provisions applicable to the Series C Preferred Stock provided in Section 4 below, (ii) payment of the Series C Liquidation Amount, or (iii) the conversion rights of the Series C Preferred Stock;

provided, however, that such consent shall not be required for the authorization, designation or issuance of a new series of Preferred Stock that is senior to or, *pari passu* with the Series C Preferred Stock, subject to the provisions of Section 3.3.3 above.

3.6 Actions Requiring the Consent of the Series D Holders. The Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of at least a majority of the outstanding shares of Series D Preferred Stock (voting on an as-converted basis):

3.6.1 amend, change, or alter any of the rights, preferences or privileges of the Series D Preferred Stock;

3.6.2 increase or decrease the authorized shares of Series D Preferred Stock; or

3.6.3 waive or terminate (i) the anti-dilution provisions applicable to the Series D Preferred Stock provided in Section 4 below, (ii) payment of the Series D Liquidation Amount, or (iii) the conversion rights of the Series D Preferred Stock;

provided, however, that such consent shall not be required for the authorization, designation or issuance of a new series of Preferred Stock that is senior to or *pari passu* with the Series D Preferred Stock, subject to the provisions of Section 3.3.3 above.

4. Optional Conversion.

The holders of the Preferred Stock shall have conversion rights as follows (the “**Conversion Rights**”):

4.1 Right to Convert.

4.1.1 Conversion Ratio. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Original Issue Price of such series of Preferred Stock by the Conversion Price (as defined below) of such series of Preferred Stock in effect at the time of such conversion. As of the date of filing this Eighth Amended and Restated Certificate of Incorporation, the “**Conversion Price**” of (i) the Series D Preferred Stock shall be equal to \$2.2935383, (ii) the Series C Preferred Stock shall be equal to \$0.8840167, (iii) the Series B Preferred Stock shall be equal to \$0.3192250, (iv) the Series A Preferred Stock shall be equal to \$0.1255200, and (v) the Seed Preferred Stock shall be equal to \$0.0575417, which reflects all applicable adjustments to date. The applicable Conversion Price, and the rate at which shares of Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Termination of Conversion Rights. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Preferred Stock.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of each series of Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of a series of Preferred Stock to voluntarily convert shares of such series of Preferred Stock into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of the Preferred Stock represented by such certificate or certificates and, if applicable, any event on which such conversion is contingent. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such certificates (or lost certificate affidavit and agreement) and notice shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the shares represented by such certificate shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time, (i) issue and deliver to such holder of Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (ii) pay in cash such amount as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when any Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of shares of the Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Conversion Price applicable to any series of Preferred Stock below the then par value of the shares of Common Stock issuable upon conversion of such series of Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Conversion Price.

4.3.3 Effect of Conversion. All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Subsection 4.2 and to receive payment of any dividends declared but unpaid thereon. Any shares of Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of the applicable series of Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to any Conversion Price shall be made for any declared but unpaid dividends on the Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Conversion Price for Diluting Issues.

4.4.1 Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

- (a) “**Option**” shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.
- (b) “**Stock Split Date**” shall mean the date of filing this Eighth Amended and Restated Certificate of Incorporation.
- (c) “**Convertible Securities**” shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.
- (d) “**Additional Shares of Common Stock**” shall mean all shares of Common Stock issued (or, pursuant to Subsection 4.4.3 below, deemed to be issued) by the Corporation after the Stock Split Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, “**Exempted Securities**”):
- (i) Shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on the outstanding shares of Preferred Stock;
 - (ii) Shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4.5, 4.6, 4.7, or 4.8;
 - (iii) shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation, including, with respect to any plan, agreement or arrangement entered into following the Stock Split Date, a majority of the Preferred Directors; or
 - (iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security; or

- (v) Convertible Securities issued to banks, equipment lessors or other financial institutions, pursuant to a debt financing or equipment leasing transaction approved by the Board of Directors of the Corporation, including a majority of the Preferred Directors; or
- (vi) Shares of Common Stock, Options or Convertible Securities issued pursuant to the acquisition of another corporation by the Corporation by merger, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, provided, that such issuances are approved by the Board of Directors of the Corporation, including a majority of the Preferred Directors; or
- (vii) shares of Common Stock issued in the Corporation's first firm underwritten public offering of its Common Stock under the Securities Act of 1933, as amended.

4.4.2 No Adjustment of Conversion Price. No adjustment in the Conversion Price applicable to any series of Preferred Stock shall be made as the result of the issuance or deemed issuance of Additional shares of Common Stock if the Corporation receives written notice from (x) the Requisite Investors or (y) with respect to Series D Preferred Stock, the holders of a majority of the outstanding shares of Series D Preferred Stock agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

4.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Stock Split Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price of any series of Preferred Stock pursuant to the terms of Subsection 4.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security

(but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Conversion Price of such series computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the Conversion Price of any series of Preferred Stock to an amount which exceeds the lower of (i) the Conversion Price of such series in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Conversion Price of any series of Preferred Stock pursuant to the terms of Subsection 4.4.4 (either because the consideration per share (determined pursuant to Subsection 4.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Conversion Price of such series then in effect, or because such Option or Convertible Security was issued before the Stock Split Date), are revised after the Stock Split Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4.4.3(a)) shall, with respect to such series, be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price of a series of Preferred Stock pursuant to the terms of Subsection 4.4.4, the Conversion Price of such series shall be readjusted to such Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based

upon subsequent events, any adjustment to the Conversion Price of a series of Preferred Stock provided for in this Subsection 4.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Conversion Price of a series of Preferred Stock that would result under the terms of this Subsection 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to such Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

4.4.4 Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Stock Split Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the Conversion Price applicable to a series of Preferred Stock in effect immediately prior to such issue, then such Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) "CP₂" shall mean the Conversion Price of such series of Preferred Stock in effect immediately after such issue of Additional Shares of Common Stock;

(b) "CP₁" shall mean the Conversion Price of such series of Preferred Stock in effect immediately prior to such issue of Additional Shares of Common Stock;

(c) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(d) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP₁ (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP₁); and

(e) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

4.4.5 Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

- (i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;
- (ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and
- (iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors of the Corporation.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing

- (i) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by
- (ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.4.6 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Conversion Price of any series of Preferred Stock pursuant to the terms of Subsection 4.4.4, and such issuance dates occur within a period of no more than 90 days from the first such issuance to the final such issuance, then, upon the final such issuance, such Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

4.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Stock Split Date effect a subdivision of the outstanding Common Stock, the Conversion Price of any series of Preferred Stock in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Stock Split Date combine the outstanding shares of Common Stock, the Conversion Price of any series of Preferred Stock in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Stock Split Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Conversion Price in effect immediately before such event with respect to each series of Preferred Stock shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the applicable Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price of each series of Preferred Stock shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price of each Series of Preferred Stock shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of the applicable series of Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of such series of Preferred Stock had been converted into Common Stock on the date of such event.

4.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Stock Split Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of each series of Preferred Stock shall receive, simultaneously with the distribution to the holders of shares of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of such series of Preferred Stock had been converted into Common Stock on the date of such event.

4.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not one or more series of Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.4, 4.6, or 4.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of each such series of Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of such series of Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of the Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Conversion Price applicable to such series of Preferred Stock) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of such series of Preferred Stock. For the avoidance of doubt, nothing in this Subsection 4.8 shall be construed as preventing the holders of any series of Preferred Stock from seeking any appraisal rights to which they are otherwise entitled under the General Corporation Law in connection with a merger triggering an adjustment hereunder, nor shall this Subsection 4.8 be deemed conclusive evidence of the fair value of the shares of such series of Preferred Stock in any such appraisal proceeding.

4.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price applicable to a series of Preferred Stock pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than 10 days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of such series of Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which such series of Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Preferred Stock (but in any event not later than 10 days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Conversion Price then in effect for each series of Preferred Stock owned and held by such holder, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of each series of Preferred Stock owned and held by such holder.

4.10 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up or Deemed Liquidation Event is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up or Deemed Liquidation Event, and the amount per share and character of such exchange applicable to the Preferred Stock and the Common Stock. Such notice shall be sent at least 10 days prior to the record date or effective date for the event specified in such notice.

5. Mandatory Conversion.

5.1 Trigger Events. Either (a) immediately prior to the closing of the sale of shares of Common Stock to the public at a price of at least \$3.44 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock), in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least \$75,000,000 of gross proceeds, to the Corporation or (b) upon the date and time, or the occurrence of an event, specified by vote or written consent of (x) the Requisite Investors or (y) with respect to Series D Preferred Stock, the holders of a majority of the outstanding Series D Preferred Stock (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the “**Mandatory Conversion Time**”), (i) all outstanding shares of Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements. All holders of record of shares of Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Preferred Stock shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Preferred Stock converted pursuant to Subsection 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender the certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of their certificate or certificates (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after the Mandatory Conversion Time and the surrender of the certificate or certificates (or lost certificate affidavit and agreement) of Preferred Stock, the Corporation shall issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, together with cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted. Such converted shares of Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of each series of Preferred Stock accordingly.

6. Redeemed or Otherwise Acquired Shares. Any shares of Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of shares of any series of Preferred Stock following redemption.

7. **Waiver.** Except as set forth in Sections 3.4, 3.5, and 3.6, any of the rights, powers, preferences and other terms of the Preferred Stock set forth herein may be waived on behalf of all holders of Preferred Stock by the affirmative written consent or vote of the Requisite Investors, unless such provision specifically requires the consent of the holders of Series B Preferred Stock, voting as a separate class, the holders of Series C Preferred Stock voting as a separate class, or the holders of Series D Preferred Stock voting as a separate class, in which case the holders of at least a majority of the outstanding shares of Series B Preferred Stock, Series C Preferred Stock, or Series D Preferred Stock, respectively, shall be required for such waiver.

8. **Notices.** Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

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: To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Corporation (and any other persons to which General Corporation Law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law.

Any amendment, repeal or modification of the foregoing provisions of this Article Tenth shall not adversely affect any right or protection of any director, officer or other agent of the Corporation existing at the time of such amendment, repeal or modification.

ELEVENTH: The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An “**Excluded Opportunity**” is any matter, transaction 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 partner, member, director, stockholder, employee or agent 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.

TWELFTH: 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 TWELFTH 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 TWELFTH (including, without limitation, each portion of any sentence of this Article TWELFTH 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.

3. That the foregoing amendment and restatement was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

4. That this Eighth Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this Corporation's Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

IN WITNESS WHEREOF, this Eighth Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 6th day of September, 2019.

By: /s/ Olivier Pomel

Name: Olivier Pomel

Title: Chief Executive Officer

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
DATADOG, INC.**

Olivier Pomel hereby certifies that:

ONE: The original date of filing the original Certificate of Incorporation of this company with the Secretary of State of the State of Delaware was June 4, 2010.

TWO: He is the duly elected and acting Chief Executive Officer of **DATADOG, INC.**, a Delaware corporation.

THREE: The Certificate of Incorporation of this corporation is hereby amended and restated to read as follows:

I.

The name of this company is Datadog, Inc. (the “*Company*”).

II.

The address of the registered office of the Company in the State of Delaware is 251 Little Falls Drive, City of Wilmington, County of New Castle, 19808 and the name of the registered agent of the Company in the State of Delaware at such address is Corporation Service Company.

III.

The purpose of the Company is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (“*DGCL*”).

IV.

A. The Company is authorized to issue three classes of stock to be designated, respectively, “Class A Common Stock,” “Class B Common Stock” and “Preferred Stock.” The total number of shares that the Company is authorized to issue is 2,330,000,000 shares, 2,000,000,000 shares of which shall be Class A Common Stock (the “*Class A Common Stock*”), 310,000,000 shares of which shall be Class B Common Stock (the “*Class B Common Stock*” together with the Class A Common Stock, the “*Common Stock*”) and 20,000,000 shares of which shall be Preferred Stock (the “*Preferred Stock*”). The Preferred Stock shall have a par value of \$0.00001 per share and the Common Stock shall have a par value of \$0.00001 per share. From and after the Effective Time (as defined herein), each share of common stock, par value \$0.00001 per share, of the Company (“*Pre-IPO Stock*”) issued and outstanding immediately prior to the Effective Time shall automatically be reclassified as and become one share of Class B Common Stock. Certificates representing shares of Pre-IPO Stock prior to the Effective Time shall, from and after the Effective Time, no longer represent shares of Pre-IPO Stock and shall represent only the number of shares of Class B Common Stock into which the shares of Pre-IPO Stock previously represented by such certificate were reclassified pursuant hereto.

B. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Company is hereby expressly authorized by resolution or resolutions to provide for the issue of all or any of the shares of the Preferred Stock in one or more series, and to fix the number of shares

of such shares and to determine for each such series, such voting powers, full or limited, or no voting powers, and such designation, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such shares and as may be permitted by the DGCL. The Board of Directors is also expressly authorized to increase (but not above the authorized number of shares of Preferred Stock) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issuance of shares of that series.

C. The number of authorized shares of Preferred Stock, Class A Common Stock or Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all of the outstanding shares of stock of the Company entitled to vote thereon, without a separate vote of the holders of the Preferred Stock, or of any series thereof, Class A Common Stock or Class B Common Stock unless a vote of any such holders is required pursuant to the terms of any certificate of designation filed with respect to any series of Preferred Stock.

D. Except as provided above, the rights, preferences, privileges, restrictions and other matters relating to the Class A Common Stock and Class B Common Stock are as follows:

1. Definitions.

(a) “**Acquisition**” means any consolidation or merger of the Company with or into any other Entity, other than any such consolidation or merger in which the stockholders of the Company immediately prior to such consolidation or merger continue to hold a majority of the voting power of the surviving Entity in substantially the same proportions (or, if the surviving Entity is a wholly owned subsidiary of another Entity, the surviving Entity’s Parent) immediately after such consolidation, merger or reorganization; or (B) any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company’s voting power is transferred or issued; provided that an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes.

(b) “**Asset Transfer**” means the sale, lease or exchange of all or substantially all the assets of the Company.

(c) “**Certificate of Incorporation**” means the certificate of incorporation of the Company, as amended and/or restated from time to time, including the terms of any certificate of designations of any series of Preferred Stock.

(d) “**Entity**” means any corporation, partnership, limited liability company or other legal entity.

(e) “**Effective Time**” means the time the Amended and Restated Certificate of Incorporation of the Company filed with the Secretary of State of the State of Delaware immediately prior to the time shares of Class A Common Stock were first publicly traded became effective in accordance with the DGCL.

(f) “**Family Member**” means with respect to any natural person, the spouse, parents, grandparents, lineal descendants, siblings and lineal descendants of siblings (in each case whether by blood relation or adoption) of such person.

(g) “**Final Conversion Date**” means 5:00 p.m. in New York City, New York on the tenth anniversary of the Effective Time or, if such anniversary does not occur on a date that the Nasdaq Stock Market and the New York Stock Exchange are open for trading, on the first date such markets are open for trading thereafter.

(h) “**Founder**” means each of Olivier Pomel and Alexis Lê-Quôc.

(i) “**Liquidation Event**” means (i) any Asset Transfer or Acquisition in which cash or other property is, pursuant to the express terms of the Asset Transfer or Acquisition, to be distributed to the stockholders in respect of their shares of capital stock in the Company or (ii) any liquidation, dissolution and winding up of the Company; *provided, however*, for the avoidance of doubt, compensation pursuant to any employment, consulting, severance or other compensatory arrangement to be paid to or received by a person who is also a holder of Class A Common Stock or Class B Common Stock does not constitute consideration or a “distribution to stockholders” in respect of the Class A Common Stock or Class B Common Stock.

(j) “**Parent**” of an Entity means any Entity that directly or indirectly owns or controls a majority of the voting power of the voting securities or interests of such Entity.

(k) “**Permitted Entity**” means, with respect to a Qualified Stockholder, any Entity in which such Qualified Stockholder directly, or indirectly through one or more Permitted Transferees, has sole dispositive power and exclusive Voting Control with respect to all shares of Class B Common Stock held of record by such Entity.

(l) “**Permitted Transfer**” means, and shall be restricted to, any Transfer of a share of Class B Common Stock:

(i) by a Qualified Stockholder that is a natural person (including a natural person serving in a trustee capacity with regard to a trust for the benefit of himself or herself and/or his or her Family Members), to the trustee of a Permitted Trust of such Qualified Stockholder or to such Qualified Stockholder in his or her individual capacity or as a trustee of a Permitted Trust;

(ii) by the trustee of a Permitted Trust of a Qualified Stockholder, to such Qualified Stockholder, the trustee of any other Permitted Trust of such Qualified Stockholder or any Permitted Entity of such Qualified Stockholder;

(iii) by a Qualified Stockholder to any Permitted Entity of such Qualified Stockholder; or

(iv) by a Permitted Entity of a Qualified Stockholder to such Qualified Stockholder or any other Permitted Entity or the trustee of a Permitted Trust of such Qualified Stockholder.

(m) “**Permitted Transferee**” means a transferee of shares of Class B Common Stock received in a Transfer that constitutes a Permitted Transfer.

(n) “**Permitted Trust**” means a validly created and existing trust the beneficiaries of which are either a Qualified Stockholder or Family Members of the Qualified Stockholder or both, or a trust under the terms of which such Qualified Stockholder has retained a “qualified interest” within the meaning of §2702(b)(1) of the Internal Revenue Code (as amended from time to time) and/or a reversionary interest.

(o) **“Qualified Stockholder”** means (i) the record holder of a share of Class B Common Stock at the Effective Time; (ii) the initial record holder of any share of Class B Common Stock that is originally issued by the Company thereafter (including, without limitation, upon conversion of any Preferred Stock or upon exercise of options or warrants); and (iii) a Permitted Transferee of a Qualified Stockholder.

(p) **“Trading Day”** means any day on which The Nasdaq Stock Market and the New York Stock Exchange are open for trading.

(q) **“Transfer”** of a share of Class B Common Stock means any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law, including, without limitation, a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether there is a corresponding change in beneficial ownership), or the transfer of, or entering into a binding agreement with respect to, Voting Control (as defined below) over such share by proxy or otherwise; provided, however, that the following shall not be considered a “Transfer” within the meaning of this Article IV:

(i) the granting of a revocable proxy to officers or directors of the Company at the request of the Board of Directors in connection with actions to be taken at an annual or special meeting of stockholders;

(ii) the existence of any proxy granted prior to the Effective Time or the amendment or expiration of any such proxy;

(iii) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of Class B Common Stock that (A) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Company, (B) either has a term not exceeding one year or is terminable by the holder of the shares subject thereto at any time and (C) does not involve any payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner;

(iv) the pledge of shares of Class B Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction for so long as such stockholder continues to exercise exclusive Voting Control over such pledged shares; provided, however, that a foreclosure on such shares or other similar action by the pledgee shall constitute a “Transfer” unless such foreclosure or similar action qualifies as a “Permitted Transfer”; or

(v) entering into, or reaching an agreement, arrangement or understanding regarding, a support or similar voting or tender agreement (with or without granting a proxy) in connection with a Liquidation Event, Asset Transfer or Acquisition that has been approved by the Board of Directors.

A **“Transfer”** shall also be deemed to have occurred with respect to a share of Class B Common Stock beneficially held by (i) a Permitted Transferee on the date that such Permitted Transferee ceases to meet the qualifications to be a Permitted Transferee of the Qualified Stockholder who effected the Transfer of such shares to such Permitted Transferee, or (ii) an Entity that is a Qualified Stockholder, if there occurs a Transfer on a cumulative basis, from and after the Effective Time, of a majority of the voting power of the voting securities of such Entity or any Parent of such Entity, other than a Transfer to parties that were, as of the Effective Time, holders of voting securities of any such Entity or Parent of such Entity.

(r) “**Voting Control**” means, with respect to a share of Class B Common Stock, the power (whether exclusive or shared) to vote or direct the voting of such share by proxy, voting agreement or otherwise.

2. Rights Relating To Dividends, Subdivisions and Combinations.

(a) Subject to the prior rights of holders of any Preferred Stock at the time outstanding having prior rights as to dividends, the holders of the Class A Common Stock and Class B Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of any assets of the Company legally available therefor, such dividends as may be declared from time to time by the Board of Directors. Except as permitted in Section 2(b), any dividends paid to the holders of shares of Class A Common Stock and Class B Common Stock shall be paid pro rata, on an equal priority, *pari passu* basis, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and a majority of the outstanding shares of Class B Common Stock, each voting separately as a class.

(b) The Company shall not declare or pay any dividend or make any distribution to the holders of Class A Common Stock or Class B Common Stock payable in securities of the Company unless the same dividend or distribution with the same record date and payment date shall be declared and paid on all shares of Common Stock; provided, however, that (i) dividends or other distributions payable in shares of Class A Common Stock or rights to acquire shares of Class A Common Stock may be declared and paid to the holders of Class A Common Stock without the same dividend or distribution being declared and paid to the holders of the Class B Common Stock if, and only if, a dividend payable in shares of Class B Common Stock, or rights to acquire shares of Class B Common Stock, as applicable, are declared and paid to the holders of Class B Common Stock at the same rate and with the same record date and payment date; and (ii) dividends or other distributions payable in shares of Class B Common Stock or rights to acquire shares of Class B Common Stock may be declared and paid to the holders of Class B Common Stock without the same dividend or distribution being declared and paid to the holders of the Class A Common Stock if, and only if, a dividend payable in shares of Class A Common Stock, or rights to acquire shares of Class A Common Stock, as applicable, are declared and paid to the holders of Class A Common Stock at the same rate and with the same record date and payment date.

(c) If the Company in any manner subdivides or combines (including by reclassification) the outstanding shares of Class A Common Stock or Class B Common Stock, then the outstanding shares of all Common Stock will be subdivided or combined in the same proportion and manner.

3. Liquidation Rights. In the event of a Liquidation Event, upon the completion of the distributions required with respect to any Preferred Stock that may then be outstanding, the remaining assets of the Company legally available for distribution to stockholders, or consideration payable to the stockholders of the Company, in the case of an Acquisition constituting a Liquidation Event, shall be distributed on an equal priority, pro rata basis to the holders of Class A Common Stock and Class B Common Stock (and the holders of any Preferred Stock that may then be outstanding, to the extent required by the Certificate of Incorporation), unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and a majority of the outstanding shares of Class B Common Stock, each voting separately as a class; *provided, however*, for the avoidance of doubt, compensation pursuant to any employment, consulting, severance or other compensatory arrangement to be paid to or received by a person who is also a holder of Class A Common Stock or Class B Common Stock does not constitute consideration or a “distribution to stockholders” in respect of the Class A Common Stock or Class B Common Stock.

4. Voting Rights.

(a) **Class A Common Stock.** Each holder of shares of Class A Common Stock shall be entitled to one vote for each share thereof held.

(b) **Class B Common Stock.** Each holder of shares of Class B Common Stock shall be entitled to ten votes for each share thereof held.

(c) **Voting Generally.** Except as required by law, the holders of Preferred Stock, Class A Common Stock and Class B Common Stock shall vote together and not as separate series or classes. Except as otherwise required by applicable law, holders of Class A Common Stock and Class B Common Stock, as such, shall not be entitled to vote on any amendment to 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 applicable law.

5. Optional Conversion.

(a) Optional Conversion of the Class B Common Stock.

(i) At the option of the holder thereof, each share of Class B Common Stock shall be convertible, at any time or from time to time, into one fully paid and nonassessable share of Class A Common Stock as provided herein.

(ii) Each holder of Class B Common Stock who elects to convert the same into shares of Class A Common Stock shall surrender the certificate or certificates therefor (if any), duly endorsed, at the office of the Company or any transfer agent for the Class B Common Stock, and shall give written notice to the Company at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, or, if the shares are uncertificated, immediately prior to the close of business on the date that the holder delivers notice of such conversion to the Company's transfer agent and the person entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock at such time.

6. Automatic Conversion.

(a) **Automatic Conversion of the Class B Common Stock.** Each share of Class B Common Stock shall automatically be converted into one fully paid and nonassessable share of Class A Common Stock upon a Transfer, other than a Permitted Transfer, of such share of Class B Common Stock. Such conversion shall occur automatically without the need for any further action by the holders of such shares and whether or not the certificates representing such shares (if any) are surrendered to the Company or its transfer agent; provided, however, that the Company shall not be obligated to issue certificates evidencing the shares of Class A Common Stock issuable upon such conversion unless the certificates evidencing such shares of Class B Common Stock are either delivered to the Company or its transfer agent as provided below, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Class B Common Stock, the holders of Class B Common Stock so converted shall surrender the certificates representing such shares (if any) at the office of the Company or any transfer agent for the Class A Common Stock.

(b) Conversion upon Death. Each share of Class B Common Stock held of record by a natural person, including a natural person serving in a trustee capacity, other than a Founder (including a Founder holding shares in a trustee capacity) or a Permitted Transferee of such Founder, shall automatically, without any further action, convert into one fully paid and nonassessable share of Class A Common Stock upon the death of such natural person. Each share of Class B Common Stock held of record by a Founder (including a Founder holding shares in a trustee capacity) or a Permitted Transferee of such Founder shall automatically, without any further action, convert into one fully paid and nonassessable share of Class A Common Stock nine months after the date of the death of such Founder.

(c) Final Conversion. On the Final Conversion Date, each issued share of Class B Common Stock shall automatically, without any further action, convert into one share of Class A Common Stock. Following the Final Conversion Date, the Company may no longer issue any additional shares of Class B Common Stock. Such conversion shall occur automatically without the need for any further action by the holders of such shares and whether or not the certificates representing such shares (if any) are surrendered to the Company or its transfer agent; provided, however, that the Company shall not be obligated to issue certificates evidencing the shares of Class A Common Stock issuable upon such conversion unless the certificates evidencing such shares of Class B Common Stock are either delivered to the Company or its transfer agent as provided below, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Class B Common Stock, the holders of Class B Common Stock so converted shall surrender the certificates representing such shares (if any) at the office of the Company or any transfer agent for the Class A Common Stock.

(d) Procedures. The Company may, from time to time, establish such policies and procedures relating to the conversion of Class B Common Stock to Class A Common Stock and the general administration of this dual class stock structure, including the issuance of stock certificates (or the establishment of book-entry positions) with respect thereto, as it may deem reasonably necessary or advisable, and may from time to time request that holders of shares of Class B Common Stock furnish certifications, affidavits or other proof to the Corporation as it deems necessary to verify the ownership of Class B Common Stock and to confirm that a conversion to Class A Common Stock has not occurred. A determination by the Secretary of the Company as to whether a Transfer results in a conversion to Class A Common Stock shall be conclusive and binding.

(e) Immediate Effect. In the event of a conversion of shares of Class B Common Stock to shares of Class A Common Stock pursuant to this Section 6, such conversion(s) shall be deemed to have been made at the time that the Transfer of shares occurred or immediately upon the Final Conversion Date, as applicable. Upon any conversion of Class B Common Stock to Class A Common Stock, all rights of the holder of shares of Class B Common Stock shall cease and the person or persons in whose names or names the certificate or certificates (or book-entry position(s)) representing the shares of Class A Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock.

7. Redemption. The Common Stock is not redeemable.

8. Reservation of Stock Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of the Class B Common Stock, as applicable, such number of its shares of Class A Common Stock as shall from time to time be sufficient to effect the

conversion of all outstanding shares of Class B Common Stock; and if at any time the number of authorized but unissued shares of Class A Common Stock shall not be sufficient to effect the conversion of all then-outstanding shares of Class B Common Stock, as applicable, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Class A Common Stock to such numbers of shares as shall be sufficient for such purpose.

9. Prohibition on Reissuance of Shares. Shares of Class B Common Stock that are acquired by the Company for any reason (whether by repurchase, upon conversion, or otherwise) shall be retired in the manner required by law and shall not be reissued as shares of Class B Common Stock.

V.

For the management of the business and for the conduct of the affairs of the Company, and in further definition, limitation and regulation of the powers of the Company, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. Board of Directors.

1. Generally. Except as otherwise provided in the Certificate of Incorporation or the DGCL, the business and affairs of the Company shall be managed by or under the direction of the Board of Directors. The number of directors that shall constitute the Board of Directors shall be fixed exclusively by resolutions adopted by the Board of Directors.

2. Election.

(a) Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. Each class shall consist, as nearly as possible, of one-third of the total number of such directors. The Board of Directors is authorized to assign members of the Board of Directors already in office to such classes at the time the classification becomes effective. At the first annual meeting of stockholders following such initial classification of the Board of Directors, the initial term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following such initial classification of the Board of Directors, the initial term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following such initial classification of the Board of Directors, the initial term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

(b) No stockholder entitled to vote at an election for directors may cumulate votes.

(c) Notwithstanding the foregoing provisions of this section, each director shall serve until his successor is duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(d) Election of directors need not be by written ballot unless the Bylaws so provide.

3. Removal of Directors. Subject to any limitations imposed by applicable law, removal shall be as provided in Section 141(k) of the DGCL.

4. Vacancies. Subject to any limitations imposed by applicable law and subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders and except as otherwise provided by applicable law, be filled only by the Board of Directors by a majority of the directors then in office, although less than a quorum, or by the sole remaining director, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified.

5. Preferred Directors. Notwithstanding anything herein to the contrary, during any period when the holders of any series of Preferred Stock, voting separately as a series or together with one or more series, have the right to elect additional directors, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of directors of the Company shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to said provisions; and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his or her earlier death, resignation, retirement, disqualification or removal. Except as otherwise provided by the Board of Directors in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such stock, the terms of office of all such additional directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall forthwith terminate and the total authorized number of directors of the Company shall be reduced accordingly.

B. Stockholder Actions. No action shall be taken by the stockholders of the Company except at an annual or special meeting of stockholders called in accordance with the Bylaws and no action shall be taken by the stockholders by written consent. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Company shall be given in the manner provided in the Bylaws of the Company.

C. Bylaws. The Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the Company. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Company; *provided, however,* that, in addition to any vote of the holders of any class or series of stock of the Company required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of the capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class.

VI.

A. The liability of the directors of the Company for monetary damages for breach of fiduciary duty as a director shall be eliminated to the fullest extent permitted under applicable law.

B. To the fullest extent permitted by applicable law, the Company may provide indemnification of (and advancement of expenses to) directors, officers, and other agents of the Company (and any other persons to which applicable law permits the Company to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise.

C. Any repeal or modification of this Article VI shall only be prospective and shall not affect the rights under this Article VI in effect at the time of the alleged occurrence of any action or omission to act giving rise to liability.

D. Unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (A) any derivative action or proceeding brought on behalf of the Company; (B) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former director, officer or other employee of the Company or any stockholder to the Company or the Company's stockholders; (C) any action or proceeding asserting a claim against the Company or any current or former director, officer or other employee of the Company or any stockholder arising pursuant to any provision of the DGCL, the Certificate of Incorporation or the Bylaws of the Company (as each may be amended from time to time); (D) any action or proceeding to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or the Bylaws of the Company (including any right, obligation or remedy thereunder); (E) any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; and (F) any action asserting a claim against the Company or any director, officer or other employee of the Company or any stockholder, governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court's having personal jurisdiction over the indispensable parties named as defendants. This Article VI shall not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934 or any other claim for which the federal courts have exclusive jurisdiction.

E. Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

F. Any person or Entity holding, owning or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and to have consented to the provisions of this Article VI.

VII.

A. The Company reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, except as provided in paragraph B. of this Article VII, and all rights conferred upon the stockholders herein are granted subject to this reservation.

B. Notwithstanding any other provisions of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend or repeal Articles V, VI, and VII.

* * * *

FOUR: This Amended and Restated Certificate of Incorporation has been duly authorized in accordance with Sections 228, 242 and 245 of the DGCL.

[Signature Page Follows]

Datadog, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by a duly authorized officer on _____, 2019.

DATADOG, INC.

By: _____
Olivier Pomel
Chief Executive Officer



DATADOG



INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE



CUSIP 23804L 10 3
SEE REVERSE FOR CERTAIN DEFINITIONS

This certifies that

SPECIMEN

is the record holder of

FULLY PAID AND NON-ASSESSABLE SHARES OF CLASS A COMMON STOCK \$0.00001 PAR VALUE PER SHARE OF

DATADOG, INC.

transferable on the books of the corporation in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed.

This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:



CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

COUNTERSIGNED AND REGISTERED BY:
AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC
(BROOKLYN, NY)
AUTHORIZED OFFICER

THE CORPORATION SHALL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS A STATEMENT OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE CORPORATION OR SERIES THEREOF AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. SUCH REQUESTS SHALL BE MADE TO THE CORPORATION'S SECRETARY AT THE PRINCIPAL OFFICE OF THE CORPORATION.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT — _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors
Act _____
(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

Shares
of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

Attorney
to transfer the said stock on the books of the within-named Corporation, with full power of substitution in the premises.

Dated _____

NOTICE: _____
THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN OR DESTROYED THE CORPORATION WILL REQUIRE A BOND INDEMNITY AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.



Nicole C. Brookshire
+1 617 937 2357
nbrookshire@cooley.com

September 9, 2019

Datadog, Inc.
620 8th Avenue, 45th Floor
New York, New York 10018

Ladies and Gentlemen:

We have acted as counsel to Datadog, Inc., a Delaware corporation (the “**Company**”), in connection with the filing by the Company of a Registration Statement (No. 333-233428) on Form S-1 (the “**Registration Statement**”) with the Securities and Exchange Commission, including a related prospectus filed with the Registration Statement (the “**Prospectus**”), covering an underwritten public offering of up to 27,600,000 shares of the Company’s Class A common stock, par value \$0.00001 per share (“**Shares**”), which includes up to 3,600,000 Shares that may be sold by the Company upon exercise of an option to purchase additional shares to be granted to the underwriters.

In connection with this opinion, we have (i) examined and relied upon (a) the Registration Statement and the Prospectus, (b) the Company’s Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, each as currently in effect, (c) the forms of the Company’s Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, filed as Exhibits 3.2 and 3.4 to the Registration Statement, respectively, each of which is to be in effect prior to the closing of the offering contemplated by the Registration Statement and (d) originals or copies certified to our satisfaction of such records, documents, certificates, memoranda and other instruments as in our judgment are necessary or appropriate to enable us to render the opinion expressed below and (ii) assumed that the Shares will be sold at a price established by the Board of Directors of the Company or a duly authorized committee thereof and that the Amended and Restated Certificate of Incorporation referred to in clause (i)(c) is filed with the Secretary of State of the State of Delaware before issuance of the Shares.

We have assumed the genuineness and authenticity of all documents submitted to us as originals, and the conformity to originals of all documents submitted to us as copies and the due execution and delivery by all persons other than by the Company of all documents where due execution and delivery are a prerequisite to the effectiveness thereof. As to certain factual matters, we have relied upon a certificate of an officer of the Company and have not sought independently to verify such matters.

Our opinion is expressed only with respect to the General Corporation Law of the State of Delaware. We express no opinion to the extent that any other laws are applicable to the subject matter hereof and express no opinion and provide no assurance as to compliance with any federal or state securities law, rule or regulation.

On the basis of the foregoing, and in reliance thereon, we are of the opinion that the Shares, when sold and issued against payment therefor as described in the Registration Statement and the Prospectus, will be validly issued, fully paid and non-assessable.

* * *

Cooley LLP 500 Boylston Street Boston, MA 02116-3736
t: (617) 937-2300 f: (617) 937-2400 cooley.com



Datadog, Inc.
September 9, 2019
Page Two

We consent to the reference to our firm under the caption "Legal Matters" in the Prospectus included in the Registration Statement and to the filing of this opinion as an exhibit to the Registration Statement.

Sincerely,

Cooley LLP

By: /s/ Nicole C. Brookshire
Nicole C. Brookshire

Cooley LLP 500 Boylston Street Boston, MA 02116-3736
t: (617) 937-2300 f: (617) 937-2400 cooley.com

DATADOG, INC.
2019 EQUITY INCENTIVE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: SEPTEMBER 6, 2019
APPROVED BY THE STOCKHOLDERS: SEPTEMBER 6, 2019

1. GENERAL.

(a) Successor to and Continuation of Prior Plan. The Plan is the successor to and continuation of the Prior Plan. As of the Effective Date, (i) no additional awards may be granted under the Prior Plan; (ii) the Prior Plan's Available Reserve (plus any Returning Shares) will become available for issuance pursuant to Awards granted under this Plan (provided, however, that any such shares that are shares of Class B Common Stock shall instead be added to the Share Reserve as shares of Class A Common Stock as described in Section 2(a)); and (iii) all outstanding awards granted under the Prior Plan will remain subject to the terms of the Prior Plan (except to the extent such outstanding awards result in Returning Shares that become available for issuance pursuant to Awards granted under this Plan). All Awards granted under this Plan will be subject to the terms of this Plan.

(b) Plan Purpose. The Company, by means of the Plan, seeks to secure and retain the services of Employees, Directors and Consultants, to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and to provide a means by which such persons may be given an opportunity to benefit from increases in value of the Class A Common Stock through the granting of Awards.

(c) Available Awards. The Plan provides for the grant of the following Awards: (i) Incentive Stock Options; (ii) Nonstatutory Stock Options; (iii) SARs; (iv) Restricted Stock Awards; (v) RSU Awards; (vi) Performance Awards; and (vii) Other Awards.

(d) Adoption Date; Effective Date. The Plan will come into existence on the Adoption Date, but no Award may be granted prior to the Effective Date.

2. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to adjustment in accordance with Section 2(c) and any adjustments as necessary to implement any Capitalization Adjustments, the aggregate number of shares of Class A Common Stock that may be issued pursuant to Awards will not exceed 70,296,733 shares, which number is the sum of: (i) 30,250,000 new shares, plus (ii) a number of shares of Class A Common Stock equal to the Prior Plan's Available Reserve, plus (iii) a number of shares of Class A Common Stock equal to the number of Returning Shares, if any, as such shares become available from time to time. In addition, subject to any adjustments as necessary to implement any Capitalization Adjustments, such aggregate number of shares of Class A Common Stock will automatically increase on January 1 of each year for a period of ten years commencing on January 1, 2020 and ending on (and including) January 1, 2029, in an amount equal to 5% of the total number of shares of Capital Stock outstanding on December 31 of the preceding year; provided, however, that the Board may act prior to January 1st of a given year to provide that the increase for such year will be a lesser number of shares of Class A Common Stock.

(b) Aggregate Incentive Stock Option Limit. Notwithstanding anything to the contrary in Section 2(a) and subject to any adjustments as necessary to implement any Capitalization Adjustments, the aggregate maximum number of shares of Class A Common Stock that may be issued pursuant to the exercise of Incentive Stock Options is 210,890,199 shares.

(c) Share Reserve Operation.

(i) Limit Applies to Class A Common Stock Issued Pursuant to Awards. For clarity, the Share Reserve is a limit on the number of shares of Class A Common Stock that may be issued pursuant to Awards and does not limit the granting of Awards, except that the Company will keep available at all times the number of shares of Class A Common Stock reasonably required to satisfy its obligations to issue shares pursuant to such Awards. Shares may be issued in connection with a merger or acquisition as permitted by, as applicable, Nasdaq Listing Rule 5635(c), NYSE Listed Company Manual Section 303A.08, NYSE American Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

(ii) Actions that Do Not Constitute Issuance of Class A Common Stock and Do Not Reduce Share Reserve. The following actions do not result in an issuance of shares under the Plan and accordingly do not reduce the number of shares subject to the Share Reserve and available for issuance under the Plan: (1) the expiration or termination of any portion of an Award without the shares covered by such portion of the Award having been issued, (2) the settlement of any portion of an Award in cash (i.e., the Participant receives cash rather than Class A Common Stock), (3) the withholding of shares that would otherwise be issued by the Company to satisfy the exercise, strike or purchase price of an Award; or (4) the withholding of shares that would otherwise be issued by the Company to satisfy a tax withholding obligation in connection with an Award.

(iii) Reversion of Previously Issued Shares of Class A Common Stock to Share Reserve. The following shares of Class A Common Stock previously issued pursuant to an Award and accordingly initially deducted from the Share Reserve will be added back to the Share Reserve and again become available for issuance under the Plan: (1) any shares that are forfeited back to or repurchased by the Company because of a failure to meet a contingency or condition required for the vesting of such shares; (2) any shares that are reacquired by the Company to satisfy the exercise, strike or purchase price of an Award; and (3) any shares that are reacquired by the Company to satisfy a tax withholding obligation in connection with an Award.

3. ELIGIBILITY AND LIMITATIONS.

(a) Eligible Award Recipients. Subject to the terms of the Plan, Employees, Directors and Consultants are eligible to receive Awards.

(b) Specific Award Limitations.

(i) Limitations on Incentive Stock Option Recipients. Incentive Stock Options may be granted only to Employees of the Company or a “parent corporation” or “subsidiary corporation” thereof (as such terms are defined in Sections 424(e) and (f) of the Code).

(ii) Incentive Stock Option \$100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Class A Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds \$100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(iii) Limitations on Incentive Stock Options Granted to Ten Percent Stockholders. A Ten Percent Stockholder may not be granted an Incentive Stock Option unless (i) the exercise price of such Option is at least 110% of the Fair Market Value on the date of grant of such Option and (ii) the Option is not exercisable after the expiration of five years from the date of grant of such Option.

(iv) Limitations on Nonstatutory Stock Options and SARs. Nonstatutory Stock Options and SARs may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any “parent” of the Company (as such term is defined in Rule 405) unless the stock underlying such Awards is treated as “service recipient stock” under Section 409A because the Awards are granted pursuant to a corporate transaction (such as a spin off transaction) or unless such Awards otherwise comply with the distribution requirements of Section 409A.

(c) Aggregate Incentive Stock Option Limit. The aggregate maximum number of shares of Class A Common Stock that may be issued pursuant to the exercise of Incentive Stock Options is the number of shares specified in Section 2(b).

(d) Non-Employee Director Compensation Limit. The aggregate value of all compensation granted or paid, as applicable, to any individual for service as a Non-Employee Director with respect to any calendar year, including Awards granted and cash fees paid by the Company to such Non-Employee Director, will not exceed (i) \$750,000 in total value or (ii) in the event such Non-Employee Director is first appointed or elected to the Board during such calendar year, \$1,000,000 in total value, in each case calculating the value of any equity awards based on the grant date fair value of such equity awards for financial reporting purposes.

4. OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option and SAR will have such terms and conditions as determined by the Board. Each Option will be designated in writing as an Incentive Stock Option or Nonstatutory Stock Option at the time of grant; provided, however, that if an Option is not so designated, then such Option will be a Nonstatutory Stock Option, and the shares purchased upon exercise of each type of Option will be separately accounted for. Each SAR will be denominated in shares of Class A Common Stock equivalents. The terms and conditions of separate Options and SARs need not be identical; provided, however, that each Option Agreement and SAR Agreement will conform (through incorporation of provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

(a) Term. Subject to Section 3(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of ten years from the date of grant of such Award or such shorter period specified in the Award Agreement.

(b) Exercise or Strike Price. Subject to Section 3(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will not be less than 100% of the Fair Market Value on the date of grant of such Award. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value on the date of grant of such Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Sections 409A and, if applicable, 424(a) of the Code.

(c) Exercise Procedure and Payment of Exercise Price for Options. In order to exercise an Option, the Participant must provide notice of exercise to the Plan Administrator in accordance with the procedures specified in the Option Agreement or otherwise provided by the Company. The Board has the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The exercise price of an Option may be paid, to the extent permitted by Applicable Law and as determined by the Board, by one or more of the following methods of payment to the extent set forth in the Option Agreement:

(i) by cash or check, bank draft or money order payable to the Company;

(ii) pursuant to a “cashless exercise” program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the Class A Common Stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Class A Common Stock that are already owned by the Participant free and clear of any liens, claims, encumbrances or security interests, with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) at the time of exercise the Class A Common Stock is publicly traded, (2) any remaining balance of the exercise price not satisfied by such delivery is paid by the Participant in cash or other permitted form of payment, (3) such delivery would not violate any Applicable Law or agreement restricting the redemption of the Class A Common Stock, (4) any certificated shares are endorsed or accompanied by an executed assignment separate from certificate, and (5) such shares have been held by the Participant for any minimum period necessary to avoid adverse accounting treatment as a result of such delivery;

(iv) if the Option is a Nonstatutory Stock Option, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Class A Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) such shares used to pay the exercise price will not be exercisable thereafter and (2) any remaining balance of the exercise price not satisfied by such net exercise is paid by the Participant in cash or other permitted form of payment; or

(v) in any other form of consideration that may be acceptable to the Board and permissible under Applicable Law.

(d) Exercise Procedure and Payment of Appreciation Distribution for SARs. In order to exercise any SAR, the Participant must provide notice of exercise to the Plan Administrator in accordance with the SAR Agreement. The appreciation distribution payable to a Participant upon the exercise of a SAR will not be greater than an amount equal to the excess of (i) the aggregate Fair Market Value on the date of exercise of a number of shares of Class A Common Stock equal to the number of Class A Common Stock equivalents that are vested and being exercised under such SAR, over (ii) the strike price of such SAR. Such appreciation distribution may be paid to the Participant in the form of Class A Common Stock or cash (or any combination of Class A Common Stock and cash) or in any other form of payment, as determined by the Board and specified in the SAR Agreement.

(e) Transferability. Options and SARs may not be transferred to third party financial institutions for value. The Board may impose such additional limitations on the transferability of an Option or SAR as it determines. In the absence of any such determination by the Board, the following restrictions on the transferability of Options and SARs will apply, provided that except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration and provided, further, that if an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer:

(i) Restrictions on Transfer. An Option or SAR will not be transferable, except by will or by the laws of descent and distribution, and will be exercisable during the lifetime of the Participant only by the Participant; provided, however, that the Board may permit transfer of an Option or SAR in a manner that is not prohibited by applicable tax and securities laws upon the Participant's request, including to a trust if the Participant is considered to be the sole beneficial owner of such trust (as determined under Section 671 of the Code and applicable state law) while such Option or SAR is held in such trust, provided that the Participant and the trustee enter into a transfer and other agreements required by the Company.

(ii) Domestic Relations Orders. Notwithstanding the foregoing, subject to the execution of transfer documentation in a format acceptable to the Company and subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to a domestic relations order.

(f) Vesting. The Board may impose such restrictions on or conditions to the vesting and/or exercisability of an Option or SAR as determined by the Board. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, vesting of Options and SARs will cease upon termination of the Participant's Continuous Service.

(g) Termination of Continuous Service for Cause. Except as explicitly otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service is terminated for Cause, the Participant's Options and SARs will terminate and be forfeited immediately upon such termination of Continuous Service, and the Participant will be prohibited from exercising any portion (including any vested portion) of such Awards on and after the date of such termination of Continuous Service and the Participant will have no further right, title or interest in such forfeited Award, the shares of Class A Common Stock subject to the forfeited Award, or any consideration in respect of the forfeited Award.

(h) Post-Termination Exercise Period Following Termination of Continuous Service for Reasons Other than Cause. Subject to Section 4(i), if a Participant's Continuous Service terminates for any reason other than for Cause, the Participant may exercise his or her Option or SAR to the extent vested, but only within the following period of time or, if applicable, such other period of time provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate; provided, however, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)):

(i) three months following the date of such termination if such termination is a termination without Cause (other than any termination due to the Participant's Disability or death);

(ii) 12 months following the date of such termination if such termination is due to the Participant's Disability;

(iii) 18 months following the date of such termination if such termination is due to the Participant's death; or

(iv) 18 months following the date of the Participant's death if such death occurs following the date of such termination but during the period such Award is otherwise exercisable (as provided in (i) or (ii) above).

Following the date of such termination, to the extent the Participant does not exercise such Award within the applicable Post-Termination Exercise Period (or, if earlier, prior to the expiration of the maximum term of such Award), such unexercised portion of the Award will terminate, and the Participant will have no further right, title or interest in terminated Award, the shares of Class A Common Stock subject to the terminated Award, or any consideration in respect of the terminated Award.

(i) Restrictions on Exercise; Extension of Exercisability. A Participant may not exercise an Option or SAR at any time that the issuance of shares of Class A Common Stock upon such exercise would violate Applicable Law. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates for any reason other than for Cause and, at any time during the last thirty days of the applicable Post-Termination Exercise Period: (i) the exercise of the Participant's Option or SAR would be prohibited solely because the issuance of shares of Class A Common Stock upon such exercise would violate Applicable Law, or (ii) the immediate sale of any shares of Class A Common Stock issued upon such exercise would violate the Company's Trading Policy, then the applicable Post-Termination Exercise Period will be extended to the last day of the calendar month that commences following the date the Award would otherwise expire, with an additional extension of the exercise period to the last day of the next calendar month to apply if any of the foregoing restrictions apply at any time during such extended exercise period, generally without limitation as to the maximum permitted number of extensions); provided, however, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)).

(j) Non-Exempt Employees. No Option or SAR, whether or not vested, granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, will be first exercisable for any shares of Class A Common Stock until at least six months following the date of grant of such Award. Notwithstanding the foregoing, in accordance with the provisions of the Worker Economic Opportunity Act, any vested portion of such Award may be exercised earlier than six months following the date of grant of such Award in the event of (i) such Participant's death or Disability, (ii) a Corporate Transaction in which such Award is not assumed, continued or substituted, (iii) a Change in Control, or (iv) such Participant's retirement (as such term may be defined in the Award Agreement or another applicable agreement or, in the absence of any such definition, in accordance with the Company's then current employment policies and guidelines). This Section 4(j) is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay.

(k) Whole Shares. Options and SARs may be exercised only with respect to whole shares of Class A Common Stock or their equivalents.

5. AWARDS OTHER THAN OPTIONS AND STOCK APPRECIATION RIGHTS.

(a) Restricted Stock Awards and RSU Awards. Each Restricted Stock Award and RSU Award will have such terms and conditions as determined by the Board; provided, however, that each Restricted Stock Award Agreement and RSU Award Agreement will conform (through incorporation of the provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

(i) Form of Award.

(1) RSAs: To the extent consistent with the Company's Bylaws, at the Board's election, shares of Class A Common Stock subject to a Restricted Stock Award may be (i) held in book entry form subject to the Company's instructions until such shares become vested or any other restrictions lapse, or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. Unless otherwise determined by the Board, a Participant will have voting and other rights as a stockholder of the Company with respect to any shares subject to a Restricted Stock Award.

(2) RSUs: A RSU Award represents a Participant's right to be issued on a future date the number of shares of Class A Common Stock that is equal to the number of restricted stock units subject to the RSU Award. As a holder of a RSU Award, a Participant is an unsecured creditor of the Company with respect to the Company's unfunded obligation, if any, to issue shares of Class A Common Stock in settlement of such Award and nothing contained in the Plan or any RSU Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between a Participant and the Company or an Affiliate or any other person. A Participant will not have voting or any other rights as a stockholder of the Company with respect to any RSU Award (unless and until shares are actually issued in settlement of a vested RSU Award).

(ii) Consideration.

(1) RSA: A Restricted Stock Award may be granted in consideration for (A) cash or check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of consideration as the Board may determine and permissible under Applicable Law.

(2) RSU: Unless otherwise determined by the Board at the time of grant, a RSU Award will be granted in consideration for the Participant's services to the Company or an Affiliate, such that the Participant will not be required to make any payment to the Company (other than such services) with respect to the grant or vesting of the RSU Award, or the issuance of any shares of Class A Common Stock pursuant to the RSU Award. If, at the time of grant, the Board determines that any consideration must be paid by the Participant (in a form other than the Participant's services to the Company or an Affiliate) upon the issuance of any shares of Class A Common Stock in settlement of the RSU Award, such consideration may be paid in any form of consideration as the Board may determine and permissible under Applicable Law.

(iii) Vesting. The Board may impose such restrictions on or conditions to the vesting of a Restricted Stock Award or RSU Award as determined by the Board. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, vesting of Restricted Stock Awards and RSU Awards will cease upon termination of the Participant's Continuous Service.

(iv) Termination of Continuous Service. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates for any reason, (i) the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Class A Common Stock held by the Participant under his or her Restricted Stock Award that have not vested as of the date of such termination as set forth in the Restricted Stock Award Agreement and (ii) any portion of his or her RSU Award that has not vested will be forfeited upon such termination and the Participant will have no further right, title or interest in the RSU Award, the shares of Class A Common Stock issuable pursuant to the RSU Award, or any consideration in respect of the RSU Award.

(v) Dividends and Dividend Equivalents. Dividends or dividend equivalents may be paid or credited, as applicable, with respect to any shares of Class A Common Stock subject to a Restricted Stock Award or RSU Award, as determined by the Board and specified in the Award Agreement).

(vi) Settlement of RSU Awards. A RSU Award may be settled by the issuance of shares of Class A Common Stock or cash (or any combination thereof) or in any other form of payment, as determined by the Board and specified in the RSU Award Agreement. At the time of grant, the Board may determine to impose such restrictions or conditions that delay such delivery to a date following the vesting of the RSU Award.

(b) Performance Awards. With respect to any Performance Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, the other terms and conditions of such Award, and the measure of whether and to what degree such Performance Goals have been attained will be determined by the Board.

(c) Other Awards. Other Awards may be granted either alone or in addition to Awards provided for under Section 4 and the preceding provisions of this Section 5. Subject to the provisions of the Plan, the Board will have sole and complete discretion to determine the persons to whom and the time or times at which such Other Awards will be granted, the number of shares of Class A Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Awards and all other terms and conditions of such Other Awards.

6. ADJUSTMENTS UPON CHANGES IN CLASS A COMMON STOCK; OTHER CORPORATE EVENTS.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board shall appropriately and proportionately adjust: (i) the class(es) and maximum number of shares of Class A Common Stock subject to the Plan and the maximum number of shares by which the Share Reserve may annually increase pursuant to Section 2(a), (ii) the class(es) and maximum number of shares that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 2(a), and (iii) the class(es) and number of securities and exercise price, strike price or purchase price of Class A Common Stock subject to outstanding Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. Notwithstanding the foregoing, no fractional shares or rights for fractional shares of Class A Common Stock shall be created in order to implement any Capitalization Adjustment. The Board shall determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in the preceding provisions of this Section.

(b) Dissolution or Liquidation. Except as otherwise provided in the Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Awards (other than Awards consisting of vested and outstanding shares of Class A Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Class A Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Award is providing Continuous Service, provided, however, that the Board may determine to cause some or all Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions will apply to Awards in the event of a Corporate Transaction except as set forth in Section 11, and unless otherwise provided in the instrument evidencing the Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of an Award.

(i) Awards May Be Assumed. In the event of a Corporate Transaction, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue any or all Awards outstanding under the Plan or may substitute similar awards for Awards outstanding under the Plan (including but not limited to, awards to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), and any reacquisition or repurchase rights held by the Company in respect of Class A Common Stock issued pursuant to Awards may be assigned by the Company to the successor of the Company (or the successor's parent company, if any), in connection with such Corporate Transaction. A surviving corporation or acquiring corporation (or its parent) may choose to assume or continue only a portion of an Award or substitute a similar award for only a portion of an Award, or may choose to assume or continue the Awards held by some, but not all Participants. The terms of any assumption, continuation or substitution will be set by the Board.

(ii) Awards Held by Current Participants. In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with respect to Awards that have not been assumed, continued or substituted and that are held by Participants whose Continuous Service has not terminated prior to the effective time of the Corporate Transaction (referred to as the "**Current Participants**"), the vesting of such Awards (and, with respect to Options and Stock Appreciation Rights, the time when such Awards may be exercised) will be accelerated in full to a date prior to the effective time of such Corporate Transaction (contingent upon the effectiveness of the Corporate Transaction) as the Board determines (or, if the Board does not determine such a date, to the date that is five days prior to the effective time of the Corporate Transaction), and such Awards will terminate if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction, and any reacquisition or repurchase rights held by the Company with respect to such Awards will lapse (contingent upon the effectiveness of the Corporate Transaction). With respect to the vesting of Performance Awards that will accelerate upon the occurrence of a Corporate Transaction pursuant to this subsection (ii) and that have multiple vesting levels depending on the level of performance, unless otherwise provided in the Award Agreement, the vesting of such Performance Awards will accelerate at 100% of the target level upon the occurrence of the Corporate Transaction. With respect to the vesting of Awards that will accelerate upon the occurrence of a Corporate Transaction pursuant to this subsection (ii) and are settled in the form of a cash payment, such cash payment will be made no later than 30 days following the occurrence of the Corporate Transaction.

(iii) Awards Held by Persons other than Current Participants. In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with respect to Awards that have not been assumed, continued or substituted and that are held by persons other than Current Participants, such Awards will terminate if not exercised (if applicable) prior to the occurrence of the Corporate Transaction; provided, however, that any reacquisition or repurchase rights held by the Company with respect to such Awards will not terminate and may continue to be exercised notwithstanding the Corporate Transaction.

(iv) Payment for Awards in Lieu of Exercise. Notwithstanding the foregoing, in the event an Award will terminate if not exercised prior to the effective time of a Corporate Transaction, the Board may provide, in its sole discretion, that the holder of such Award may not exercise such Award but will receive a payment, in such form as may be determined by the Board, equal in value, at the effective time, to the excess, if any, of (1) the value of the property the Participant would have received upon the exercise of the Award (including, at the discretion of the Board, any unvested portion of such Award), over (2) any exercise price payable by such holder in connection with such exercise.

(d) Appointment of Stockholder Representative. As a condition to the receipt of an Award under this Plan, a Participant will be deemed to have agreed that the Award will be subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on the Participant's behalf with respect to any escrow, indemnities and any contingent consideration.

(e) No Restriction on Right to Undertake Transactions. The grant of any Award under the Plan and the issuance of shares pursuant to any Award does not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, rights or options to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Class A Common Stock or the rights thereof or which are convertible into or exchangeable for Class A Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

7. ADMINISTRATION.

(a) Administration by Board. The Board will administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in subsection (c) below.

(b) Powers of Board. The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time: (1) which of the persons eligible under the Plan will be granted Awards; (2) when and how each Award will be granted; (3) what type or combination of types of Award will be granted; (4) the provisions of each Award granted (which need not be identical), including the time or times when a person will be permitted to receive an issuance of Class A Common Stock or other payment pursuant to an Award; (5) the number of shares of Class A Common Stock or cash equivalent with respect to which an Award will be granted to each such person; (6) the Fair Market Value applicable to an Award; and (7) the terms of any Performance Award that is not valued in whole or in part by reference to, or otherwise based on, the Class A Common Stock, including the amount of cash payment or other property that may be earned and the timing of payment.

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement, in a manner and to the extent it deems necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards granted under it.

(iv) To accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest, notwithstanding the provisions in the Award Agreement stating the time at which it may first be exercised or the time during which it will vest.

(v) To prohibit the exercise of any Option, SAR or other exercisable Award during a period of up to 30 days prior to the consummation of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Class A Common Stock or the share price of the Class A Common Stock including any Corporate Transaction, for reasons of administrative convenience.

(vi) To suspend or terminate the Plan at any time. Suspension or termination of the Plan will not Materially Impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant.

(vii) To amend the Plan in any respect the Board deems necessary or advisable; provided, however, that stockholder approval will be required for any amendment to the extent required by Applicable Law. Except as provided above, rights under any Award granted before amendment of the Plan will not be Materially Impaired by any amendment of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(viii) To submit any amendment to the Plan for stockholder approval.

(ix) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; provided however, that, a Participant's rights under any Award will not be Materially Impaired by any such amendment unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(x) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

(xi) To adopt such procedures and sub-plans as are necessary or appropriate to permit and facilitate participation in the Plan by, or take advantage of specific tax treatment for Awards granted to, Employees, Directors or Consultants who are foreign nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Award Agreement to ensure or facilitate compliance with the laws of the relevant foreign jurisdiction).

(xii) To effect, at any time and from time to time, subject to the consent of any Participant whose Award is Materially Impaired by such action, (1) the reduction of the exercise price (or strike price) of any outstanding Option or SAR; (2) the cancellation of any outstanding Option or SAR and the grant in substitution therefor of (A) a new Option, SAR, Restricted Stock Award, RSU Award or Other Award, under the Plan or another equity plan of the Company, covering the same or a different number of shares of Class A Common Stock, (B) cash and/or (C) other valuable consideration (as determined by the Board); or (3) any other action that is treated as a repricing under generally accepted accounting principles.

(c) Delegation to Committee.

(i) General. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to another Committee or a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as

may be adopted from time to time by the Board. Each Committee may retain the authority to concurrently administer the Plan with Committee or subcommittee to which it has delegated its authority hereunder and may, at any time, revert in such Committee some or all of the powers previously delegated. The Board may retain the authority to concurrently administer the Plan with any Committee and may, at any time, revert in the Board some or all of the powers previously delegated.

(ii) Rule 16b-3 Compliance. To the extent an Award is intended to qualify for the exemption from Section 16(b) of the Exchange Act that is available under Rule 16b-3 of the Exchange Act, the Award will be granted by the Board or a Committee that consists solely of two or more Non-Employee Directors, as determined under Rule 16b-3(b)(3) of the Exchange Act and thereafter any action establishing or modifying the terms of the Award will be approved by the Board or a Committee meeting such requirements to the extent necessary for such exemption to remain available.

(d) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board or any Committee in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

(e) Delegation to an Officer. The Board or any Committee may delegate to one or more Officers the authority to do one or both of the following (i) designate Employees who are not Officers to be recipients of Options and SARs (and, to the extent permitted by Applicable Law, other types of Awards) and, to the extent permitted by Applicable Law, the terms thereof, and (ii) determine the number of shares of Class A Common Stock to be subject to such Awards granted to such Employees; provided, however, that the resolutions or charter adopted by the Board or any Committee evidencing such delegation will specify the total number of shares of Class A Common Stock that may be subject to the Awards granted by such Officer and that such Officer may not grant an Award to himself or herself. Any such Awards will be granted on the applicable form of Award Agreement most recently approved for use by the Board or the Committee, unless otherwise provided in the resolutions approving the delegation authority. Notwithstanding anything to the contrary herein, neither the Board nor any Committee may delegate to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) the authority to determine the Fair Market Value.

8. TAX WITHHOLDING

(a) Withholding Authorization. As a condition to acceptance of any Award under the Plan, a Participant authorizes withholding from payroll and any other amounts payable to such Participant, and otherwise agree to make adequate provision for (including), any sums required to satisfy any U.S. federal, state, local and/or foreign tax or social insurance contribution withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise, vesting or settlement of such Award, as applicable. Accordingly, a Participant may not be able to exercise an Award even though the Award is vested, and the Company shall have no obligation to issue shares of Class A Common Stock subject to an Award, unless and until such obligations are satisfied.

(b) Satisfaction of Withholding Obligation. To the extent permitted by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any U.S. federal, state, local and/or foreign tax or social insurance withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Class A Common Stock from the shares of Class A Common Stock issued or otherwise issuable to the Participant in connection with the Award; (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; (v) by allowing a Participant to effectuate a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board, or (vi) by such other method as may be set forth in the Award Agreement.

(c) No Obligation to Notify or Minimize Taxes; No Liability to Claims. Except as required by Applicable Law the Company has no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Award. Furthermore, the Company has no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award and will not be liable to any holder of an Award for any adverse tax consequences to such holder in connection with an Award. As a condition to accepting an Award under the Plan, each Participant (i) agrees to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from such Award or other Company compensation and (ii) acknowledges that such Participant was advised to consult with his or her own personal tax, financial and other legal advisors regarding the tax consequences of the Award and has either done so or knowingly and voluntarily declined to do so. Additionally, each Participant acknowledges any Option or SAR granted under the Plan is exempt from Section 409A only if the exercise or strike price is at least equal to the “fair market value” of the Class A Common Stock on the date of grant as determined by the Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Award. Additionally, as a condition to accepting an Option or SAR granted under the Plan, each Participant agrees not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that such exercise price or strike price is less than the “fair market value” of the Class A Common Stock on the date of grant as subsequently determined by the Internal Revenue Service.

(d) Withholding Indemnification. As a condition to accepting an Award under the Plan, in the event that the amount of the Company’s and/or its Affiliate’s withholding obligation in connection with such Award was greater than the amount actually withheld by the Company and/or its Affiliates, each Participant agrees to indemnify and hold the Company and/or its Affiliates harmless from any failure by the Company and/or its Affiliates to withhold the proper amount.

9. MISCELLANEOUS.

(a) Source of Shares. The stock issuable under the Plan will be shares of authorized but unissued or reacquired Class A Common Stock, including shares repurchased by the Company on the open market or otherwise.

(b) Use of Proceeds from Sales of Class A Common Stock. Proceeds from the sale of shares of Class A Common Stock pursuant to Awards will constitute general funds of the Company.

(c) Corporate Action Constituting Grant of Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action approving the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents.

(d) Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Class A Common Stock subject to such Award unless and until (i) such Participant has satisfied all requirements for exercise of the Award pursuant to its terms, if applicable, and (ii) the issuance of the Class A Common Stock subject to such Award is reflected in the records of the Company.

(e) No Employment or Other Service Rights. Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or affect the right of the Company or an Affiliate to terminate at will and without regard to any future vesting opportunity that a Participant may have with respect to any Award (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state or foreign jurisdiction in which the Company or the Affiliate is incorporated, as the case may be. Further, nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award will constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or service or confer any right or benefit under the Award or the Plan unless such right or benefit has specifically accrued under the terms of the Award Agreement and/or Plan.

(f) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board may determine, to the extent permitted by Applicable Law, to (i) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (ii) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

(g) Execution of Additional Documents. As a condition to accepting an Award under the Plan, the Participant agrees to execute any additional documents or instruments necessary or desirable, as determined in the Plan Administrator's sole discretion, to carry out the purposes or intent of the Award, or facilitate compliance with securities and/or other regulatory requirements, in each case at the Plan Administrator's request.

(h) Electronic Delivery and Participation. Any reference herein or in an Award Agreement to a "written" agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access). By accepting any Award the Participant consents to receive documents by electronic delivery and to participate in the Plan through any on-line electronic system established and maintained by the Plan Administrator or another third party selected by the Plan Administrator. The form of delivery of any Class A Common Stock (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(i) Clawback/Recovery. All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Law and any clawback policy that the Company otherwise adopts, to the extent applicable and permissible under Applicable Law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Class A Common Stock or other cash or property upon the occurrence of Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a Participant's right to voluntarily terminate employment upon a "resignation for good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

(j) Securities Law Compliance. A Participant will not be issued any shares in respect of an Award unless either (i) the shares are registered under the Securities Act; or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Each Award also must comply with other Applicable Law governing the Award, and a Participant will not receive such shares if the Company determines that such receipt would not be in material compliance with Applicable Law.

(k) Transfer or Assignment of Awards; Issued Shares. Except as expressly provided in the Plan or the form of Award Agreement, Awards granted under the Plan may not be transferred or assigned by the Participant. After the vested shares subject to an Award have been issued, or in the case of Restricted Stock and similar awards, after the issued shares have vested, the holder of such shares is free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein, the terms of the Trading Policy and Applicable Law.

(l) Effect on Other Employee Benefit Plans. The value of any Award granted under the Plan, as determined upon grant, vesting or settlement, shall not be included as compensation, earnings, salaries, or other similar terms used when calculating any Participant's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

(m) Deferrals. To the extent permitted by Applicable Law, the Board, in its sole discretion, may determine that the delivery of Class A Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may also establish programs and procedures for deferral elections to be made by Participants. Deferrals by will be made in accordance with the requirements of Section 409A.

(n) Section 409A. Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A, and, to the extent not so exempt, in compliance with the requirements of Section 409A. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Class A Common Stock are publicly traded, and if a Participant holding an Award that constitutes "deferred compensation" under Section 409A is a "specified employee" for purposes of Section 409A, no distribution or payment of any amount that is due because of a "separation from

service” (as defined in Section 409A without regard to alternative definitions thereunder) will be issued or paid before the date that is six months and one day following the date of such Participant’s “separation from service” or, if earlier, the date of the Participant’s death, unless such distribution or payment can be made in a manner that complies with Section 409A, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

(o) Choice of Law. This Plan and any controversy arising out of or relating to this Plan shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to conflict of law principles that would result in any application of any law other than the law of the State of Delaware.

10. COVENANTS OF THE COMPANY.

(a) Compliance with Law. The Company will seek to obtain from each regulatory commission or agency, as may be deemed to be necessary, having jurisdiction over the Plan such authority as may be required to grant Awards and to issue and sell shares of Class A Common Stock upon exercise or vesting of the Awards; provided, however, that this undertaking will not require the Company to register under the Securities Act the Plan, any Award or any Class A Common Stock issued or issuable pursuant to any such Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary or advisable for the lawful issuance and sale of Class A Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Class A Common Stock upon exercise or vesting of such Awards unless and until such authority is obtained. A Participant is not eligible for the grant of an Award or the subsequent issuance of Class A Common Stock pursuant to the Award if such grant or issuance would be in violation of any Applicable Law.

11. ADDITIONAL RULES FOR AWARDS SUBJECT TO SECTION 409A.

(a) Application. Unless the provisions of this Section of the Plan are expressly superseded by the provisions in the form of Award Agreement, the provisions of this Section shall apply and shall supersede anything to the contrary set forth in the Award Agreement for a Non-Exempt Award.

(b) Non-Exempt Awards Subject to Non-Exempt Severance Arrangements. To the extent a Non-Exempt Award is subject to Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions of this subsection (b) apply.

(i) If the Non-Exempt Award vests in the ordinary course during the Participant’s Continuous Service in accordance with the vesting schedule set forth in the Award Agreement, and does not accelerate vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares be issued in respect of such Non-Exempt Award any later than the later of: (i) December 31st of the calendar year that includes the applicable vesting date, or (ii) the 60th day that follows the applicable vesting date.

(ii) If vesting of the Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with the Participant’s Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Non-Exempt Award and, therefore, are part of the terms of such Non-Exempt Award as of the date of grant, then the shares will be earlier issued in settlement of such Non-Exempt Award upon the Participant’s Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the 60th day that follows the date of the Participant’s Separation from Service. However, if at the time the

shares would otherwise be issued the Participant is subject to the distribution limitations contained in Section 409A applicable to “specified employees,” as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of such Participant’s Separation from Service, or, if earlier, the date of the Participant’s death that occurs within such six month period.

(iii) If vesting of a Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with a Participant’s Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Non-Exempt Award and, therefore, are not a part of the terms of such Non-Exempt Award on the date of grant, then such acceleration of vesting of the Non-Exempt Award shall not accelerate the issuance date of the shares, but the shares shall instead be issued on the same schedule as set forth in the Grant Notice as if they had vested in the ordinary course during the Participant’s Continuous Service, notwithstanding the vesting acceleration of the Non-Exempt Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) Treatment of Non-Exempt Awards Upon a Corporate Transaction for Employees and Consultants. The provisions of this subsection (c) shall apply and shall supersede anything to the contrary set forth in the Plan with respect to the permitted treatment of any Non-Exempt Award in connection with a Corporate Transaction if the Participant was either an Employee or Consultant upon the applicable date of grant of the Non-Exempt Award.

(i) Vested Non-Exempt Awards. The following provisions shall apply to any Vested Non-Exempt Award in connection with a Corporate Transaction:

(1) If the Corporate Transaction is also a Section 409A Change in Control then the Acquiring Entity may not assume, continue or substitute the Vested Non-Exempt Award. Upon the Section 409A Change in Control the settlement of the Vested Non-Exempt Award will automatically be accelerated and the shares will be immediately issued in respect of the Vested Non-Exempt Award. Alternatively, the Company may instead provide that the Participant will receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control.

(2) If the Corporate Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute each Vested Non-Exempt Award. The shares to be issued in respect of the Vested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity’s discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of the Fair Market Value of the shares made on the date of the Corporate Transaction.

(ii) Unvested Non-Exempt Awards. The following provisions shall apply to any Unvested Non-Exempt Award unless otherwise determined by the Board pursuant to subsection (e) of this Section.

(1) In the event of a Corporate Transaction, the Acquiring Entity shall assume, continue or substitute any Unvested Non-Exempt Award. Unless otherwise determined by the Board, any Unvested Non-Exempt Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Corporate Transaction. The shares to be issued in respect of any Unvested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value of the shares made on the date of the Corporate Transaction.

(2) If the Acquiring Entity will not assume, substitute or continue any Unvested Non-Exempt Award in connection with a Corporate Transaction, then such Award shall automatically terminate and be forfeited upon the Corporate Transaction with no consideration payable to any Participant in respect of such forfeited Unvested Non-Exempt Award. Notwithstanding the foregoing, to the extent permitted and in compliance with the requirements of Section 409A, the Board may in its discretion determine to elect to accelerate the vesting and settlement of the Unvested Non-Exempt Award upon the Corporate Transaction, or instead substitute a cash payment equal to the Fair Market Value of such shares that would otherwise be issued to the Participant, as further provided in subsection (e)(ii) below. In the absence of such discretionary election by the Board, any Unvested Non-Exempt Award shall be forfeited without payment of any consideration to the affected Participants if the Acquiring Entity will not assume, substitute or continue the Unvested Non-Exempt Awards in connection with the Corporate Transaction.

(3) The foregoing treatment shall apply with respect to all Unvested Non-Exempt Awards upon any Corporate Transaction, and regardless of whether or not such Corporate Transaction is also a Section 409A Change in Control.

(d) Treatment of Non-Exempt Awards Upon a Corporate Transaction for Non-Employee Directors. The following provisions of this subsection (d) shall apply and shall supersede anything to the contrary that may be set forth in the Plan with respect to the permitted treatment of a Non-Exempt Director Award in connection with a Corporate Transaction.

(i) If the Corporate Transaction is also a Section 409A Change in Control then the Acquiring Entity may not assume, continue or substitute the Non-Exempt Director Award. Upon the Section 409A Change in Control the vesting and settlement of any Non-Exempt Director Award will automatically be accelerated and the shares will be immediately issued to the Participant in respect of the Non-Exempt Director Award. Alternatively, the Company may provide that the Participant will instead receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control pursuant to the preceding provision.

(ii) If the Corporate Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute the Non-Exempt Director Award. Unless otherwise determined by the Board, the Non-Exempt Director Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Corporate Transaction. The shares to be issued in respect of the Non-Exempt Director Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value made on the date of the Corporate Transaction.

(e) If the RSU Award is a Non-Exempt Award, then the provisions in this Section 11(e) shall apply and supersede anything to the contrary that may be set forth in the Plan or the Award Agreement with respect to the permitted treatment of such Non-Exempt Award:

(i) Any exercise by the Board of discretion to accelerate the vesting of a Non-Exempt Award shall not result in any acceleration of the scheduled issuance dates for the shares in respect of the Non-Exempt Award unless earlier issuance of the shares upon the applicable vesting dates would be in compliance with the requirements of Section 409A.

(ii) The Company explicitly reserves the right to earlier settle any Non-Exempt Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(iii) To the extent the terms of any Non-Exempt Award provide that it will be settled upon a Change in Control or Corporate Transaction, to the extent it is required for compliance with the requirements of Section 409A, the Change in Control or Corporate Transaction event triggering settlement must also constitute a Section 409A Change in Control. To the extent the terms of a Non-Exempt Award provides that it will be settled upon a termination of employment or termination of Continuous Service, to the extent it is required for compliance with the requirements of Section 409A, the termination event triggering settlement must also constitute a Separation From Service. However, if at the time the shares would otherwise be issued to a Participant in connection with a "separation from service" such Participant is subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of the Participant's Separation From Service, or, if earlier, the date of the Participant's death that occurs within such six month period.

(iv) The provisions in this subsection (e) for delivery of the shares in respect of the settlement of a RSU Award that is a Non-Exempt Award are intended to comply with the requirements of Section 409A so that the delivery of the shares to the Participant in respect of such Non-Exempt Award will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

12. SEVERABILITY.

If all or any part of the Plan or any Award Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of the Plan or such Award Agreement not declared to be unlawful or invalid. Any Section of the Plan or any Award Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

13. TERMINATION OF THE PLAN.

The Board may suspend or terminate the Plan at any time. No Incentive Stock Options may be granted after the tenth anniversary of the earlier of: (i) the Adoption Date, or (ii) the date the Plan is approved by the Company's stockholders. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

14. DEFINITIONS.

As used in the Plan, the following definitions apply to the capitalized terms indicated below:

(a) “**Acquiring Entity**” means the surviving or acquiring corporation (or its parent company) in connection with a Corporate Transaction.

(b) “**Adoption Date**” means the date the Plan is first approved by the Board or Compensation Committee.

(c) “**Affiliate**” means, at the time of determination, any “parent” or “subsidiary” of the Company as such terms are defined in Rule 405 promulgated under the Securities Act. The Board may determine the time or times at which “parent” or “subsidiary” status is determined within the foregoing definition.

(d) “**Applicable Law**” means shall mean any applicable securities, federal, state, foreign, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (including under the authority of any applicable self-regulating organization such as the Nasdaq Stock Market, New York Stock Exchange, or the Financial Industry Regulatory Authority).

(e) “**Award**” means any right to receive Class A Common Stock, cash or other property granted under the Plan (including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a RSU Award, a SAR, a Performance Award or any Other Award).

(f) “**Award Agreement**” means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award. The Award Agreement generally consists of the Grant Notice and the agreement containing the written summary of the general terms and conditions applicable to the Award and which is provided to a Participant along with the Grant Notice.

(g) “**Board**” means the Board of Directors of the Company (or its designee). Any decision or determination made by the Board shall be a decision or determination that is made in the sole discretion of the Board (or its designee), and such decision or determination shall be final and binding on all Participants.

(h) “**Capitalization Adjustment**” means any change that is made in, or other events that occur with respect to, the Class A Common Stock subject to the Plan or subject to any Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(i) “**Capital Stock**” means the Class A Common Stock and the Class B Common Stock.

(j) “Cause” has the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant’s attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (ii) such Participant’s intentional, material violation of any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iii) such Participant’s unauthorized use or disclosure of the Company’s confidential information or trade secrets; or (iv) such Participant’s gross misconduct. The determination that a termination of the Participant’s Continuous Service is either for Cause or without Cause will be made by the Board with respect to Participants who are executive officers of the Company and by the Company’s Chief Executive Officer with respect to Participants who are not executive officers of the Company. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(k) “Change in Control” means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events; provided, however, to the extent necessary to avoid adverse personal income tax consequences to the Participant in connection with an Award, also constitutes a Section 409A Change in Control:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company’s securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (C) solely because the level of Ownership held by any Exchange Act Person (the “**Subject Person**”) exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company shall otherwise occur, except for a liquidation into a parent corporation;

(iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(v) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing or any other provision of this Plan, (A) the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Awards subject to such agreement; provided, however, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(l) “**Class A Common Stock**” means Class A common stock of the Company.

(m) “**Class B Common Stock**” means Class B common stock of the Company.

(n) “**Code**” means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(o) “**Committee**” means the Compensation Committee and any other committee of one or more Directors to whom authority has been delegated by the Board or Compensation Committee in accordance with the Plan.

(p) “**Company**” means Datadog, Inc., a Delaware corporation.

(q) “**Compensation Committee**” means the Compensation Committee of the Board.

(r) “**Consultant**” means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a “Consultant” for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company’s securities to such person.

(s) “**Continuous Service**” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service; provided, however, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, such

Participant's Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law. In addition, to the extent required for exemption from or compliance with Section 409A, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of "separation from service" as defined under Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder).

(t) "**Corporate Transaction**" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Capital Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(u) "**Director**" means a member of the Board.

(v) "**determine**" or "**determined**" means as determined by the Board or the Committee (or its designee) in its sole discretion.

(w) "**Disability**" means, with respect to a Participant, such Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Section 22(e)(3) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(x) "**Effective Date**" means the IPO Date, provided this Plan is approved by the Company's stockholders prior to the IPO Date.

(y) "**Employee**" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "Employee" for purposes of the Plan.

(z) “**Employer**” means the Company or the Affiliate of the Company that employs the Participant.

(aa) “**Entity**” means a corporation, partnership, limited liability company or other entity.

(bb) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(cc) “**Exchange Act Person**” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities.

(dd) “**Fair Market Value**” means, as of any date, unless otherwise determined by the Board, the value of the Class A Common Stock (as determined on a per share or aggregate basis, as applicable) determined as follows:

(i) If the Class A Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value will be the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Class A Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) If there is no closing sales price for the Class A Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Class A Common Stock, or if otherwise determined by the Board, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(ee) “**Governmental Body**” means any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or regulatory body, or quasi-governmental body of any nature (including any governmental division, department, administrative agency or bureau, commission, authority, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or Entity and any court or other tribunal, and for the avoidance of doubt, any Tax authority) or other body exercising similar powers or authority; or (d) self-regulatory organization (including the Nasdaq Stock Market, New York Stock Exchange, and the Financial Industry Regulatory Authority).

(ff) “**Grant Notice**” means the notice provided to a Participant that he or she has been granted an Award under the Plan and which includes the name of the Participant, the type of Award, the date of grant of the Award, number of shares of Class A Common Stock subject to the Award or potential cash payment right, (if any), the vesting schedule for the Award (if any) and other key terms applicable to the Award.

(gg) “Incentive Stock Option” means an option granted pursuant to Section 4 of the Plan that is intended to be, and qualifies as, an “incentive stock option” within the meaning of Section 422 of the Code.

(hh) “IPO Date” means the date of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Class A Common Stock, pursuant to which the Class A Common Stock is priced for the initial public offering.

(ii) “Materially Impair” means any amendment to the terms of the Award that materially adversely affects the Participant’s rights under the Award. A Participant’s rights under an Award will not be deemed to have been Materially Impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant’s rights. For example, the following types of amendments to the terms of an Award do not Materially Impair the Participant’s rights under the Award: (i) imposition of reasonable restrictions on the minimum number of shares subject to an Option that may be exercised, (ii) to maintain the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (iii) to change the terms of an Incentive Stock Option in a manner that disqualifies, impairs or otherwise affects the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (iv) to clarify the manner of exemption from, or to bring the Award into compliance with or qualify it for an exemption from, Section 409A; or (v) to comply with other Applicable Laws.

(jj) “Non-Employee Director” means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“**Regulation S-K**”)), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(kk) “Non-Exempt Award” means any Award that is subject to, and not exempt from, Section 409A, including as the result of (i) a deferral of the issuance of the shares subject to the Award which is elected by the Participant or imposed by the Company or (ii) the terms of any Non-Exempt Severance Agreement.

(ll) “Non-Exempt Director Award” means a Non-Exempt Award granted to a Participant who was a Director but not an Employee on the applicable grant date.

(mm) Non-Exempt Severance Arrangement means a severance arrangement or other agreement between the Participant and the Company that provides for acceleration of vesting of an Award and issuance of the shares in respect of such Award upon the Participant’s termination of employment or separation from service (as such term is defined in Section 409A(a)(2)(A)(i) of the Code (and without regard to any alternative definition thereunder) (“**Separation from Service**”) and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4), 1.409A-1(b)(9) or otherwise.

(nn) “Nonstatutory Stock Option” means any option granted pursuant to Section 4 of the Plan that does not qualify as an Incentive Stock Option.

(oo) “**Officer**” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(pp) “**Option**” means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Class A Common Stock granted pursuant to the Plan.

(qq) “**Option Agreement**” means a written agreement between the Company and the Optionholder evidencing the terms and conditions of the Option grant. The Option Agreement includes the Grant Notice for the Option and the agreement containing the written summary of the general terms and conditions applicable to the Option and which is provided to a Participant along with the Grant Notice. Each Option Agreement will be subject to the terms and conditions of the Plan.

(rr) “**Optionholder**” means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(ss) “**Other Award**” means an award valued in whole or in part by reference to, or otherwise based on, Class A Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value at the time of grant) that is not an Incentive Stock Options, Nonstatutory Stock Option, SAR, Restricted Stock Award, RSU Award or Performance Award.

(tt) “**Other Award Agreement**” means a written agreement between the Company and a holder of an Other Award evidencing the terms and conditions of an Other Award grant. Each Other Award Agreement will be subject to the terms and conditions of the Plan.

(uu) “**Own,**” “**Owned,**” “**Owner,**” “**Ownership**” means that a person or Entity will be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(vv) “**Participant**” means an Employee, Director or Consultant to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Award.

(ww) “**Performance Award**” means an Award that may vest or may be exercised or a cash award that may vest or become earned and paid contingent upon the attainment during a Performance Period of certain Performance Goals and which is granted under the terms and conditions of Section 5(b) pursuant to such terms as are approved by the Board. In addition, to the extent permitted by Applicable Law and set forth in the applicable Award Agreement, the Board may determine that cash or other property may be used in payment of Performance Awards. Performance Awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, the Class A Common Stock.

(xx) “**Performance Criteria**” means the one or more criteria that the Board will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Board: earnings (including earnings per share and net earnings); earnings before interest, taxes and depreciation; earnings before interest, taxes, depreciation and amortization; total stockholder return; return on equity or average stockholder’s equity; return on assets, investment, or capital employed; stock price; margin (including gross margin); income (before or after taxes); operating income; operating income after taxes; pre-tax profit; operating cash flow; sales or revenue targets;

increases in revenue or product revenue; expenses and cost reduction goals; improvement in or attainment of working capital levels; economic value added (or an equivalent metric); market share; cash flow; cash flow per share; share price performance; debt reduction; customer satisfaction; stockholders' equity; capital expenditures; debt levels; operating profit or net operating profit; workforce diversity; growth of net income or operating income; billings; financing; regulatory milestones; stockholder liquidity; corporate governance and compliance; intellectual property; personnel matters; progress of internal research; progress of partnered programs; partner satisfaction; budget management; partner or collaborator achievements; internal controls, including those related to the Sarbanes-Oxley Act of 2002; investor relations, analysts and communication; implementation or completion of projects or processes; employee retention; number of users, including unique users; strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property); establishing relationships with respect to the marketing, distribution and sale of the Company's products; supply chain achievements; co-development, co-marketing, profit sharing, joint venture or other similar arrangements; individual performance goals; corporate development and planning goals; and other measures of performance selected by the Board or Committee.

(yy) "Performance Goals" means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Board (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Board will appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of Capital Stock of the Company by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under the Company's bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; and (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles. In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Award Agreement or the written terms of a Performance Cash Award.

(zz) "Performance Period" means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to vesting or exercise of an Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

(aaa) "Plan" means this Datadog, Inc. 2019 Equity Incentive Plan.

(bbb) “Plan Administrator” means the person, persons, and/or third-party administrator designated by the Company to administer the day to day operations of the Plan and the Company’s other equity incentive programs.

(ccc) “Post-Termination Exercise Period” means the period following termination of a Participant’s Continuous Service within which an Option or SAR is exercisable, as specified in Section 4(h).

(ddd) “Prior Plan’s Available Reserve” means the number of shares available for the grant of new awards under the Prior Plan as of immediately prior to the Effective Date.

(eee) “Prior Plan” means the 2012 Equity Incentive Plan.

(fff) “Prospectus” means the document containing the Plan information specified in Section 10(a) of the Securities Act.

(ggg) “Restricted Stock Award” or “RSA” means an Award of shares of Class A Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(hhh) “Restricted Stock Award Agreement” means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. The Restricted Stock Award Agreement includes the Grant Notice for the Restricted Stock Award and the agreement containing the written summary of the general terms and conditions applicable to the Restricted Stock Award and which is provided to a Participant along with the Grant Notice. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(iii) “Returning Shares” means shares subject to outstanding stock awards granted under the Prior Plan and that following the Effective Date: (A) are not issued because such stock award or any portion thereof expires or otherwise terminates without all of the shares covered by such stock award having been issued; (B) are not issued because such stock award or any portion thereof is settled in cash; (C) are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required for the vesting of such shares; (D) are withheld or reacquired to satisfy the exercise, strike or purchase price; or (E) are withheld or reacquired to satisfy a tax withholding obligation; provided, however, that any such shares that are shares of Class B Common Stock shall instead be added to the Share Reserve as shares of Class A Common Stock as described in Section 2(a).

(jjj) “RSU Award” or “RSU” means an Award of restricted stock units representing the right to receive an issuance of shares of Class A Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(kkk) “RSU Award Agreement” means a written agreement between the Company and a holder of a RSU Award evidencing the terms and conditions of a RSU Award. The RSU Award Agreement includes the Grant Notice for the RSU Award and the agreement containing the written summary of the general terms and conditions applicable to the RSU Award and which is provided to a Participant along with the Grant Notice. Each RSU Award Agreement will be subject to the terms and conditions of the Plan.

(lll) “Rule 16b-3” means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(mmm) “Rule 405” means Rule 405 promulgated under the Securities Act.

(nnn) “*Section 409A*” means Section 409A of the Code and the regulations and other guidance thereunder.

(ooo) “*Section 409A Change in Control*” means a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company’s assets, as provided in Section 409A(a)(2)(A)(v) of the Code and Treasury Regulations Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder).

(ppp) “*Securities Act*” means the Securities Act of 1933, as amended.

(qqq) “*Share Reserve*” means the number of shares available for issuance under the Plan as set forth in Section 2(a).

(rrr) “*Stock Appreciation Right*” or “*SAR*” means a right to receive the appreciation on Class A Common Stock that is granted pursuant to the terms and conditions of Section 4.

(sss) “*SAR Agreement*” means a written agreement between the Company and a holder of a SAR evidencing the terms and conditions of a SAR grant. The SAR Agreement includes the Grant Notice for the SAR and the agreement containing the written summary of the general terms and conditions applicable to the SAR and which is provided to a Participant along with the Grant Notice. Each SAR Agreement will be subject to the terms and conditions of the Plan.

(ttt) “*Subsidiary*” means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding Capital Stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(uuu) “*Ten Percent Stockholder*” means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Affiliate.

(vvv) “*Trading Policy*” means the Company’s policy permitting certain individuals to sell Company shares only during certain “window” periods and/or otherwise restricts the ability of certain individuals to transfer or encumber Company shares, as in effect from time to time.

(www) “*Unvested Non-Exempt Award*” means the portion of any Non-Exempt Award that had not vested in accordance with its terms upon or prior to the date of any Corporate Transaction.

(xxx) “*Vested Non-Exempt Award*” means the portion of any Non-Exempt Award that had vested in accordance with its terms upon or prior to the date of a Corporate Transaction.

DATADOG, INC.
STOCK OPTION GRANT NOTICE
(2019 EQUITY INCENTIVE PLAN)

Datadog, Inc. (the “**Company**”), pursuant to its 2019 Equity Incentive Plan (the “**Plan**”), has granted to you (“**Optionholder**”) an option to purchase the number of shares of the Class A Common Stock set forth below (the “**Option**”). Your Option is subject to all of the terms and conditions as set forth herein and in the Plan, and the Global Stock Option Agreement, including any additional terms and conditions for your country included in the appendix attached thereto, and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Global Stock Option Agreement shall have the meanings set forth in the Plan or the Global Stock Option Agreement, as applicable.

Optionholder:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Shares of Class A Common Stock	_____
Subject to Option:	_____
Exercise Price (Per Share):	_____
Total Exercise Price:	_____
Expiration Date:	_____

Type of Grant: [Incentive Stock Option] OR [Nonstatutory Stock Option]

Exercise and Vesting Schedule: Subject to the Optionholder’s Continuous Service through each applicable vesting date, the Option will vest as follows:

[_____]

Optionholder Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The Option is governed by this Stock Option Grant Notice, and the provisions of the Plan and the Global Stock Option Agreement and the Notice of Exercise, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Global Stock Option Agreement (together, the “**Option Agreement**”) may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.
- If the Option is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options granted to you) cannot be first *exercisable* for more than \$100,000 in value (measured by exercise price) in any calendar year. Any excess over \$100,000 is a Nonstatutory Stock Option.
- You consent to receive this Grant Notice, the Global Stock Option Agreement, the Plan, the Prospectus and any other Plan-related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
- You have read and are familiar with the provisions of the Plan, the Global Stock Option Agreement, the Notice of Exercise and the Prospectus. In the event of any conflict between the provisions in this Grant Notice, the Option Agreement, the Notice of Exercise, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.

- The Option Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Class A Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of other equity awards previously granted to you and any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this Option.
- Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

DATADOG, INC.

OPTIONHOLDER:

By: _____
Signature
Title: _____
Date: _____

Signature
Date: _____

DATADOG, INC.
2019 EQUITY INCENTIVE PLAN

GLOBAL STOCK OPTION AGREEMENT

As reflected by your Stock Option Grant Notice (“**Grant Notice**”) Datadog, Inc. (the “**Company**”) has granted you an option under its 2019 Equity Incentive Plan (the “**Plan**”) to purchase a number of shares of Class A Common Stock at the exercise price indicated in your Grant Notice (the “**Option**”). Capitalized terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the meanings set forth in the Grant Notice or Plan, as applicable. The terms of your Option as specified in the Grant Notice and this Global Stock Option Agreement, including any additional terms and conditions for your country included in the appendix attached hereto, constitute your Option Agreement.

The general terms and conditions applicable to your Option are as follows:

1. GOVERNING PLAN DOCUMENT. Your Option is subject to all the provisions of the Plan. Your Option is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the Option Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. EXERCISE.

(a) You may generally exercise the vested portion of your Option for whole shares of Class A Common Stock at any time during its term by delivery of payment of the exercise price and applicable withholding taxes and other required documentation to the Plan Administrator in accordance with the exercise procedures established by the Plan Administrator, which may include an electronic submission. Please review the Plan, which may restrict or prohibit your ability to exercise your Option during certain periods.

(b) To the extent permitted by Applicable Law, you may pay your Option exercise price as follows:

(i) cash, check, bank draft or money order;

(ii) subject to Company and/or Committee consent at the time of exercise, pursuant to a “cashless exercise” program as further described in the Plan if at the time of exercise the Class A Common Stock is publicly traded;

(iii) subject to Company and/or Committee consent at the time of exercise, by delivery of previously owned shares of Class A Common Stock as further described in the Plan; or

(iv) subject to Company and/or Committee consent at the time of exercise, if the Option is a Nonstatutory Stock Option, by a “net exercise” arrangement as further described in the Plan.

3. TERM. You may not exercise your Option before the commencement of its term or after its term expires. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

- (b) three months after the termination of your Continuous Service for any reason other than Cause, Disability or death;
- (c) 12 months after the termination of your Continuous Service due to your Disability;
- (d) 18 months after your death if you die during your Continuous Service;
- (e) immediately upon a Corporate Transaction if the Board has determined that the Option will terminate in connection with a Corporate Transaction,
- (f) the Expiration Date indicated in your Grant Notice; or
- (g) the day before the 10th anniversary of the Date of Grant.

Notwithstanding the foregoing, if you die during the period provided in Section 3(b) or 3(c) above, the term of your Option shall not expire until the earlier of (i) eighteen months after your death, (ii) upon any termination of the Option in connection with a Corporate Transaction, (iii) the Expiration Date indicated in your Grant Notice, or (iv) the day before the tenth anniversary of the Date of Grant. Additionally, the Post-Termination Exercise Period of your Option may be extended as provided in the Plan.

To obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the date of grant of your Option and ending on the day three months before the date of your Option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. If the Company provides for the extended exercisability of your Option under certain circumstances for your benefit, your Option will not necessarily be treated as an Incentive Stock Option if you exercise your Option more than three months after the date your employment terminates.

4. WITHHOLDING OBLIGATIONS.

(a) You acknowledge that, regardless of any action taken by the Company, or if different, the Affiliate employing you (the "**Employer**"), the ultimate liability for all income tax (including U.S. federal, state, and local taxes and/or non-U.S. taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("**Tax-Related Items**") is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including the grant of the Option, the vesting of the Option, the exercise of the Option, the subsequent sale of any shares of Class A Common Stock acquired pursuant to the Option and the receipt of any dividends; and (ii) do not commit to and are under no obligation to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one

or a combination of the following: (i) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer; (ii) allowing or requiring you to make a cash payment to cover the Tax-Related Items; (iii) withholding from proceeds of the sale of shares of Class A Common Stock acquired upon exercise of this Option either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without further consent); (iv) withholding from the shares of Class A Common Stock to be issued to you upon exercise of this Option; or (v) any other method of withholding determined by the Company and permitted by applicable law; provided, however, that if you are a Section 16 officer of the Company under the Exchange Act, then the Administrator shall establish the method of withholding from alternatives (i)-(iv) herein and, if the Administrator does not exercise its discretion prior to the applicable withholding event, then you shall be entitled to elect the method of withholding from the alternatives above.

(c) The Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable statutory withholding amounts or other applicable withholding rates, including maximum rates applicable in your jurisdiction, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in shares of Class A Common Stock. If the obligation for Tax-Related Items is satisfied by withholding in shares of Class A Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Class A Common Stock subject to the exercised Option, notwithstanding that a number of the shares of Class A Common Stock is held back solely for the purpose of paying the Tax-Related Items.

(d) You agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares of Class A Common Stock, or the proceeds of the sale of shares of Class A Common Stock, if you fail to comply with your obligations in connection with the Tax-Related Items.

5. INCENTIVE STOCK OPTION DISPOSITION REQUIREMENT. If your Option is an Incentive Stock Option, you must notify the Company in writing within 15 days after the date of any disposition of any of the shares of the Class A Common Stock issued upon exercise of your Option that occurs within two years after the date of your Option grant or within one year after such shares of Class A Common Stock are transferred upon exercise of your Option.

6. NATURE OF GRANT. In accepting the Option, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of options or benefits in lieu of options, even if options have been granted in the past;

(c) all decisions with respect to future Options or other grants, if any, will be at the sole discretion of the Company;

(d) the Option grant and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Affiliate;

(e) you are voluntarily participating in the Plan;

(f) the Option and any shares of Class A Common Stock acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) the Option and any shares of Class A Common Stock acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;

(h) the future value of the shares of Class A Common Stock underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;

(i) if the underlying shares of Class A Common Stock do not increase in value, the Option will have no value;

(j) if you exercise the Option and acquire shares of Class A Common Stock, the value of such shares of Class A Common Stock may increase or decrease in value, even below the exercise price;

(k) for purposes of the Option, your Continuous Service will be considered terminated as of the date you are no longer actively providing services to the Company or one of its Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and unless otherwise expressly provided in the Option Agreement or determined by the Company, (i) your right to vest in the Option under the Plan, if any, and (ii) the period (if any) during which you may exercise the Option after such termination of Continuous Service will terminate as of such date and in each instance will not be extended by any notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); and the Board shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the Option (including whether you may still be considered to be providing services while on a leave of absence);

(l) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from your termination of Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed, or the terms of your employment agreement, if any);

(m) unless otherwise agreed with the Company in writing, the Option and any shares of Class A Common Stock acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, any service you may provide as a director of the Company or any Affiliate; and

(n) neither the Company, the Employer or any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Option or of any amounts due to you pursuant to the exercise of the Option or the subsequent sale of any shares of Class A Common Stock acquired upon exercise.

7. TRANSFERABILITY. Except as otherwise provided in the Plan, your Option is not transferable, except by will or by the applicable laws of descent and distribution, and is exercisable during your life only by you.

8. CORPORATE TRANSACTION. Your Option is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

9. NO LIABILITY FOR TAXES. As a condition to accepting the Option, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the Option or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the Option and have either done so or knowingly and voluntarily declined to do so. Additionally, you acknowledge that the Option is exempt from Section 409A for U.S. tax purposes, only if the exercise price is at least equal to the “fair market value” of the Class A Common Stock on the date of grant as determined by the U.S. Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Option. Additionally, as a condition to accepting the Option, you agree not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the U.S. Internal Revenue Service asserts that such exercise is less than the “fair market value” of the Class A Common Stock on the date of grant as subsequently determined by the Internal Revenue Service.

10. SEVERABILITY. If any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

11. WAIVER. You acknowledge that a waiver by the Company of a breach of any provision of this Option Agreement shall not operate or be construed as a waiver of any other provision of this Option Agreement, or of any subsequent breach of this Option Agreement.

12. NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Class A Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

13. DATA PRIVACY. By signing the Grant Notice or otherwise accepting this Option Agreement in accordance with the Company’s acceptance procedures, you acknowledge that, in order for the Company to administer the grant of the Option and any future participation in the Plan, the Company and the Employer must collect, process and transfer certain of your personal data, subject to the GDPR privacy policy for employees, workers and contractors (Europe).

14. LANGUAGE. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Option Agreement. If you have received this Option Agreement or any other documents related to the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

15. GOVERNING LAW/VENUE. The Option Agreement and any controversy arising out of or relating to the Option Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to conflict of law principles that would result in any application of any law other than the law of the State of Delaware. For purposes of any action, lawsuit or other proceeding brought to enforce the Option Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of New York County, New York, or the federal courts for the United States for the Southern District of New York, and no other courts where this grant is made and/or to be performed.

16. INSIDER TRADING RESTRICTIONS / MARKET ABUSE LAW. You may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Class A Common Stock are listed and in applicable jurisdictions, including the United States, your country and the designated broker's country, which may affect your ability to accept, acquire, sell or otherwise dispose of shares of Class A Common Stock, rights to shares of Class A Common Stock (*i.e.*, Options) or rights linked to the value of the shares of Class A Common Stock under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction(s)). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider trading policy, or any other applicable insider trading policy then in effect. You acknowledge that you are responsible for complying with any applicable restrictions and are encouraged to speak with your personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in your country.

17. FOREIGN ASSET/ACCOUNT, EXCHANGE CONTROL AND TAX REPORTING. You may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of shares of Class A Common Stock or cash (including dividends and the proceeds arising from the sale of shares of Class A Common Stock) derived from your participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside your country. The Applicable Laws in your country may require that you report such accounts, assets and balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations and you are encouraged to consult with your personal legal advisor for any details.

18. COUNTRY-SPECIFIC PROVISIONS. Notwithstanding any provisions of the Option Agreement to the contrary, the Option shall be subject to any terms and conditions for your country of residence (and country of employment, if different) set forth in the appendix attached hereto (the "**Appendix**"). Further, if you transfer residence and/or employment to another country reflected in the Appendix, the terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of the Option Agreement.

19. IMPOSITION OF OTHER REQUIREMENTS. The Company reserves the right to impose other requirements on your participation in the Plan, on the Option and on any shares of Class A Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

21. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your Option, including a summary of the applicable federal income tax consequences please see the Prospectus.

* * * *

**APPENDIX
TO THE**

**DATADOG, INC.
2019 EQUITY INCENTIVE PLAN
GLOBAL STOCK OPTION AGREEMENT**

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan, the Grant Notice and/or the Global Stock Option Agreement.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the Option granted to you under the Plan if you are an employee that works or resides outside the U.S. and/or in one of the countries listed below. If you are a citizen or resident of a country other than the one in which you are currently working and/or residing, transfer employment and/or residency to another country after the date of grant, are a consultant, change employment status to a consultant position, or are considered a resident of another country for local law purposes, the Company shall, in its discretion, determine the extent to which the special terms and conditions contained herein shall be applicable to you. References to your Employer shall include any entity that engages your services.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is provided solely for your convenience and is based on the securities, exchange control and other laws in effect in the respective countries as of September 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date by the time you vest in or exercise the Option or sell any shares of Class A Common Stock acquired upon exercise.

In addition, the information contained in this Appendix is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the applicable laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer to another country after the date of grant, or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you in the same manner.

AUSTRALIA

Notifications

Tax Conditions. Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies to the Option granted under the Plan, such that the Option is intended to be subject to deferred taxation.

Securities Law Information. If you acquire shares of Class A Common Stock under the Plan and offer such shares of Class A Common Stock for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. You should obtain legal advice regarding your disclosure obligations prior to making any such offer.

Exchange Control Information. If you are an Australian resident, exchange control reporting is required for cash transactions exceeding AUD10,000 and international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on your behalf. If there is no Australian bank involved with the transfer, you will be required to file the report.

AUSTRIA

Notifications

Exchange Control Information. If you hold shares of Class A Common Stock acquired under the Plan outside of Austria, you must submit a report to the Austrian National Bank as follows: (i) on a quarterly basis if the value of the shares of Class A Common Stock as of any given quarter meets or exceeds €30,000,000; the deadline for filing the quarterly report is the 15th day of the month following the end of the respective quarter and (ii) on an annual basis if the value of the shares of Class A Common Stock as of December 31 meets or exceeds €5,000,000; the deadline for filing the quarterly report is the 15th day of the month following quarter-end and for filing the annual report is January 31 of the following year.

When you sell shares of Class A Common Stock acquired under the Plan (or receive a cash dividend) you may be required to comply with certain exchange control obligations if the cash proceeds from the sale are held outside of Austria. If the transaction volume of all cash accounts abroad exceeds €10,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth day of the following month.

BRAZIL

Terms and Conditions

Nature of Grant. The following provision supplements Section 6 of the Global Stock Option Agreement:

You acknowledge that you have read and specifically and expressly approve of Sections 6(a) and 6(g) of the Global Stock Option Agreement. You understand that the Option is granted to you by the Company and does not constitute part of your normal compensation or salary. You further understand that the Option was granted by the Company as a one-time benefit.

Compliance with Law. By accepting the Option, you acknowledge that you agree to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with your participation in the Plan.

Notifications

Exchange Control Information. If you hold assets and rights outside Brazil with an aggregate value exceeding USD 100,000, you will be required to prepare and submit to the Central Bank of Brazil an annual declaration of such assets and rights, including: (i) bank deposits; (ii) loans; (iii) financing transactions; (iv) leases; (v) direct investments; (vi) portfolio investments, including shares of Common Stock acquired under the Plan; (vii) financial derivatives investments; and (viii) other investments, including real estate and other assets. Please note that foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil. Individuals holding assets and rights outside Brazil valued at less than USD 100,000 are not required to submit a declaration. Individuals holding assets and rights outside Brazil valued at more than USD 100,000,000 are required to submit a quarterly declaration.

CANADA

Terms and Conditions

Method of Exercise. Due to regulatory considerations in Canada, you are prohibited from surrendering shares of Class A Common Stock that you already own or attesting to the ownership of shares of Class A Common Stock or utilizing a “net exercise” procedure to pay the exercise price or any Tax-Related Items in connection with the Option. The Company reserves the right to permit these methods of payment depending on the development of local law.

Termination. The following provision replaces Section 6(k) of the Global Stock Option Agreement in its entirety:

(k) In the event of the termination of your Continuous Service (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), unless otherwise provided in the Global Stock Option Agreement or determined by the Company, your right to vest in the Option under the Plan will terminate effective as of the earlier of (i) the date upon which you cease to provide services, or (b) the date upon which you receive a notice of termination, and the period (if any) during which you may exercise the Option after such termination of Continuous Service will commence on the same date and will not in either case be extended by any contractual notice period in which you do not actively provide services or any period of pay in lieu of such notice (including, but not limited to Canadian statutory law, regulatory law and/or common law) mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any; the Board shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the Option (including whether you may still be considered to be providing services while on a leave of absence);

The following terms and conditions apply to employees resident in Quebec:

Language. The parties acknowledge that it is their express wish that this agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. This provision supplements Section 13 of the Global Stock Option Agreement:

You hereby authorize the Company or any Affiliate, including the Employer, and any agents or representatives to (i) discuss with and obtain all relevant information from all personnel, professional or non-professional, involved in the administration and operation of the Plan, and (ii) disclose and discuss any and all information relevant to the Plan with their advisors. You further authorize the Company or any Affiliate, including the Employer, and any agents or representatives to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You are permitted to sell shares of Class A Common Stock acquired under the Plan through the designated broker appointed under the Plan, if any, provided the resale of shares of Class A Common Stock acquired under the Plan takes place outside Canada through the facilities of the exchange on which the shares of Class A Common Stock are then listed.

Foreign Asset/Account Reporting Information. Canadian residents are required to report any foreign specified property held outside Canada (including Options and shares of Class A Common Stock acquired under the Plan) annually on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds CAD 100,000 at any time during the year. Thus, if the CAD 100,000 cost threshold is exceeded by other foreign specified property held by the individual, Options must be reported (generally at a nil cost). For purposes of such reporting, shares of Class A Common Stock acquired under the Plan may be reported at their adjusted cost basis. The adjusted cost basis of a share is generally equal to the fair market value of such share at the time of acquisition; however, if you own other shares of Class A Common Stock (*e.g.*, acquired under other circumstances or at another time), the adjusted cost basis may have to be averaged with the adjusted cost bases of the other shares of Class A Common Stock. *You should consult with your personal legal advisor to ensure compliance with applicable reporting obligations.*

CZECH REPUBLIC

There are no country-specific provisions.

DENMARK

Terms and Conditions

Stock Option Act. You acknowledge that you received the Employer Statement in Danish which sets forth additional terms of the Option to the extent the Danish Stock Options Act applies.

Notifications

Foreign Asset / Account Reporting Notification. If you establish an account holding cash or shares of Class A Common Stock outside Denmark, you must report the account to the Danish Tax Administration. The form may be obtained from a local bank.

FRANCE

Terms and Conditions

Language Consent. By accepting the Option, you confirm having read and understood the documents related to the Option (the Plan and the Option Agreement) which were provided in the English language. You accept the terms of these documents accordingly.

Consentement à la Langue Utilisée. En acceptant l'Option, vous confirmez avoir lu et compris les documents relatifs à l'Option (le Plan et le Contrat d'Attribution d'Options) qui ont été remis en anglais. Vous acceptez les termes de ces documents en connaissance de cause.

Notifications

Tax Information. This Option is not intended to qualify for specific tax and social security treatment applicable to stock options granted under Section L. 225-177 to L. 225-186-1 of the French Commercial Code, as amended.

Foreign Asset/Account Reporting Information. If you hold cash or shares of Class A Common Stock outside of France or maintain a foreign bank or brokerage account (including accounts that were opened and closed during the tax year), you are required to report such assets and accounts to the French tax authorities on an annual basis on a specified form, together with your income tax return. Failure to complete this reporting can trigger significant penalties.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of EUR 12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). If you receive a payment in excess of EUR 12,500 in connection with the sale of shares of Class A Common Stock acquired under the Plan or the receipt of any cash dividends, the report must be filed electronically by the fifth day of the month following the month in which the payment was received. The form of report (*Allgemeines Meldeportal Statistik*) can be accessed via the Bundesbank's website (www.bundesbank.de) and is available in both German and English.

Foreign Asset/Account Reporting Information. German residents holding shares of Class A Common Stock must notify their local tax office of the acquisition of shares of Class A Common Stock when they file their returns for the relevant year if the value of the shares of Class A Common Stock exceeds EUR 150,000 or in the unlikely event that the resident holds shares of Class A Common Stock exceeding 10% of the Company's share capital.

INDIA

Terms and Conditions

Method of Exercise. The following provision supplements Section 2 of the Global Stock Option Agreement:

Due to legal restrictions in India, you may not exercise the Option using a cashless sell-to-cover exercise, whereby you direct a broker or transfer agent to sell some (but not all) of the shares of Class A Common Stock subject to the exercised Option and deliver to the Company the amount of the sale proceeds to pay the exercise price and any Tax-Related Items. However, subject to approval by the Company, payment of the exercise price may be made by any of the other methods of payment set forth in the Global Stock Option Agreement. The Company reserves the right to provide you with this method of payment depending on the development of local law.

Notifications

Exchange Control Information. If you remit funds outside of India to exercise the Option, it is your responsibility to comply with any applicable exchange control regulations in India. In particular, it is your obligation to determine whether approval from the Reserve Bank of India is required prior to exercise or whether you have exhausted the investment limit of USD250,000 for the relevant fiscal year. Further, Indian residents are required to repatriate the proceeds from the sale of shares of Class A Common Stock to India within specified timeframes. You must retain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is your responsibility to comply with these requirements. Neither the Company nor the Employer will be liable for any fines or penalties resulting from your failure to comply with any Applicable Laws.

Foreign Asset/Account Reporting Information. Indian residents are required to declare any foreign bank accounts and any foreign financial assets (including shares of Class A Common Stock held outside of India) in their annual tax returns. You are responsible for complying with this reporting obligation and should confer with your personal tax advisor to determine your obligations in this regard.

IRELAND

There are no country-specific provisions.

ITALY

Terms and Conditions

Stock Option Exercises. Due to regulatory requirements, notwithstanding Section 12 of the Option Agreement, you will be required to exercise the option using a cashless sell-all exercise method, pursuant to which all shares of Class A common stock subject to the exercised option will be sold immediately upon exercise and the proceeds of sale, less the exercise price, any Tax-Related Items and broker's fees or commissions, will be remitted to you in cash in accordance with any applicable exchange control laws and regulations. You will not be permitted to hold shares after exercise. The Company reserves the right to provide additional methods of exercise depending on the development of local laws.

Plan Acknowledgement. You acknowledge that you have read and specifically and expressly approve the following sections of the Global Stock Option Agreement: (4) Withholding Obligations; (6) Nature of Grant; (9) No Liability for Taxes; (10) Severability; (11) Waiver; (13) Data Privacy; (14) Language; (15) Venue; and (19) Imposition of Other Requirements;; and the Italy country-specific terms and conditions of this Appendix.

Notifications

Foreign Asset/Account Reporting Information. If you are an Italian resident and, during any fiscal year, hold investments or financial assets outside of Italy (*e.g.*, cash, shares of Class A Common Stock) which may generate income taxable in Italy (or if you are the beneficial owner of such an investment or asset even if you do not directly hold the investment or asset), you are required to report such investments or assets on your annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if you are not required to file a tax return).

Foreign Financial Assets Tax. The fair market value of any shares of Common Stock held outside of Italy is subject to a foreign assets tax. Financial assets include shares of Class A Common Stock acquired under the Plan. The taxable amount will be the fair market value of the financial assets assessed at the end of the calendar year. You should consult with your personal tax advisor about the foreign financial assets tax.

JAPAN

Notifications

Exchange Control Information. Japanese residents acquiring shares of Class A Common Stock valued at more than JPY 100,000,000 in a single transaction must file a Securities Acquisition Report with the Ministry of Finance (“***MOF***”) through the Bank of Japan within twenty (20) days of the exercise of any Option.

In addition, Japanese residents paying more than JPY 30,000,000 in a single transaction for the shares of Class A Common Stock at any exercise of the Option must file a Payment Report with the MOF through the Bank of Japan. The precise reporting requirements vary depending on whether the relevant payment is made through a bank in Japan.

A Payment Report is required independently of a Securities Acquisition Report. Consequently, if the total amount that a Japanese resident pays on a one-time basis at exercise of the Option exceeds JPY 100,000,000, such resident must file both a Payment Report and a Securities Acquisition Report.

Foreign Asset/Account Reporting Information. Japanese residents are required to report details of any assets held outside Japan as of December 31st (including shares of Class A Common Stock acquired under the Plan), to the extent such assets have a total net fair market value exceeding JPY 50,000,000. Such report is due by March 15th each year. *You should consult your personal legal advisor to ensure compliance with applicable reporting obligations.*

NETHERLANDS

There are no country-specific provisions.

NEW ZEALAND

Terms and Conditions

Securities Law Information.

Warning

You are being offered the Option which, if vested, will entitle you to acquire shares of Class A Common Stock. Shares of Class A Common Stock give you a stake in the ownership of the Company. You may receive a return if dividends are paid. Shares of Class A Common Stock are quoted on the Nasdaq. This means you may be able to sell them on the Nasdaq if there are interested buyers. You may get less than invested. The price will depend on the demand for the shares of Class A Common Stock.

If the Company runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision.

The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

In compliance with applicable New Zealand securities laws, you are entitled to receive, in electronic or other form and free of cost, copies of the Company's latest annual report, relevant financial statements and the auditor's report on said financial statements (if any). You may obtain copies of such documents on written request to the Company at attn: General Counsel, Datadog, Inc., 620 8th Avenue, New York, New York 10018, United States of America. Filings made with the U.S. SEC also may be found at <http://www.sec.gov>. You are advised to ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

NORWAY

There are no country-specific provisions.

POLAND

Notifications

Exchange Control Information. Polish residents holding foreign securities (including shares of Class A Common Stock) abroad must report information to the National Bank of Poland on transactions and balances of the securities deposited in such accounts if the value of such transactions or balances (calculated individually or together with other assets or liabilities held abroad) exceeds PLN 7,000,000. If required, the reports are due on a quarterly basis. Polish residents are also required to transfer funds through a bank account or payment institution in Poland if the transferred amount in any single transaction exceeds a specified threshold (currently EUR 15,000, unless the transfer of funds is considered to be connected with the business activity of an entrepreneur, in which case a lower threshold may apply). Further, upon the request of a Polish bank, Polish residents are required to inform the bank about all foreign exchange transactions performed through such bank. In addition, Polish residents are required to store documents connected with any foreign exchange transaction for a period of 5 years from the end of the year in which such transaction was made. Penalties may apply for failure to comply with exchange control requirements.

ROMANIA

Notifications

Exchange Control Information. Any transfer of funds exceeding €15,000 (whether made through a single transfer or a series of transfers) must be reported to the National Office for Prevention and Control of Money Laundering on specific forms by the relevant bank of financial institution. If you deposit proceeds from the sale of Class A Common Stock in a bank account in Romania, you may have to provide the Romanian bank through which the operations are effected with the appropriate documenting regarding receipt of the funds. You should consult with your personal legal advisor to determine whether you will be required to submit such documentation to the Romanian bank.

SINGAPORE

Terms and Conditions

Restriction on Sale of Shares. Shares of Class A Common Stock acquired under the Plan prior to the six (6) month anniversary of the date of grant may not be sold or otherwise offered for sale in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”) or pursuant to, and in accordance with the conditions of, any other applicable provision(s) of the SFA.

Notifications

Securities Law Information. The Option is being granted to you pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the SFA. The Plan has not been, nor will it be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

Chief Executive Officer and Director Notification Obligation. You acknowledge that if you are the Chief Executive Officer (“CEO”) a director, associate director or shadow director of a Singapore Subsidiary, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary in writing when you receive an interest (e.g., Options or shares of Class A Common Stock) in the Company or any Subsidiary within two business days of (i) its acquisition or disposal, (ii) any change in previously disclosed interest (e.g., when the shares of Class A Common Stock are sold), or (iii) becoming a CEO, director, associate director or shadow director.

SOUTH KOREA

Terms and Conditions

Exchange Control Information. If you remit funds out of Korea to pay the exercise price for the option, the remittance of funds must be confirmed by a foreign exchange bank in Korea.

Notifications

Foreign Asset/Account Reporting Information. Korean residents must declare all foreign financial accounts (e.g., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency). You should consult with your personal tax advisor to determine how to value your foreign accounts for purposes of this reporting requirement and whether you are required to file a report with respect to such accounts.

SPAIN

Terms and Conditions

Nature of Grant. The following provision supplements Section 6 of the Global Stock Option Agreement:

In accepting the Option, you consent to participate in the Plan and acknowledge that the Plan was made available to you and that you read a copy of the Plan and you consent to the terms and conditions of the Option Agreement and acknowledge having received and read a copy of the Option Agreement.

You understand and agree that, as a condition of the Option grant, your termination of employment for any reason (including for the reasons listed below) will automatically result in the forfeiture of the Option and loss of the shares of Class A Common Stock that may have been granted to you and that have not vested as of the date of your termination of employment.

In particular, you understand and agree that the Option will be forfeited without entitlement to the underlying shares of Class A Common Stock or to any amount as indemnification in the event of your termination of employment prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (i.e., subject to a “*despido improcedente*”), individual or collective layoff on objective grounds, adjudged or recognized to be with or without good cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute, Article 50 of the Workers’ Statute, unilateral withdrawal by the Company, and under Article 10.3 of Royal Decree 1382/1985.

Furthermore, you understand that the Company has unilaterally, gratuitously and discretionally decided to grant the Options under the Plan to employees of the Company. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company on an ongoing basis. Consequently, you understand that the Option is granted on the assumption and condition that the Option and the shares of Class A Common Stock underlying the Option shall not become a part of any employment or service contract with the Option and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, you understand that the Option would not be granted to you but for the assumptions and conditions referred to above; thus, you acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any Option granted to you shall be null and void.

Notifications

Securities Law Information. The Option described in the Option Agreement does not qualify as a security under Spanish regulations. No “offer of securities to the public,” within the meaning of Spanish law, has taken place or will take place in the Spanish territory. The Option Agreement and any other documents evidencing the Option have not been, nor will they be, registered with the Comisión Nacional del Mercado de Valores (Spanish Securities Exchange Commission), and none of these documents constitutes a public offering prospectus.

Exchange Control Information. The acquisition, ownership and sale of shares of Class A Common Stock under the Plan must be declared for statistical purposes to the Spanish Dirección General de Comercio e Inversiones (the “DGCI”), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness. You also must declare ownership of any shares of Class A Common Stock as of December 31 of the prior year with the Directorate of Foreign Transactions each January. In addition, if the acquisition or sale of any shares of Class A Common Stock exceeds certain thresholds, it must be declared to the DGCI within 1 month after the sale.

When receiving foreign currency payments derived from the ownership of shares of Class A Common Stock (i.e., sale proceeds), you must inform the financial institution receiving the payment of the basis upon which such payment is made if the payment exceeds €50,000. You will need to provide the following information: (i) your name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment and the currency used; (iv) the country of origin; (v) the reasons for the payment; and (vi) further information that may be required.

In addition, you may be required to declare electronically to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including any shares of Class A Common Stock acquired under the Plan) and any transactions with non-Spanish residents (including any payments of shares of Class A Common Stock made to you by the Company) depending on the value of such accounts and instruments and the amount of the transactions during the relevant year as of December 31 of the relevant year.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Notifications

Securities Law Information. The Option grant is not intended to be publicly offered in or from Switzerland. Because it is considered a private offering, it is not subject to securities registration in Switzerland. Neither this document nor any other materials relating to the Option (i) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (ii) may be publicly distributed nor otherwise made publicly available in Switzerland or (iii) has been or will be filed with, approved or supervised by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

UNITED ARAB EMIRATES

Terms and Conditions

Nature of Grant. The following provision supplements Section 6 of the Global Stock Option Agreement:

You acknowledge that the Option and related benefits do not constitute a component of your “wages” for any legal purpose. Therefore, the Option and related benefits will not be included and/or considered for purposes of calculating any and all labor benefits, such as social insurance contributions and/or any other labor-related amounts which may be payable.

Notifications

Securities Law Information. Options are being offered only to eligible employees of the Company and are in the nature of providing equity incentives to employees in the United Arab Emirates. Any award agreement related to the Option is intended for distribution only to such eligible employees and must not be delivered to, or relied on by, any other person. Prospective acquirers of the securities offered should conduct their own due diligence on the securities.

United Arab Emirates securities or financial/economic authorities have no responsibility for reviewing or verifying any award documentation and have not approved the award documentation nor taken steps to verify the information set out therein, and thus, are not responsible for the content.

You should, as a prospective stockholder, conduct your own due diligence on the securities. If you do not understand the contents of the award documentation, you should consult an authorized financial advisor.

UNITED KINGDOM

Terms and Conditions

Withholding Obligations. This provision supplements Section 4 of this Global Stock Option Agreement:

Without limitation to this Section 4, you hereby agree that you are liable for any Tax-Related Items related to your participation in the Plan and hereby covenants to pay such Tax-Related Items, as and when requested by the Company or (if different) the Employer or by Her Majesty's Revenue & Customs ("**HMRC**") (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and (if different) the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on your behalf.

Notwithstanding the indemnification provision in this Section 4, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the amount of any income tax due but not collected from or paid by you within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items withholding obligation occurs may constitute an additional benefit to you on which additional income tax and National Insurance Contributions ("**NICs**") may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to Her Majesty's Revenue and Customs under the self-assessment regime and for reimbursing the Company and/or the Employer for the value of any employee NICs due on this additional benefit, which the Company and/or the Employer may recover at any time thereafter by any of the means referred to in this Global Stock Option Agreement.

DATADOG, INC.
RSU AWARD GRANT NOTICE
(2019 EQUITY INCENTIVE PLAN)

Datadog, Inc. (the “*Company*”) has awarded to you (the “*Participant*”) the number of restricted stock units specified and on the terms set forth below in consideration of your services (the “*RSU Award*”). Your RSU Award is subject to all of the terms and conditions as set forth herein and in the Company’s 2019 Equity Incentive Plan (the “*Plan*”) and the Global RSU Award Agreement, including any additional terms and conditions for your country included in the appendix attached thereto (the “*Agreement*”), which are incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement shall have the meanings set forth in the Plan or the Agreement.

Participant: _____
Date of Grant: _____
Vesting Commencement Date: _____
Number of Restricted Stock Units: _____

Vesting Schedule: [_____].
Notwithstanding the foregoing, vesting shall terminate upon the Participant’s termination of Continuous Service.

Issuance Schedule: One share of Class A Common Stock will be issued for each restricted stock unit which vests at the time set forth in Section 5 of the Agreement.

Participant Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The RSU Award is governed by this RSU Award Grant Notice (the “*Grant Notice*”), and the provisions of the Plan and the Agreement, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Agreement (together, the “*RSU Award Agreement*”) may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.
- You have read and are familiar with the provisions of the Plan, the RSU Award Agreement and the Prospectus. In the event of any conflict between the provisions in the RSU Award Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.
- The RSU Award Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Class A Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, and (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this RSU Award.

DATADOG, INC.

PARTICIPANT:

By: _____
Signature

Signature

Title:

Date: _____

Date: _____

DATADOG, INC.
2019 EQUITY INCENTIVE PLAN

GLOBAL RSU AWARD AGREEMENT

As reflected by your RSU Award Grant Notice (“**Grant Notice**”) Datadog, Inc. (the “**Company**”) has granted you a RSU Award under its 2019 Equity Incentive Plan (the “**Plan**”) for the number of restricted stock units as indicated in your Grant Notice (the “**RSU Award**”). The terms of your RSU Award as specified in this Global RSU Award Agreement for your RSU Award, including any additional terms and conditions for your country included in the appendix attached thereto (the “**Agreement**”) and the Grant Notice constitute your “**RSU Award Agreement**”. Capitalized terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your RSU Award are as follows:

1. GOVERNING PLAN DOCUMENT. Your RSU Award is subject to all the provisions of the Plan. Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. GRANT OF THE RSU AWARD. This RSU Award represents your right to be issued on a future date the number of shares of the Company’s Class A Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice subject to your satisfaction of the vesting conditions set forth therein (the “**Restricted Stock Units**”). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 3 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.

3. DIVIDENDS. You may become entitled to receive payments equal to any cash dividends and other distributions paid with respect to a corresponding number of shares of Class A Common Stock to be issued in respect of the Restricted Stock Units covered by your RSU Award. Any such dividends or distributions shall be subject to the same forfeiture restrictions as apply to the Restricted Stock Units and shall be paid at the same time that the corresponding shares are issued in respect of your vested Restricted Stock Units, provided, however that to the extent any such dividends or distributions are paid in shares of Class A Common Stock, then you will automatically be granted a corresponding number of additional Restricted Stock Units subject to the RSU Award (the “**Dividend Units**”), and further provided that such Dividend Units shall be subject to the same forfeiture restrictions and restrictions on transferability, and same timing requirements for issuance of shares, as apply to the Restricted Stock Units subject to the RSU Award with respect to which the Dividend Units relate.

4. WITHHOLDING OBLIGATIONS.

(a) You acknowledge that, regardless of any action taken by the Company or, if different, the Affiliate employing you (the “**Employer**”), the ultimate liability for all income tax (including U.S. federal, state, and local taxes and/or foreign taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“**Tax-Related Items**”) is and remains your responsibility and may exceed the

amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or your Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSU Award, including, but not limited to, the grant of the RSU Award, the vesting of the RSU Award, the issuance of shares in settlement of vesting of the RSU Award, the subsequent sale of any shares of Class A Common Stock acquired pursuant to the RSU Award and the receipt of any dividends, Dividend Units or other dividend equivalents; and (ii) do not commit to and are under no obligation to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country, you acknowledge that the Company and/or your Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer; (ii) withholding from proceeds of the sale of shares of Class A Common Stock acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without further consent); (iii) withholding from shares of Class A Common Stock to be issued to you upon settlement of the Restricted Stock Units; or (iv) any other method of withholding determined by the Company and permitted by Applicable Law; provided, however, that that if you are a Section 16 officer of the Company under the Exchange Act, then the Administrator shall establish the method of withholding from alternatives (i)-(iv) herein and, if the Administrator does not exercise its discretion prior to the applicable withholding event, then you shall be entitled to elect the method of withholding from the alternatives above.

(c) The Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable statutory withholding amounts or other applicable withholding rates, including maximum rates applicable in your jurisdiction, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in shares of Class A Common Stock. If the obligation for Tax-Related Items is satisfied by withholding in shares of Class A Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Class A Common Stock subject to the vested Restricted Stock Units, notwithstanding that a number of the shares of Class A Common Stock is held back solely for the purpose of paying the Tax-Related Items.

(d) You agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares of Class A Common Stock, or the proceeds of the sale of shares of Class A Common Stock, if you fail to comply with your obligations in connection with the Tax-Related Items.

5. DATE OF ISSUANCE.

(a) To the extent your RSU Award is exempt from application of Section 409A of the Code and any state law of similar effect (collectively “**Section 409A**”), the Company will deliver to you a number of shares of the Company’s Class A Common Stock equal to the number of vested Restricted Stock Units subject to your RSU Award, including any additional Restricted Stock Units received pursuant to Section 3 above that relate to those vested Restricted Stock Units on the applicable vesting date(s), or if such date is not a business day, such delivery date shall instead fall on the next following business day (the “**Original Distribution Date**”).

(b) Notwithstanding the foregoing, in the event that you are prohibited from selling shares of the Company's Class A Common Stock in the public market on the scheduled delivery date by the Trading Policy or otherwise, and the Company elects not to satisfy its tax withholding obligations by withholding shares from your distribution, then such shares shall not be delivered on such Original Distribution Date and shall instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Class A Common Stock in the open market, but in no event later than the fifteenth (15th) day of the third calendar month of the calendar year following the calendar year in which the shares covered by the RSU Award vest. Delivery of the shares pursuant to the provisions of Section 5 is intended to comply with the requirements for the short-term deferral exemption available under Treasury Regulations Section 1.409A-1(b)(4) and shall be construed and administered in such manner. However, if and to the extent the RSU Award is a Non-Exempt Award, the provisions of the Plan with respect to Non-Exempt Awards shall apply in lieu of the provisions in this Section 5.

6. NATURE OF GRANT. In accepting the RSU Award, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the RSU Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, other equity awards or benefits in lieu of equity awards, even if equity awards have been granted in the past;

(c) all decisions with respect to future RSU Awards or other grants, if any, will be at the sole discretion of the Company;

(d) the RSU Award grant and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Affiliate;

(e) you are voluntarily participating in the Plan;

(f) the RSU Award and any shares of Class A Common Stock acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) the RSU Award and any shares of Class A Common Stock acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;

(h) the future value of the shares of Class A Common Stock underlying the RSU Award is unknown, indeterminable, and cannot be predicted with certainty;

(i) if the RSU Award vests and you are issued shares of Class A Common Stock, the value of such shares of Class A Common Stock may increase or decrease in value following the date the shares are issued; even below the Fair Market Value on the date the RSU Award is granted to you;

(j) for purposes of the RSU Award, your Continuous Service will be considered terminated as of the date you are no longer actively providing services to the Company or one of its Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, your right to vest in the RSU Award under the Plan, if any, will terminate as of such date and will not be extended by any notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); and the Board shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the RSU Award (including whether you may still be considered to be providing services while on a leave of absence);

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSU Award resulting from your termination of Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed, or the terms of your employment agreement, if any);

(l) unless otherwise agreed with the Company in writing, the RSU Award and any shares of Class A Common Stock acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, any service you may provide as a director of the Company or any Affiliate; and

(m) neither the Company, the Employer or any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSU Award or the subsequent sale of any shares of Class A Common Stock acquired upon settlement of the RSU Award.

7. TRANSFERABILITY. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution

8. CORPORATE TRANSACTION. Your RSU Award is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

9. NO LIABILITY FOR TAXES. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the RSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

10. SEVERABILITY. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

11. WAIVER. You acknowledge that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

12. NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Class A Common Stock.

13. DATA PRIVACY. By signing the Grant Notice or otherwise accepting this Agreement in accordance with the Company's acceptance procedures, you acknowledge that, in order for the Company to administer the grant of the RSU and any future participation in the Plan, the Company and the Employer must collect, process and transfer certain of your personal data, subject to the GDPR privacy policy for employees, workers and contractors (Europe).

14. LANGUAGE. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Agreement. If you have received this Agreement or any other documents related to the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

15. GOVERNING LAW/VENUE. This Agreement and any controversy arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to conflict of law principles that would result in any application of any law other than the law of the State of Delaware. For purposes of any action, lawsuit or other proceeding brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of New York County, New York, or the federal courts for the United States for the Southern District of New York, and no other courts where this grant is made and/or to be performed.

16. INSIDER TRADING RESTRICTIONS / MARKET ABUSE LAW. You may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Class A Common Stock are listed and in applicable jurisdictions, including the United States, your country and the designated broker's country, which may affect your ability to accept, acquire, sell or otherwise dispose of shares of Class A Common Stock, rights to shares of Class A Common Stock (*i.e.*, RSU Awards) or rights linked to the value of the shares of Class A Common Stock under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction(s)). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's Insider Trading Policy, or any other applicable insider trading policy then in effect. You acknowledge that you are responsible for complying with any applicable restrictions and are encouraged to speak with your personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in your country.

17. FOREIGN ASSET/ACCOUNT, EXCHANGE CONTROL AND TAX REPORTING. You may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of shares of Class A Common Stock or cash (including dividends and the proceeds arising from the sale of shares of Class A Common Stock) derived from your participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside your country. The Applicable Laws in your country may require that you report such accounts, assets and balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations and you are encouraged to consult with your personal legal advisor for any details.

18. COUNTRY-SPECIFIC PROVISIONS. Notwithstanding any provisions of this Agreement to the contrary, if you reside or are employed outside of the United States, the RSU Award shall be subject to any terms and conditions for your country of residence (and country of employment, if different) set forth in the appendix attached hereto (the "**Appendix**"). Further, if you transfer residence and/or employment to another country reflected in the Appendix, the terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

19. IMPOSITION OF OTHER REQUIREMENTS. The Company reserves the right to impose other requirements on your participation in the Plan, on the RSU Award and on any shares of Class A Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

21. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

**APPENDIX
TO THE**

**DATADOG, INC.
2019 EQUITY INCENTIVE PLAN
GLOBAL RSU AWARD AGREEMENT**

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan, the Grant Notice and/or the Global RSU Award Agreement.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the RSU Award granted to you under the Plan if you are an employee that works or resides outside the U.S. and/or in one of the countries listed below. If you are a citizen or resident of a country other than the one in which you are currently working and/or residing, transfer employment and/or residency to another country after the date of grant, are a consultant, change employment status to a consultant position, or are considered a resident of another country for local law purposes, the Company shall, in its discretion, determine the extent to which the special terms and conditions contained herein shall be applicable to you. References to your Employer shall include any entity that engages your services.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is provided solely for your convenience and is based on the securities, exchange control and other laws in effect in the respective countries as of September 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date by the time you vest in the RSU or sell any shares of Class A Common Stock acquired upon settlement of the vested RSU.

In addition, the information contained in this Appendix is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the applicable laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer to another country after the date of grant, or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you in the same manner.

AUSTRALIA

Notifications

Tax Conditions. Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies to the RSU Award granted under the Plan, such that the RSU Award is intended to be subject to deferred taxation.

Securities Law Information. If you acquire shares of Class A Common Stock under the Plan and offer such shares of Class A Common Stock for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. You should obtain legal advice regarding your disclosure obligations prior to making any such offer.

Exchange Control Information. If you are an Australian resident, exchange control reporting is required for cash transactions exceeding AUD10,000 and international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on your behalf. If there is no Australian bank involved with the transfer, you will be required to file the report.

AUSTRIA

Notifications

Exchange Control Information. If you hold securities (including shares of Class A Common Stock acquired under the Plan) outside of Austria, you will be required to submit reports to the Austrian National Bank as follows: (i) on a quarterly basis if the value of the shares of Class A Common Stock as of any given quarter meets or exceeds €30,000,000; and (ii) on an annual basis if the value of the shares of Class A Common Stock as of December 31 meets or exceeds €5,000,000. The deadline for filing the quarterly report is the 15th day of the month following the end of the respective quarter. The deadline for filing the annual report is January 31 of the following year.

In addition, if you hold cash (including proceeds from the shares of Class A Common Stock and any cash dividend equivalents or cash dividends) outside of Austria, you may be required to comply with certain exchange control obligations. If the transaction volume of all of your cash accounts abroad meets or exceeds €10,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the 15th day of the following month, on a prescribed form (*Meldungen SI-Forderungen und/oder SI-Verpflichtungen*).

BRAZIL

Terms and Conditions

Compliance with the Law. By accepting the Restricted Stock Units, you acknowledge your agreement to comply with applicable Brazilian laws and to pay any and all applicable Tax-Related Items.

Nature of Grant. The following provision supplements Section 6 of the Global RSU Award Agreement:

By accepting the Restricted Stock Units, you agree that (i) you are making an investment decision and (ii) the value of the underlying shares of Class A Common Stock is not fixed and may increase or decrease over the vesting period without compensation to you. You understand that the RSU is granted to you by the Company and does not constitute part of your normal compensation or salary. You further understand that the RSU was granted by the Company as a one-time benefit.

Notifications

Exchange Control Notification. If you hold assets and rights outside Brazil with an aggregate value exceeding USD 100,000, you will be required to prepare and submit to the Central Bank of Brazil an annual declaration of such assets and rights, including: (i) bank deposits; (ii) loans; (iii) financing transactions; (iv) leases; (v) direct investments; (vi) portfolio investments, including shares of Common Stock acquired under the Plan; (vii) financial derivatives investments; and (viii) other investments, including real estate and other assets. Please note that foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the

assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil. Individuals holding assets and rights outside Brazil valued at less than USD 100,000 are not required to submit a declaration. Individuals holding assets and rights outside Brazil valued at more than USD 100,000,000 are required to submit a quarterly declaration.

CANADA

Terms and Conditions

Settlement of Restricted Stock Units. Notwithstanding any terms or conditions of the Plan or the RSU Award Agreement to the contrary, Restricted Stock Units and any dividend equivalents will be settled in shares of Common Stock only, not cash.

Termination. The following provision replaces Section 6(j) of the Global RSU Award Agreement in its entirety:

(j) In the event of the termination of your Continuous Service (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), unless otherwise provided in the RSU Award Agreement or determined by the Company, your right to vest in the RSU Award under the Plan will terminate effective as of the earlier of (i) the date upon which you cease to provide services, or (ii) the date upon which you receive a notice of termination and will not in either case be extended by any contractual notice period in which you do not actively provide services or any period of pay in lieu of such notice (including, but not limited to Canadian statutory law, regulatory law and/or common law) mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any; the Board shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the RSU Award (including whether you may still be considered to be providing services while on a leave of absence);

The following terms and conditions apply to employees resident in Quebec:

Language. The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette Convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. This provision supplements Section 13 of the Global RSU Award Agreement:

You hereby authorize the Company or any Affiliate, including the Employer, and any agents or representatives to (i) discuss with and obtain all relevant information from all personnel, professional or non-professional, involved in the administration and operation of the Plan, and (ii) disclose and discuss any and all information relevant to the Plan with their advisors. You further authorize the Company or any Affiliate, including the Employer, and any agents or representatives to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You are permitted to sell shares of Class A Common Stock acquired under the Plan through the designated broker appointed under the Plan, if any, provided the resale of shares of Class A Common Stock acquired under the Plan takes place outside Canada through the facilities of the exchange on which the shares of Class A Common Stock are then listed.

Foreign Asset/Account Reporting Information. Canadian residents are required to report any foreign specified property held outside Canada (including RSU Awards and shares of Class A Common Stock acquired under the Plan) annually on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds CAD 100,000 at any time during the year. Thus, if the CAD 100,000 cost threshold is exceeded by other foreign specified property held by the individual, RSU Awards must be reported (generally at a nil cost). For purposes of such reporting, shares of Class A Common Stock acquired under the Plan may be reported at their adjusted cost basis. The adjusted cost basis of a share is generally equal to the fair market value of such share at the time of acquisition; however, if you own other shares of Class A Common Stock (*e.g.*, acquired under other circumstances or at another time), the adjusted cost basis may have to be averaged with the adjusted cost bases of the other shares of Class A Common Stock. *You should consult with your personal legal advisor to ensure compliance with applicable reporting obligations.*

CZECH REPUBLIC

Notifications

Exchange Control Notification. You may be required to fulfill certain notification duties in relation to the Restricted Stock Units and the opening and maintenance of a foreign account, including reporting foreign financial assets with a value of CZK 200,000,000 or more. *You should consult your personal legal advisor to ensure compliance with the applicable requirements.*

DENMARK

Terms and Conditions

Stock Option Act. You acknowledge that you received the Employer Statement in Danish which sets forth additional terms of the Restricted Stock Units, to the extent the Danish Stock Option Act applies.

Notifications

Foreign Asset / Account Reporting Notification. If you establish an account holding cash or shares of Class A Common Stock outside Denmark, you must report the account to the Danish Tax Administration. The form may be obtained from a local bank.

FRANCE

Terms and Conditions

Language Consent. By accepting the RSU Award, you confirm having read and understood the documents related to the RSU Award (the Plan and the RSU Award Agreement) which were provided in the English language. You accept the terms of these documents accordingly.

Consentement à la Langue Utilisée. En acceptant l'attribution de droits sur des actions assujettis à restrictions (RSU Award, l' « Attribution de RSU »), vous confirmez avoir lu et compris les documents relatifs à l'attribution (le Plan et le Contrat d'Attribution de RSU) qui ont été remis en anglais. Vous acceptez les termes de ces documents en connaissance de cause.

Notifications

Tax Information. This RSU Award is not intended to qualify for specific tax and social security treatment applicable to awards granted under Section L. 225-197.1 to L. 225-197.6 of the French Commercial Code, as amended.

Foreign Asset/Account Reporting Information. If you hold cash or shares of Class A Common Stock outside of France or maintain a foreign bank or brokerage account (including accounts that were opened and closed during the tax year), you are required to report such assets and accounts to the French tax authorities on an annual basis on a specified form, together with your income tax return. Failure to complete this reporting can trigger significant penalties.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of EUR 12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). If you receive a payment in excess of EUR 12,500 in connection with the sale of shares of Class A Common Stock acquired under the Plan or the receipt of any cash dividends, the report must be filed electronically by the fifth day of the month following the month in which the payment was received. The form of report (*Allgemeines Meldeportal Statistik*) can be accessed via the Bundesbank's website (www.bundesbank.de) and is available in both German and English.

Foreign Asset/Account Reporting Information. German residents holding shares of Class A Common Stock must notify their local tax office of the acquisition of shares of Class A Common Stock when they file their returns for the relevant year if the value of the shares of Class A Common Stock exceeds EUR 150,000 or in the unlikely event that the resident holds shares of Class A Common Stock exceeding 10% of the Company's share capital.

INDIA

Notifications

Exchange Control Information. Indian residents are required to repatriate the proceeds from the sale of shares of Class A Common Stock to India within specified timeframes. You must retain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is your responsibility to comply with these requirements. Neither the Company nor the Employer will be liable for any fines or penalties resulting from your failure to comply with any Applicable Laws.

Foreign Asset/Account Reporting Information. Indian residents are required to declare any foreign bank accounts and any foreign financial assets (including shares of Class A Common Stock held outside of India) in their annual tax returns. You are responsible for complying with this reporting obligation and should confer with your personal tax advisor to determine your obligations in this regard.

IRELAND

There are no country-specific provisions.

ITALY

Terms and Conditions

Plan Document Acknowledgement. By accepting the Restricted Stock Units, you acknowledge that you have received a copy of the Plan, have reviewed the Plan and the RSU Award Agreement in their entirety and fully understand and accept all provisions of the Plan and the RSU Award Agreement.

You acknowledge that you have read and specifically and expressly approve the following sections of the Global RSU Award Agreement and this Appendix, including: (4) Withholding Obligations; (9) No Liability for Taxes; (10) Severability; (11) Waiver; (13) Data Privacy; (14) Language; (15) Venue; and the Italy country-specific Terms and Conditions of this Appendix.

Notifications

Foreign Asset/Account Reporting Information. If you are an Italian resident and, during any fiscal year, hold investments or financial assets outside of Italy (e.g., cash, shares of Class A Common Stock) which may generate income taxable in Italy (or if you are the beneficial owner of such an investment or asset even if you do not directly hold the investment or asset), you are required to report such investments or assets on your annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if you are not required to file a tax return).

Foreign Financial Assets Tax. The fair market value of any shares of Common Stock held outside of Italy is subject to a foreign assets tax. Financial assets include shares of Class A Common Stock acquired under the Plan. The taxable amount will be the fair market value of the financial assets assessed at the end of the calendar year. You should consult with your personal tax advisor about the foreign financial assets tax.

JAPAN

Notifications

Exchange Control Information. Japanese residents acquiring shares of Class A Common Stock valued at more than JPY 100,000,000 in a single transaction must file a Securities Acquisition Report with the Ministry of Finance (“**MOF**”) through the Bank of Japan within twenty (20) days of the acquisition of the shares.

Foreign Asset/Account Reporting Information. Japanese residents are required to report details of any assets held outside Japan as of December 31st (including shares of Class A Common Stock acquired under the Plan), to the extent such assets have a total net fair market value exceeding JPY 50,000,000. Such report is due by March 15th each year. *You should consult your personal legal advisor to ensure compliance with applicable reporting obligations.*

NETHERLANDS

There are no country-specific provisions.

NEW ZEALAND

Notifications

Securities Law Information.

Warning

This is an offer of rights to receive shares of Class A Common Stock underlying the Restricted Stock Units. Restricted Stock Units give you a stake in the ownership of the Company. You may receive a return if dividends are paid on the shares of Class A Common Stock. Shares of Class A Common Stock are quoted on the Nasdaq. This means you may be able to sell them on the Nasdaq if there are interested buyers. You may get less than invested. The price will depend on the demand for the shares of Class A Common Stock

If the Company runs into financial difficulties and is wound up, you will be paid only after all creditors and holders of preferred shares have been paid. You may lose some or all of your investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision.

The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

In compliance with applicable New Zealand securities laws, you are entitled to receive, in electronic or other form and free of cost, copies of the Company's latest annual report, relevant financial statements and the auditor's report on said financial statements (if any). You may obtain copies of such documents on written request to the Company at attn: General Counsel, Datadog, Inc., 620 8th Avenue, New York, New York 10018, United States of America. Filings made with the U.S. SEC also may be found at <http://www.sec.gov>. You are advised to ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

NORWAY

There are no country-specific provisions.

POLAND

Notifications

Exchange Control Information. Polish residents holding foreign securities (including shares of Class A Common Stock) abroad must report information to the National Bank of Poland on transactions and balances of the securities deposited in such accounts if the value of such transactions or balances (calculated individually or together with other assets or liabilities held abroad) exceeds PLN 7,000,000. If required, the reports are due on a quarterly basis. Polish residents are also required to transfer funds through a bank account or payment institution in Poland if the transferred amount in any single transaction exceeds a specified threshold (currently EUR 15,000, unless the transfer of funds is considered to be connected with the business activity of an entrepreneur, in which case a lower threshold may apply). Further, upon the request of a Polish bank, Polish residents are required to inform the bank about all foreign exchange transactions performed through such bank. In addition, Polish residents are required to store documents connected with any foreign exchange transaction for a period of 5 years from the end of the year in which such transaction was made. Penalties may apply for failure to comply with exchange control requirements.

ROMANIA

Notifications

Exchange Control Information. Any transfer of funds exceeding €15,000 (whether made through a single transfer or a series of transfers) must be reported to the National Office for Prevention and Control of Money Laundering on specific forms by the relevant bank or financial institution. If you deposit proceeds from the sale of Class A Common Stock in a bank account in Romania, you may have to provide the Romanian bank through which the operations are effected with the appropriate documenting regarding receipt of the funds. You should consult with your personal legal advisor to determine whether you will be required to submit such documentation to the Romanian bank.

SINGAPORE

Terms and Conditions

Restriction on Sale of Shares. Shares of Class A Common Stock acquired under the Plan prior to the six (6) month anniversary of the date of grant may not be sold or otherwise offered for sale in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”) or pursuant to, and in accordance with the conditions of, any other applicable provision(s) of the SFA.

Notifications

Securities Law Information. The RSU Award is being granted to you pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the SFA. The Plan has not been, nor will it be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

Chief Executive Officer and Director Notification Obligation. You acknowledge that if you are the Chief Executive Officer (“CEO”) a director, associate director or shadow director of a Singapore Subsidiary, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary in writing when you receive an interest (e.g., RSU Awards or shares of Class A Common Stock) in the Company or any Subsidiary within two business days of (i) its acquisition or disposal, (ii) any change in previously disclosed interest (e.g., when the shares of Class A Common Stock are sold), or (iii) becoming a CEO, director, associate director or shadow director.

SOUTH KOREA

Notifications

Foreign Asset/Account Reporting Information. Korean residents must declare all foreign financial accounts (e.g., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency). You should consult with your personal tax advisor to determine how to value your foreign accounts for purposes of this reporting requirement and whether you are required to file a report with respect to such accounts.

SPAIN

Terms and Conditions

Nature of Grant. The following provision supplements Section 6 of the Global RSU Award Agreement:

In accepting the RSU, you consent to participate in the Plan and acknowledge that the Plan was made available to you and that you read a copy of the Plan and you consent to the terms and conditions of the RSU Award Agreement and acknowledge having received and read a copy of the RSU Award Agreement.

You understand and agree that, as a condition of the RSU grant, your termination of employment for any reason (including for the reasons listed below) will automatically result in the forfeiture of the RSU and loss of the shares of Class A Common Stock that may have been granted to you and that have not vested as of the date of your termination of employment.

In particular, you understand and agree that the RSU will be forfeited without entitlement to the underlying shares of Class A Common Stock or to any amount as indemnification in the event of your termination of employment prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (i.e., subject to a “*despido improcedente*”), individual or collective layoff on objective grounds, adjudged or recognized to be with or without good cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute, Article 50 of the Workers’ Statute, unilateral withdrawal by the Company, and under Article 10.3 of Royal Decree 1382/1985.

Furthermore, you understand that the Company has unilaterally, gratuitously and discretionally decided to grant the Restricted Stock Units under the Plan to employees of the Company. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company on an ongoing basis. Consequently, you understand that the RSU is granted on the assumption and condition that the RSU and the shares of Class A Common Stock underlying the RSU shall not become a part of any employment or service contract with the RSU and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, you understand that the RSU would not be granted to you but for the assumptions and conditions referred to above; thus, you acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any RSU granted to you shall be null and void.

Notifications

Securities Law Information. The Restricted Stock Units described in the RSU Award Agreement do not qualify as a security under Spanish regulations. No “offer of securities to the public,” within the meaning of Spanish law, has taken place or will take place in the Spanish territory. The RSU Award Agreement and any other documents evidencing the Restricted Stock Units have not been, nor will they be, registered with the Comisión Nacional del Mercado de Valores (Spanish Securities Exchange Commission), and none of these documents constitutes a public offering prospectus.

Exchange Control Information. The acquisition, ownership and sale of shares of Class A Common Stock under the Plan must be declared for statistical purposes to the Spanish Dirección General de Comercio e Inversiones (the “DGCI”), the Bureau for Commerce and Investments, which is a department of the Ministry of Economy and Competitiveness. You also must declare ownership of any shares of Class A Common Stock as of December 31 of the prior year with the Directorate of Foreign Transactions each January. In addition, if the acquisition or sale of any shares of Class A Common Stock exceeds certain thresholds, it must be declared to the DGCI within 1 month after the sale.

When receiving foreign currency payments derived from the ownership of the Restricted Stock Units or shares of Class A Common Stock (i.e., sale proceeds), you must inform the financial institution receiving the payment of the basis upon which such payment is made if the payment exceeds €50,000. You will need to provide the following information: (i) your name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment and the currency used; (iv) the country of origin; (v) the reasons for the payment; and (vi) further information that may be required.

In addition, you may be required to declare electronically to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including the Restricted Stock Units or any shares of Class A Common Stock acquired under the Plan) and any transactions with non-Spanish residents (including any payments of shares of Class A Common Stock made to you by the Company) depending on the value of such accounts and instruments and the amount of the transactions during the relevant year as of December 31 of the relevant year.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Notifications

Securities Law Information. The RSU grant is not intended to be publicly offered in or from Switzerland. Because it is considered a private offering, it is not subject to securities registration in Switzerland. Neither this document nor any other materials relating to the Restricted Stock Units (i) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (ii) may be publicly distributed nor otherwise made publicly available in Switzerland or (iii) has been or will be filed with, approved or supervised by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

UNITED ARAB EMIRATES

Terms and Conditions

Nature of Grant. The following provision supplements Section 6 of the Global RSU Award Agreement:

You acknowledge that the Restricted Stock Units and related benefits do not constitute a component of your “wages” for any legal purpose. Therefore, the Restricted Stock Units and related benefits will not be included and/or considered for purposes of calculating any and all labor benefits, such as social insurance contributions and/or any other labor-related amounts which may be payable.

Notifications

Securities Law Notification. Restricted Stock Units are being offered only to eligible employees of the Company and are in the nature of providing equity incentives to employees in the United Arab Emirates. Any award agreement related to the RSU Award is intended for distribution only to such eligible employees and must not be delivered to, or relied on by, any other person. Prospective acquirers of the securities offered should conduct their own due diligence on the securities.

United Arab Emirates securities or financial/economic authorities have no responsibility for reviewing or verifying any award documentation and have not approved the award documentation nor taken steps to verify the information set out therein, and thus, are not responsible for the content.

You should, as a prospective stockholder, conduct your own due diligence on the securities. If you do not understand the contents of the award documentation, you should consult an authorized financial advisor.

UNITED KINGDOM

Terms and Conditions

Withholding Obligations. This provision supplements Section 4 of the Global RSU Award Agreement:

Without limitation to this Section 4, you hereby agree that you are liable for any Tax-Related Items related to your participation in the Plan and hereby covenants to pay such Tax-Related Items, as and when requested by the Company or (if different) the Employer or by Her Majesty’s Revenue & Customs (“**HMRC**”) (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and (if different) the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on your behalf.

Notwithstanding the indemnification provision in this Section 4, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the amount of any income tax due but not collected from or paid by you within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Withholding Obligation occurs may constitute an additional benefit to you on which additional income tax and National Insurance Contributions (“*NICs*”) may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to Her Majesty’s Revenue and Customs under the self-assessment regime and for reimbursing the Company and/or the Employer for the value of any employee *NICs* due on this additional benefit, which the Company and/or the Employer may recover at any time thereafter by any of the means referred to in this Agreement.

DATADOG, INC.

2019 EMPLOYEE STOCK PURCHASE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: SEPTEMBER 6, 2019

APPROVED BY THE STOCKHOLDERS: SEPTEMBER 6, 2019

IPO DATE: , 2019

1. GENERAL; PURPOSE.

(a) The Plan provides a means by which Eligible Employees of the Company and certain designated Related Corporations may be given an opportunity to purchase shares of Class A Common Stock. The Plan permits the Company to grant a series of Purchase Rights to Eligible Employees under an Employee Stock Purchase Plan. In addition, the Plan permits the Company to grant a series of Purchase Rights to Eligible Employees that do not meet the requirements of an Employee Stock Purchase Plan.

(b) The Plan includes two components: a 423 Component and a Non-423 Component. The Company intends (but makes no undertaking or representation to maintain) the 423 Component to qualify as an Employee Stock Purchase Plan. The provisions of the 423 Component, accordingly, will be construed in a manner that is consistent with the requirements of Section 423 of the Code. Except as otherwise provided in the Plan or determined by the Board, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

(c) The Company, by means of the Plan, seeks to retain the services of such Employees, to secure and retain the services of new Employees and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Related Corporations.

2. ADMINISTRATION.

(a) The Board or the Committee will administer the Plan. References herein to the Board shall be deemed to refer to the Committee except where context dictates otherwise.

(b) The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine how and when Purchase Rights will be granted and the provisions of each Offering (which need not be identical).

(ii) To designate from time to time (A) which Related Corporations of the Company will be eligible to participate in the Plan, (B) whether such Related Corporations will participate in the 423 Component or the Non-423 Component, and (C) to the extent that the Company makes separate Offerings under the 423 Component, in which Offering the Related Corporations in the 423 Component will participate.

(iii) To construe and interpret the Plan and Purchase Rights, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it deems necessary or expedient to make the Plan fully effective.

(iv) To settle all controversies regarding the Plan and Purchase Rights granted under the Plan.

(v) To suspend or terminate the Plan at any time as provided in Section 12.

(vi) To amend the Plan at any time as provided in Section 12.

(vii) Generally, to exercise such powers and to perform such acts as it deems necessary or expedient to promote the best interests of the Company and its Related Corporations and to carry out the intent that the Plan be treated as an Employee Stock Purchase Plan with respect to the 423 Component.

(viii) To adopt such rules, procedures and sub-plans as are necessary or appropriate to permit or facilitate participation in the Plan by Employees who are foreign nationals or employed or located outside the United States. Without limiting the generality of, and consistent with, the foregoing, the Board specifically is authorized to adopt rules, procedures, and sub-plans regarding, without limitation, eligibility to participate in the Plan, the definition of eligible “earnings,” handling and making of Contributions, establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of share issuances, any of which may vary according to applicable requirements, and which, if applicable to a Related Corporation designated for participation in the Non-423 Component, do not have to comply with the requirements of Section 423 of the Code.

(c) The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revert in the Board some or all of the powers previously delegated. Whether or not the Board has delegated administration of the Plan to a Committee, the Board will have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(d) All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES OF CLASS A COMMON STOCK SUBJECT TO THE PLAN.

(a) Subject to the provisions of Section 11(a) relating to Capitalization Adjustments, the maximum number of shares of Class A Common Stock that may be issued under the Plan will not exceed 6,725,000 shares of Class A Common Stock, plus the number of shares of Class A Common Stock that are automatically added on January 1st of each year for a period of up to ten years, commencing on the first January 1 following the year in which the IPO Date occurs and ending on (and including) January 1, 2029, in an amount equal to the lesser of (i) 1% of the total number of shares of Capital Stock outstanding on December 31st of the preceding calendar year, and (ii) 10,087,500 shares of Class A Common Stock. Notwithstanding the foregoing, the Board may act prior to the first day of any calendar year to provide that there will be no January 1st increase in the share reserve for such calendar year or that the increase in the share reserve for such calendar year will be a lesser number of shares of Class A Common Stock than would otherwise occur pursuant to the preceding sentence. For the avoidance of doubt, up to the

maximum number of shares of Class A Common Stock reserved under this Section 3(a) may be used to satisfy purchases of Class A Common Stock under the 423 Component and any remaining portion of such maximum number of shares may be used to satisfy purchases of Class A Common Stock under the Non-423 Component.

(b) If any Purchase Right granted under the Plan terminates without having been exercised in full, the shares of Class A Common Stock not purchased under such Purchase Right will again become available for issuance under the Plan.

(c) The stock purchasable under the Plan will be shares of authorized but unissued or reacquired Class A Common Stock, including shares repurchased by the Company on the open market.

4. GRANT OF PURCHASE RIGHTS; OFFERING.

(a) The Board may from time to time grant or provide for the grant of Purchase Rights to Eligible Employees under an Offering (consisting of one or more Purchase Periods) on an Offering Date or Offering Dates selected by the Board. Each Offering will be in such form and will contain such terms and conditions as the Board will deem appropriate, and, with respect to the 423 Component, will comply with the requirement of Section 423(b)(5) of the Code that all Employees granted Purchase Rights will have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering will include (through incorporation of the provisions of this Plan by reference in the document comprising the Offering or otherwise) the period during which the Offering will be effective, which period will not exceed 27 months beginning with the Offering Date, and the substance of the provisions contained in Sections 5 through 8, inclusive.

(b) If a Participant has more than one Purchase Right outstanding under the Plan, unless he or she otherwise indicates in forms delivered to the Company: (i) each form will apply to all of his or her Purchase Rights under the Plan, and (ii) a Purchase Right with a lower exercise price (or an earlier-granted Purchase Right, if different Purchase Rights have identical exercise prices) will be exercised to the fullest possible extent before a Purchase Right with a higher exercise price (or a later-granted Purchase Right if different Purchase Rights have identical exercise prices) will be exercised.

(c) The Board will have the discretion to structure an Offering so that if the Fair Market Value of a share of Class A Common Stock on the first Trading Day of a new Purchase Period within that Offering is less than or equal to the Fair Market Value of a share of Class A Common Stock on the Offering Date for that Offering, then (i) that Offering will terminate immediately as of that first Trading Day, and (ii) the Participants in such terminated Offering will be automatically enrolled in a new Offering beginning on the first Trading Day of such new Purchase Period.

5. ELIGIBILITY.

(a) Purchase Rights may be granted only to Employees of the Company or, as the Board may designate in accordance with Section 2(b), to Employees of a Related Corporation. Except as provided in Section 5(b) or as required by Applicable Law, an Employee will not be eligible to be granted Purchase Rights unless, on the Offering Date, the Employee has been in the employ of the Company or the Related Corporation, as the case may be, for such continuous period preceding such Offering Date as the Board may require, but in no event will the required period of continuous employment be equal to or greater than two years. In addition, the Board may (unless prohibited by law) provide that no Employee will be eligible to be granted Purchase Rights under the Plan unless, on the Offering Date, such Employee's customary employment with the Company or the Related Corporation is more than 20 hours per week and

more than five months per calendar year or such other criteria as the Board may determine consistent with Section 423 of the Code with respect to the 423 Component. The Board may also exclude from participation in the Plan or any Offering Employees who are “highly compensated employees” (within the meaning of Section 423(b)(4)(D) of the Code) of the Company or a Related Corporation or a subset of such highly compensated employees.

(b) The Board may provide that each person who, during the course of an Offering, first becomes an Eligible Employee will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an Eligible Employee or which occurs thereafter, receive a Purchase Right under that Offering, which Purchase Right will thereafter be deemed to be a part of that Offering. Such Purchase Right will have the same characteristics as any Purchase Rights originally granted under that Offering, as described herein, except that:

(i) the date on which such Purchase Right is granted will be the “Offering Date” of such Purchase Right for all purposes, including determination of the exercise price of such Purchase Right;

(ii) the period of the Offering with respect to such Purchase Right will begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board may provide that if such person first becomes an Eligible Employee within a specified period of time before the end of the Offering, he or she will not receive any Purchase Right under that Offering.

(c) No Employee will be eligible for the grant of any Purchase Rights if, immediately after any such Purchase Rights are granted, such Employee owns stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of any Related Corporation. For purposes of this Section 5(c), the rules of Section 424(d) of the Code will apply in determining the stock ownership of any Employee, and stock which such Employee may purchase under all outstanding Purchase Rights and options will be treated as stock owned by such Employee.

(d) As specified by Section 423(b)(8) of the Code, an Eligible Employee may be granted Purchase Rights only if such Purchase Rights, together with any other rights granted under all Employee Stock Purchase Plans of the Company and any Related Corporations, do not permit such Eligible Employee’s rights to purchase stock of the Company or any Related Corporation to accrue at a rate which, when aggregated, exceeds US \$25,000 of Fair Market Value of such stock (determined at the time such rights are granted, and which, with respect to the Plan, will be determined as of their respective Offering Dates) for each calendar year in which such rights are outstanding at any time.

(e) Officers of the Company and any designated Related Corporation, if they are otherwise Eligible Employees, will be eligible to participate in Offerings under the Plan. Notwithstanding the foregoing, the Board may (unless prohibited by law) provide in an Offering that Employees who are highly compensated Employees within the meaning of Section 423(b)(4)(D) of the Code will not be eligible to participate.

(f) Notwithstanding anything in this Section 5 to the contrary, in the case of an Offering under the Non-423 Component, an Eligible Employee (or group of Eligible Employees) may be excluded from participation in the Plan or an Offering if the Board has determined, in its sole discretion, that participation of such Eligible Employee(s) is not advisable or practical for any reason.

6. PURCHASE RIGHTS; PURCHASE PRICE.

(a) On each Offering Date, each Eligible Employee, pursuant to an Offering made under the Plan, will be granted a Purchase Right to purchase up to that number of shares of Class A Common Stock purchasable either with a percentage or with a maximum dollar amount, as designated by the Board, but in either case not exceeding 15% of such Employee's earnings (as defined by the Board in each Offering) during the period that begins on the Offering Date (or such later date as the Board determines for a particular Offering) and ends on the date stated in the Offering, which date will be no later than the end of the Offering.

(b) The Board will establish one or more Purchase Dates during an Offering on which Purchase Rights granted for that Offering will be exercised and shares of Class A Common Stock will be purchased in accordance with such Offering.

(c) In connection with each Offering made under the Plan, the Board may specify (i) a maximum number of shares of Class A Common Stock that may be purchased by any Participant on any Purchase Date during such Offering, (ii) a maximum aggregate number of shares of Class A Common Stock that may be purchased by all Participants pursuant to such Offering and/or (iii) a maximum aggregate number of shares of Class A Common Stock that may be purchased by all Participants on any Purchase Date under the Offering. If the aggregate purchase of shares of Class A Common Stock issuable upon exercise of Purchase Rights granted under the Offering would exceed any such maximum aggregate number, then, in the absence of any Board action otherwise, a pro rata (based on each Participant's accumulated Contributions) allocation of the shares of Class A Common Stock (rounded down to the nearest whole share) available will be made in as nearly a uniform manner as will be practicable and equitable.

(d) The purchase price of shares of Class A Common Stock acquired pursuant to Purchase Rights will be not less than the lesser of:

- (i) an amount equal to 85% of the Fair Market Value of the shares of Class A Common Stock on the Offering Date; or
- (ii) an amount equal to 85% of the Fair Market Value of the shares of Class A Common Stock on the applicable Purchase Date.

7. PARTICIPATION; WITHDRAWAL; TERMINATION.

(a) An Eligible Employee may elect to participate in an Offering and authorize payroll deductions as the means of making Contributions by completing and delivering to the Company, within the time specified in the Offering, an enrollment form provided by the Company. The enrollment form will specify the amount of Contributions not to exceed the maximum amount specified by the Board. Each Participant's Contributions will be credited to a bookkeeping account for such Participant under the Plan and will be deposited with the general funds of the Company except where Applicable Law requires that Contributions be deposited with a third party. If permitted in the Offering, a Participant may begin such Contributions with the first payroll occurring on or after the Offering Date (or, in the case of a payroll date that occurs after the end of the prior Offering but before the Offering Date of the next new Offering, Contributions from such payroll will be included in the new Offering). If permitted in the Offering, a Participant may thereafter reduce (including to zero) or increase his or her Contributions. If required under Applicable Law or if specifically provided in the Offering, in addition to or instead of making Contributions by payroll deductions, a Participant may make Contributions through the payment by cash, check or wire transfer prior to a Purchase Date.

(b) During an Offering, a Participant may cease making Contributions and withdraw from the Offering by delivering to the Company a withdrawal form provided by the Company. The Company may impose a deadline before a Purchase Date for withdrawing. Upon such withdrawal, such Participant's Purchase Right in that Offering will immediately terminate and the Company will distribute as soon as practicable to such Participant all of his or her accumulated but unused Contributions and such Participant's Purchase Right in that Offering shall thereupon terminate. A Participant's withdrawal from that Offering will have no effect upon his or her eligibility to participate in any other Offerings under the Plan, but such Participant will be required to deliver a new enrollment form to participate in subsequent Offerings.

(c) Unless otherwise required by Applicable Law, Purchase Rights granted pursuant to any Offering under the Plan will terminate immediately if the Participant either (i) is no longer an Employee for any reason or for no reason (subject to any post-employment participation period required by law) or (ii) is otherwise no longer eligible to participate. The Company will distribute as soon as practicable to such individual all of his or her accumulated but unused Contributions.

(d) Unless otherwise determined by the Board, a Participant whose employment transfers or whose employment terminates with an immediate rehire (with no break in service) by or between the Company and a Related Corporation that has been designated for participation in the Plan will not be treated as having terminated employment for purposes of participating in the Plan or an Offering; however, if a Participant transfers from an Offering under the 423 Component to an Offering under the Non-423 Component, the exercise of the Participant's Purchase Right will be qualified under the 423 Component only to the extent such exercise complies with Section 423 of the Code. If a Participant transfers from an Offering under the Non-423 Component to an Offering under the 423 Component, the exercise of the Purchase Right will remain non-qualified under the Non-423 Component. The Board may establish different and additional rules governing transfers between separate Offerings within the 423 Component and between Offerings under the 423 Component and Offerings under the Non-423 Component.

(e) During a Participant's lifetime, Purchase Rights will be exercisable only by such Participant. Purchase Rights are not transferable by a Participant, except by will, by the laws of descent and distribution, or, if permitted by the Company, by a beneficiary designation as described in Section 10.

(f) Unless otherwise specified in the Offering or as required by Applicable Law, the Company will have no obligation to pay interest on Contributions.

8. EXERCISE OF PURCHASE RIGHTS.

(a) On each Purchase Date, each Participant's accumulated Contributions will be applied to the purchase of shares of Class A Common Stock, up to the maximum number of shares of Class A Common Stock permitted by the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional shares will be issued unless specifically provided for in the Offering.

(b) Unless otherwise provided in the Offering, if any amount of accumulated Contributions remains in a Participant's account after the purchase of shares of Class A Common Stock on the final Purchase Date of an Offering, then such remaining amount will not roll over to the next Offering and will instead be distributed in full to such Participant after the final Purchase Date of such Offering without interest (unless otherwise required by Applicable Law).

(c) No Purchase Rights may be exercised to any extent unless the shares of Class A Common Stock to be issued upon such exercise under the Plan are covered by an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable U.S. federal and state, foreign and other securities, exchange control and other laws applicable to the Plan. If on a Purchase Date the shares of Class A Common Stock are not so registered or the Plan is not in such compliance, no Purchase Rights will be exercised on such Purchase Date, and the Purchase Date will be delayed until the shares of Class A Common Stock are subject to such an effective registration statement and the Plan is in material compliance, except that the Purchase Date will in no event be more than 27 months from the Offering Date. If, on the Purchase Date, as delayed to the maximum extent permissible, the shares of Class A Common Stock are not registered and the Plan is not in material compliance with all Applicable Laws, as determined by the Company in its sole discretion, no Purchase Rights will be exercised and all accumulated but unused Contributions will be distributed to the Participants without interest (unless the payment of interest is otherwise required by Applicable Law).

9. COVENANTS OF THE COMPANY.

The Company will seek to obtain from each U.S. federal or state, foreign or other regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Purchase Rights and issue and sell shares of Class A Common Stock thereunder unless the Company determines, in its sole discretion, that doing so would cause the Company to incur costs that are unreasonable. If, after commercially reasonable efforts, the Company is unable to obtain the authority that counsel for the Company deems necessary for the grant of Purchase Rights or the lawful issuance and sale of Class A Common Stock under the Plan, and at a commercially reasonable cost, the Company will be relieved from any liability for failure to grant Purchase Rights and/or to issue and sell Class A Common Stock upon exercise of such Purchase Rights.

10. DESIGNATION OF BENEFICIARY.

(a) The Company may, but is not obligated to, permit a Participant to submit a form designating a beneficiary who will receive any shares of Class A Common Stock and/or Contributions from the Participant's account under the Plan if the Participant dies before such shares and/or Contributions are delivered to the Participant. The Company may, but is not obligated to, permit the Participant to change such designation of beneficiary. Any such designation and/or change must be on a form approved by the Company.

(b) If a Participant dies, and in the absence of a valid beneficiary designation, the Company will deliver any shares of Class A Common Stock and/or Contributions to the executor or administrator of the estate of the Participant. If no executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such shares of Class A Common Stock and/or Contributions, without interest (unless the payment of interest is otherwise required by Applicable Law), to the Participant's spouse, dependents or relatives, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

11. ADJUSTMENTS UPON CHANGES IN CLASS A COMMON STOCK; CORPORATE TRANSACTIONS.

(a) In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities by which the share reserve is to increase automatically each year pursuant to Section 3(a), (iii) the class(es) and number of securities subject to, and the purchase price applicable to outstanding Offerings and Purchase Rights, and (iv) the class(es) and number of securities that are the subject of the purchase limits under each ongoing Offering. The Board will make these adjustments, and its determination will be final, binding and conclusive.

(b) In the event of a Corporate Transaction, then: (i) any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue outstanding Purchase Rights or may substitute similar rights (including a right to acquire the same consideration paid to the stockholders in the Corporate Transaction) for outstanding Purchase Rights, or (ii) if any surviving or acquiring corporation (or its parent company) does not assume or continue such Purchase Rights or does not substitute similar rights for such Purchase Rights, then the Participants' accumulated Contributions will be used to purchase shares of Class A Common Stock (rounded down to the nearest whole share) within ten business days prior to the Corporate Transaction under the outstanding Purchase Rights, and the Purchase Rights will terminate immediately after such purchase.

12. AMENDMENT, TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board may amend the Plan at any time in any respect the Board deems necessary or advisable. However, except as provided in Section 11(a) relating to Capitalization Adjustments, stockholder approval will be required for any amendment of the Plan for which stockholder approval is required by Applicable Law.

(b) The Board may suspend or terminate the Plan at any time. No Purchase Rights may be granted under the Plan while the Plan is suspended or after it is terminated.

Any benefits, privileges, entitlements and obligations under any outstanding Purchase Rights granted before an amendment, suspension or termination of the Plan will not be materially impaired by any such amendment, suspension or termination except (i) with the consent of the person to whom such Purchase Rights were granted, (ii) as necessary to comply with any laws, listing requirements, or governmental regulations (including, without limitation, the provisions of Section 423 of the Code and the regulations and other interpretive guidance issued thereunder relating to Employee Stock Purchase Plans) including without limitation any such regulations or other guidance that may be issued or amended after the date the Plan is adopted by the Board, or (iii) as necessary to obtain or maintain favorable tax, listing, or regulatory treatment. To be clear, the Board may amend outstanding Purchase Rights without a Participant's consent if such amendment is necessary to ensure that the Purchase Right and/or the Plan complies with the requirements of Section 423 of the Code with respect to the 423 Component or with respect to other Applicable Laws. Notwithstanding anything in the Plan or any Offering Document to the contrary, the Board will be entitled to: (i) establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars; (ii) permit Contributions in excess of the amount designated by a Participant in order to adjust for mistakes in the Company's processing of properly completed Contribution elections; (iii) establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Class A Common Stock for each Participant properly correspond with amounts withheld from the Participant's Contributions; (iv) amend any outstanding Purchase Rights or clarify any ambiguities regarding the terms of any Offering to enable the Purchase Rights to qualify under and/or comply with Section 423 of the Code with respect to the 423 Component; and (v) establish other limitations or procedures as the Board determines in its sole discretion advisable that are consistent with the Plan. The actions of the Board pursuant to this paragraph will not be considered to alter or impair any Purchase Rights granted under an Offering as they are part of the initial terms of each Offering and the Purchase Rights granted under each Offering.

13. TAX QUALIFICATION; TAX WITHHOLDING.

(a) Although the Company may endeavor to (i) qualify a Purchase Right for special tax treatment under the laws of the United States or jurisdictions outside of the United States or (ii) avoid adverse tax treatment, the Company makes no representation to that effect and expressly disavows any covenant to maintain special or to avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan. The Company will be unconstrained in its corporate activities without regard to the potential negative tax impact on Participants.

(b) Each Participant will make arrangements, satisfactory to the Company and any applicable Related Corporation, to enable the Company or the Related Corporation to fulfill any withholding obligation for Tax-Related Items. Without limitation to the foregoing, in the Company's sole discretion and subject to Applicable Law, such withholding obligation may be satisfied in whole or in part by (i) withholding from the Participant's salary or any other cash payment due to the Participant from the Company or a Related Corporation; (ii) withholding from the proceeds of the sale of shares of Class A Common Stock acquired under the Plan, either through a voluntary sale or a mandatory sale arranged by the Company; or (iii) any other method deemed acceptable by the Board.

14. EFFECTIVE DATE OF PLAN.

The Plan will become effective immediately prior to and contingent upon the IPO Date. No Purchase Rights will be exercised unless and until the Plan has been approved by the stockholders of the Company, which approval must be within 12 months before or after the date the Plan is adopted (or if required under Section 12(a) above, materially amended) by the Board.

15. MISCELLANEOUS PROVISIONS.

(a) Proceeds from the sale of shares of Class A Common Stock pursuant to Purchase Rights will constitute general funds of the Company.

(b) A Participant will not be deemed to be the holder of, or to have any of the rights of a holder with respect to, shares of Class A Common Stock subject to Purchase Rights unless and until the Participant's shares of Class A Common Stock acquired upon exercise of Purchase Rights are recorded in the books of the Company (or its transfer agent).

(c) The Plan and Offering do not constitute an employment contract. Nothing in the Plan or in the Offering will in any way alter the at will nature of a Participant's employment, if applicable, or be deemed to create in any way whatsoever any obligation on the part of any Participant to continue in the employ of the Company or a Related Corporation, or on the part of the Company or a Related Corporation to continue the employment of a Participant.

(d) The provisions of the Plan will be governed by the laws of the State of Delaware without resort to that state's conflicts of laws rules.

(e) If any particular provision of the Plan is found to be invalid or otherwise unenforceable, such provision will not affect the other provisions of the Plan, but the Plan will be construed in all respects as if such invalid provision were omitted.

(f) If any provision of the Plan does not comply with Applicable Law, such provision shall be construed in such a manner as to comply with Applicable Law.

16. DEFINITIONS.

As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

- (a) **“423 Component”** means the part of the Plan, which excludes the Non-423 Component, pursuant to which Purchase Rights that satisfy the requirements for an Employee Stock Purchase Plan may be granted to Eligible Employees.
- (b) **“Applicable Law”** means shall mean any applicable securities, federal, state, foreign, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (or under the authority of the NASDAQ Stock Market or the Financial Industry Regulatory Authority).
- (c) **“Board”** means the Board of Directors of the Company.
- (d) **“Capital Stock”** means the Class A Common Stock and the Class B Common Stock.
- (e) **“Capitalization Adjustment”** means any change that is made in, or other events that occur with respect to, the Class A Common Stock subject to the Plan or subject to any Purchase Right after the date the Plan is adopted by the Board without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other similar equity restructuring transaction, as that term is used in Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.
- (f) **“Class A Common Stock”** means the Class A common stock of the Company.
- (g) **“Class B Common Stock”** means the Class B common stock of the Company.
- (h) **“Code”** means the U.S. Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.
- (i) **“Committee”** means a committee of one or more members of the Board to whom authority has been delegated by the Board in accordance with Section 2(c).
- (j) **“Company”** means Datadog, Inc., a Delaware corporation.
- (k) **“Contributions”** means the payroll deductions and other additional payments specifically provided for in the Offering that a Participant contributes to fund the exercise of a Purchase Right. A Participant may make additional payments into his or her account if specifically provided for in the Offering, and then only if the Participant has not already had the maximum permitted amount withheld during the Offering through payroll deductions.
- (l) **“Corporate Transaction”** means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:
- (i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its subsidiaries;
 - (ii) a sale or other disposition of more than 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Capital Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(m) “**Director**” means a member of the Board.

(n) “**Eligible Employee**” means an Employee who meets the requirements set forth in the document(s) governing the Offering for eligibility to participate in the Offering, provided that such Employee also meets the requirements for eligibility to participate set forth in the Plan.

(o) “**Employee**” means any person, including an Officer or Director, who is “employed” for purposes of Section 423(b)(4) of the Code by the Company or a Related Corporation. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(p) “**Employee Stock Purchase Plan**” means a plan that grants Purchase Rights intended to be options issued under an “employee stock purchase plan,” as that term is defined in Section 423(b) of the Code.

(q) “**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

(r) “**Fair Market Value**” means, as of any date, the value of the Class A Common Stock determined as follows:

(i) If the Class A Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Class A Common Stock will be the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Class A Common Stock) on the date of determination, as reported in such source as the Board deems reliable. Unless otherwise provided by the Board, if there is no closing sales price for the Class A Common Stock on the date of determination, then the Fair Market Value will be the closing sales price on the last preceding date for which such quotation exists.

(ii) In the absence of such markets for the Class A Common Stock, the Fair Market Value will be determined by the Board in good faith in compliance with Applicable Laws and regulations and in a manner that complies with Sections 409A of the Code

(iii) Notwithstanding the foregoing, for any Offering that commences on the IPO Date, the Fair Market Value of the shares of Class A Common Stock on the Offering Date will be the price per share at which shares are first sold to the public in the Company’s initial public offering as specified in the final prospectus for that initial public offering.

(s) “**Governmental Body**” means any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or regulatory body, or quasi-governmental body of any nature (including any governmental division, department, administrative agency or bureau, commission, authority, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or entity and any court or other tribunal, and for the avoidance of doubt, any tax authority) or other body exercising similar powers or authority; or (d) self-regulatory organization (including the NASDAQ Stock Market and the Financial Industry Regulatory Authority).

(t) “**IPO Date**” means the date of the underwriting agreement between the Company and the underwriters managing the initial public offering of the Class A Common Stock, pursuant to which the Class A Common Stock is priced for the initial public offering.

(u) “**Non-423 Component**” means the part of the Plan, which excludes the 423 Component, pursuant to which Purchase Rights that are not intended to satisfy the requirements for an Employee Stock Purchase Plan may be granted to Eligible Employees.

(v) “**Offering**” means the grant to Eligible Employees of Purchase Rights, with the exercise of those Purchase Rights automatically occurring at the end of one or more Purchase Periods. The terms and conditions of an Offering will generally be set forth in the “**Offering Document**” approved by the Board for that Offering.

(w) “**Offering Date**” means a date selected by the Board for an Offering to commence.

(x) “**Officer**” means a person who is an officer of the Company or a Related Corporation within the meaning of Section 16 of the Exchange Act.

(y) “**Participant**” means an Eligible Employee who holds an outstanding Purchase Right.

(z) “**Plan**” means this Datadog, Inc. 2019 Employee Stock Purchase Plan, as amended from time to time, including both the 423 Component and the Non-423 Component.

(aa) “**Purchase Date**” means one or more dates during an Offering selected by the Board on which Purchase Rights will be exercised and on which purchases of shares of Class A Common Stock will be carried out in accordance with such Offering.

(bb) “**Purchase Period**” means a period of time specified within an Offering, generally beginning on the Offering Date or on the first Trading Day following a Purchase Date, and ending on a Purchase Date. An Offering may consist of one or more Purchase Periods.

(cc) “**Purchase Right**” means an option to purchase shares of Class A Common Stock granted pursuant to the Plan.

(dd) “**Related Corporation**” means any “parent corporation” or “subsidiary corporation” of the Company whether now or subsequently established, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(ee) “**Securities Act**” means the U.S. Securities Act of 1933, as amended.

(ff) “**Tax-Related Items**” means any income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items arising out of or in relation to a Participant’s participation in the Plan, including, but not limited to, the exercise of a Purchase Right and the receipt of shares of Class A Common Stock or the sale or other disposition of shares of Class A Common Stock acquired under the Plan.

(gg) “Trading Day” means any day on which the exchange(s) or market(s) on which shares of Class A Common Stock are listed, including but not limited to the NYSE, Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market or any successors thereto, is open for trading.

DATADOG, INC.

INDEMNIFICATION AGREEMENT

This **INDEMNIFICATION AGREEMENT** (this “**Agreement**”) is dated as of _____, 20____ and is between Datadog, Inc., a Delaware corporation (the “**Company**”), and _____ (“**Indemnitee**”).

RECITALS

- A.** Indemnitee’s service to the Company substantially benefits the Company.
- B.** Individuals are reluctant to serve as directors or officers of corporations or in certain other capacities unless they are provided with adequate protection through insurance or indemnification against the risks of claims and actions against them arising out of such service.
- C.** Indemnitee does not regard the protection currently provided by applicable law, the Company’s governing documents and any insurance as adequate under the present circumstances, and Indemnitee may not be willing to serve as a director or officer without additional protection.
- D.** In order to induce Indemnitee to continue to provide services to the Company, it is reasonable, prudent and necessary for the Company to contractually obligate itself to indemnify, and to advance expenses on behalf of, Indemnitee as permitted by applicable law.
- E.** This Agreement is a supplement to and in furtherance of the indemnification provided in the Company’s certificate of incorporation and bylaws, and any resolutions adopted pursuant thereto, and this Agreement shall not be deemed a substitute therefor, nor shall this Agreement be deemed to limit, diminish or abrogate any rights of Indemnitee thereunder.

AGREEMENT

The parties agree as follows:

1. Definitions.

(a) “**Beneficial Owner**” shall have the meaning given to such term in Rule 13d-3 under the Securities Exchange Act of 1934, as amended; provided, however, that “Beneficial Owner” shall exclude any Person otherwise becoming a Beneficial Owner solely by reason of (i) the stockholders of the Company approving a merger of the Company with another Person, or entering into tender or support agreements relating thereto, provided such merger was approved by the Company’s board of directors, or (ii) the Company’s board of directors approving a sale of securities by the Company to such Person.

(b) A “**Change in Control**” shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) *Acquisition of Stock by Third Party.* Any Person (as defined below) becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company’s then outstanding securities;

(ii) *Change in Board Composition.* During any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constituted the Company's board of directors and any Approved Directors cease for any reason to constitute a majority of the members of the Company's board of directors. "**Approved Directors**" means new directors whose election or nomination by the board of directors was approved by a vote of at least two thirds of the directors then still in office who either were directors at the beginning of such two-year period or whose election or nomination for election was previously so approved; or

(iii) *Corporate Transactions.* The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect a majority of the board of directors or other governing body of such surviving entity.

(c) "**Corporate Status**" describes the status of a person who is or was a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise.

(d) "**DGCL**" means the General Corporation Law of the State of Delaware.

(e) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(f) "**Enterprise**" means the Company and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary.

(g) "**Expenses**" include all reasonably and actually incurred attorneys' fees, retainers, court costs, transcript costs, fees and costs of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond or other appeal bond or their equivalent, and (ii) for purposes of Section 10(d), Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(h) "**Independent Counsel**" means a law firm, or a partner or member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Company, any Enterprise or Indemnitee in any matter material to any such party (other than as Independent Counsel with respect to matters concerning Indemnitee under this Agreement, or other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term Independent Counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(i) “**Person**” shall have the meaning used for such term in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(j) “**Proceeding**” means any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, whether formal or informal, including any appeal therefrom and including without limitation any such Proceeding pending as of the date of this Agreement, in which Indemnitee was, is or will be involved as a party, a potential party, a non-party witness or otherwise by reason of (i) the fact that Indemnitee is or was a director or officer of the Company, (ii) any action taken by Indemnitee or any action or inaction on Indemnitee’s part while acting as a director or officer of the Company, or (iii) the fact that he or she is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification or advancement of expenses can be provided under this Agreement.

(k) “**to the fullest extent permitted by applicable law**” means to the fullest extent permitted by all applicable laws, including without limitation: (i) the fullest extent permitted by DGCL as of the date of this Agreement and (ii) the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(l) In connection with any Proceeding relating to an employee benefit plan: references to “**fin**es” shall include any excise taxes assessed on a person with respect to any employee benefit plan; references to “**serv**ing at the request of the Company” shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “**not opposed to the best interests of the Company**” as referred to in this Agreement.

2. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 2 if Indemnitee is, or is threatened to be made, a party to or witness or other participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 2, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

3. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a witness or other participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest

extent permitted by applicable law against all Expenses incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged by a court of competent jurisdiction to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court of Chancery or such other court shall deem proper.

4. Indemnification for Expenses of a Party Who is wholly or partly Successful. To the extent that Indemnitee is a party to, and is successful (on the merits or otherwise) in defense of, any Proceeding or any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses incurred by Indemnitee or on Indemnitee's behalf in connection therewith. For purposes of this Section 4, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

5. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any Proceeding (or any part of any Proceeding):

(a) for which payment has actually been made to or on behalf of Indemnitee under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;

(b) for an accounting or disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of federal, state or local statutory law or common law, if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(c) for any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Securities Exchange Act of 1934, as amended (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act), if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(d) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees, agents or other indemnitees, unless (i) the Company's board of directors authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (iii) otherwise authorized in Section 10(d) or (iv) otherwise required by applicable law; provided, for the avoidance of doubt, Indemnitee shall not be deemed for purposes of this paragraph, to have initiated any Proceeding (or any part of a Proceeding) by reason of (i) having asserted any affirmative defenses in connection with a claim not initiated by Indemnitee or (ii) having made any counterclaim (whether permissive or mandatory) in connection with any claim not initiated by Indemnitee; or

(e) if prohibited by the DGCL or other applicable law.

6. Advances of Expenses. The Company shall advance the Expenses incurred by Indemnitee in connection with any Proceeding prior to its final disposition, and such advancement shall be made as soon as reasonably practicable, but in any event no later than 30 days, after the receipt by the Company of a written statement or statements requesting such advances from time to time (which shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditure made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice). Advances shall be unsecured and interest free and made without regard to Indemnitee's ability to repay such advances. Indemnitee hereby undertakes to repay any advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, *except*, with respect to advances of expenses made pursuant to Section 10(c), in which case Indemnitee makes the undertaking provided in Section 10(c). This Section 6 shall not apply to the extent advancement is prohibited by law and shall not apply to any Proceeding (or any part of any Proceeding) for which indemnity is not permitted under this Agreement, but shall apply to any Proceeding (or any part of any Proceeding) referenced in Section 5(b) or 5(c) prior to a determination that Indemnitee is not entitled to be indemnified by the Company.

7. Procedures for Notification and Defense of Claim.

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses as soon as reasonably practicable following the receipt by Indemnitee of notice thereof. The written notification to the Company shall include, in reasonable detail, a description of the nature of the Proceeding and the facts underlying the Proceeding. The failure by Indemnitee to notify the Company will not relieve the Company from any liability that it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights, except to the extent that such failure or delay materially prejudices the Company.

(b) If, at the time of the receipt of a notice of a Proceeding pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect that may be applicable to the Proceeding, the Company shall give prompt notice of the commencement of the Proceeding to the insurers in accordance with the procedures set forth in the applicable policies. The Company shall thereafter take all commercially reasonable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event the Company may be obligated to make any indemnity in connection with a Proceeding, the Company shall be entitled to assume the defense of such Proceeding with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, conditioned or delayed, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee for any fees or expenses of counsel subsequently incurred by Indemnitee with respect to the same Proceeding. Notwithstanding the Company's assumption of the defense of any such Proceeding, the Company shall be obligated to pay the fees and expenses of Indemnitee's separate counsel to the extent (i) the employment of separate counsel by Indemnitee is authorized by the Company, (ii) counsel for the Company shall have reasonably concluded that there is a conflict of interest between the Company and Indemnitee in the conduct of any such defense such that Indemnitee needs to be separately represented, (iii) the Company is not financially or legally able to perform its indemnification obligations, or (iv) the Company shall not have retained, or shall not continue to retain, counsel to defend such Proceeding. Regardless of any provision in this Agreement, Indemnitee shall have the right to employ counsel in any Proceeding at Indemnitee's personal expense. The Company shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Company.

(d) Indemnitee shall give the Company such information and cooperation in connection with the Proceeding as may be reasonably appropriate.

(e) The Company shall not be liable to indemnify Indemnitee for any settlement of any Proceeding (or any part thereof) effected without the Company's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in a settlement to which the Company has given its prior written consent, such settlement shall be treated as a success on the merits in the settled action, suit or proceeding.

(f) The Company shall not settle any Proceeding (or any part thereof) in a manner that imposes any penalty or liability on Indemnitee not paid by the Company without Indemnitee's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

8. Procedures upon Application for Indemnification.

(a) To obtain indemnification, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and as is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Proceeding. Any delay in providing the request will not relieve the Company from its obligations under this Agreement, except to the extent such failure is prejudicial.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 8(a), a determination with respect to Indemnitee's entitlement thereto shall be made as follows, provided that a Change in Control shall not have occurred: (i) by a majority vote of the Disinterested Directors, even though less than a quorum of the Company's board of directors; (ii) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Company's board of directors; (iii) if there are no such Disinterested Directors or, if a majority of Disinterested Directors so direct, by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee; or (iv) if so directed by the Company's board of directors, by the stockholders of the Company. If a Change in Control shall have occurred, a determination with respect to Indemnitee's entitlement to indemnification shall be made by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee. If it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company, to the extent permitted by applicable law.

(c) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 8(b), the Independent Counsel shall be selected as provided in this Section 8(c). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Company's board of directors, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that

such selection be made by the Company's board of directors, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after the later of (i) submission by Indemnitee of a written request for indemnification pursuant to Section 8(a) and (ii) the final disposition of the Proceeding, the parties have not agreed upon an Independent Counsel, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection that shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 8(b). Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 10(a), the Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) The Company shall pay the reasonable fees and expenses of any Independent Counsel and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

9. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption by clear and convincing evidence.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(c) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith to the extent Indemnitee relied in good faith on (i) the records or books of account of the Enterprise, including financial statements, (ii) information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, (iii) the advice of legal counsel for the Enterprise or its board of directors or counsel selected by any committee of the board of directors or (iv) information or records given or reports made to the Enterprise by an independent certified public accountant, an appraiser, investment banker or other expert selected with reasonable care by the Enterprise or its board of directors or any committee of the board of directors. The provisions of this Section 11(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) Neither the knowledge, actions nor failure to act of any other director, officer, agent or employee of the Enterprise shall be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

10. Remedies of Indemnitee.

(a) Subject to Section 10(e), in the event that (i) a determination is made pursuant to Section 9 that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 6 or 10(d), (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 8 within 30 days after the later of the receipt by the Company of the request for indemnification or the final disposition of the Proceeding, (iv) payment of indemnification pursuant to this Agreement is not made (A) within ten days after a determination has been made that Indemnitee is entitled to indemnification or (B) with respect to indemnification pursuant to Sections 4, 5 and 10(d), within 30 days after receipt by the Company of a written request therefor, or (v) the Company or any other person or entity takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration with respect to his or her entitlement to such indemnification or advancement of Expenses, to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 12 months following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 10(a); *provided, however*, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his or her rights under Section 4. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration in accordance with this Agreement.

(b) Neither (i) the failure of the Company, its board of directors, any committee or subgroup of the board of directors, Independent Counsel or stockholders to have made a determination that indemnification of Indemnitee is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor (ii) an actual determination by the Company, its board of directors, any committee or subgroup of the board of directors, Independent Counsel or stockholders that Indemnitee has not met the applicable standard of conduct, shall create a presumption that Indemnitee has or has not met the applicable standard of conduct. In the event that a determination shall have been made pursuant to Section 8 that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 10 shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits, and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 10, the Company shall, to the fullest extent not prohibited by law, have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the burden of proof shall be by clear and convincing evidence.

(c) To the fullest extent not prohibited by law, the Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 10 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. If a determination shall have been made pursuant to Section 10 that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or

arbitration commenced pursuant to this Section 10, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statements not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) To the extent not prohibited by law, the Company shall indemnify Indemnitee against all Expenses incurred by Indemnitee in connection with any action for indemnification or advancement of Expenses from the Company under this Agreement, any other agreement, the Company's certificate of incorporation or bylaws or under any directors' and officers' liability insurance policies maintained by the Company to the extent Indemnitee is successful in such action, and, if requested by Indemnitee, shall (as soon as reasonably practicable, but in any event no later than 30 days, after receipt by the Company of a written request therefor) advance such Expenses to Indemnitee, subject to the provisions of Section 6. Indemnitee hereby undertakes to repay such advances to the extent the Indemnitee is ultimately unsuccessful in such action or arbitration.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification shall be required to be made prior to the final disposition of the Proceeding.

11. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amounts incurred by Indemnitee, whether for Expenses, judgments, fines or amounts paid or to be paid in settlement, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the events and transactions giving rise to such Proceeding; and (ii) the relative fault of Indemnitee and the Company (and its other directors, officers, employees and agents) in connection with such events and transactions.

12. Non-exclusivity. The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Company's certificate of incorporation or bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's certificate of incorporation and bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change, subject to the restrictions expressly set forth herein or therein. Except as expressly set forth herein, no right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. Except as expressly set forth herein, the assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

13. Primary Responsibility. The Company acknowledges that to the extent Indemnitee is serving as a director on the Company's board of directors at the request or direction of a private equity or venture capital fund or other entity and/or certain of its affiliates (collectively, the "**Secondary Indemnitors**"), Indemnitee may have certain rights to indemnification and advancement of expenses provided by such Secondary Indemnitors. The Company agrees that, as between the Company and the Secondary Indemnitors, the Company is primarily responsible for amounts required to be indemnified or advanced under the Company's certificate of incorporation or bylaws or this Agreement and any obligation of the Secondary Indemnitors to provide indemnification or advancement for the same amounts is

secondary to those Company obligations. To the extent not in contravention of any insurance policy or policies providing liability or other insurance for the Company or any director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise, the Company waives any right of contribution or subrogation against the Secondary Indemnitors with respect to the liabilities for which the Company is primarily responsible under this Section 13. In the event of any payment by the Secondary Indemnitors of amounts otherwise required to be indemnified or advanced by the Company under the Company's certificate of incorporation or bylaws or this Agreement, the Secondary Indemnitors shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee for indemnification or advancement of expenses under the Company's certificate of incorporation or bylaws or this Agreement or, to the extent such subrogation is unavailable and contribution is found to be the applicable remedy, shall have a right of contribution with respect to the amounts paid. The Secondary Indemnitors are express third-party beneficiaries of the terms of this Section 13.

14. No Duplication of Payments. Subject to Section 13, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received payment for such amounts under any insurance policy, contract, agreement or otherwise.

15. Insurance. To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, trustees, general partners, managing members, officers, employees, agents or fiduciaries of the Company or any other Enterprise, Indemnitee shall be covered by such policy or policies to the same extent as the most favorably-insured persons under such policy or policies in a comparable position.

16. Subrogation. Subject to Section 13, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

17. Services to the Company. Indemnitee agrees to serve as a director or officer of the Company or, at the request of the Company, as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of another Enterprise, for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation or is removed from such position. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that any employment with the Company (or any of its subsidiaries or any Enterprise) is at will, and Indemnitee may be discharged at any time for any reason, with or without cause, with or without notice, except as may be otherwise expressly provided in any executed, written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), any existing formal severance policies adopted by the Company's board of directors or, with respect to service as a director or officer of the Company, the Company's certificate of incorporation or bylaws or the DGCL. No such document shall be subject to any oral modification thereof.

18. Duration. This Agreement shall continue until and terminate upon the later of (a) ten years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of any other Enterprise, as applicable; or (b) one year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 10 relating thereto.

19. Successors. This Agreement shall be binding upon the Company and its successors and assigns, including any direct or indirect successor, by purchase, merger, consolidation or otherwise, to all or substantially all of the business or assets of the Company, and shall inure to the benefit of Indemnatee and Indemnatee's heirs, executors and administrators. Further, the Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

20. Severability. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order or other applicable law, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

21. Enforcement. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnatee to serve as a director or officer of the Company, and the Company acknowledges that Indemnatee is relying upon this Agreement in serving as a director or officer of the Company.

22. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; *provided, however*, that this Agreement is a supplement to and in furtherance of the Company's certificate of incorporation and bylaws and applicable law.

23. Modification and Waiver. No supplement, modification or amendment to this Agreement shall be binding unless executed in writing by the parties hereto. No amendment, alteration or repeal of this Agreement shall adversely affect any right of Indemnatee under this Agreement in respect of any action taken or omitted by such Indemnatee in his or her Corporate Status prior to such amendment, alteration or repeal. No waiver of any of the provisions of this Agreement shall constitute or be deemed a waiver of any other provision of this Agreement nor shall any waiver constitute a continuing waiver.

24. Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, sent by facsimile or electronic mail or otherwise delivered by hand, messenger or courier service addressed:

(a) if to Indemnatee, to Indemnatee's address, facsimile number or electronic mail address as shown on the signature page of this Agreement or in the Company's records, as may be updated in accordance with the provisions hereof; or

(b) if to the Company, to 620 8th Ave, 45th Floor, New York, NY 10018, Attention: General Counsel or at such other current address as the Company shall have furnished to Indemnitee.

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given (i) if delivered by hand, messenger or courier service, when delivered (or if sent *via* a nationally-recognized overnight courier service, freight prepaid, specifying next-business-day delivery, one business day after deposit with the courier), or (ii) if sent via mail, at the earlier of its receipt or five days after the same has been deposited in a regularly-maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid, or (iii) if sent via facsimile, upon confirmation of facsimile transfer or, if sent via electronic mail, upon confirmation of delivery when directed to the relevant electronic mail address, if sent during normal business hours of the recipient, or if not sent during normal business hours of the recipient, then on the recipient's next business day.

25. Applicable Law and Consent to Jurisdiction. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 10(a), the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court of Chancery, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court of Chancery for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, The Corporation Trust Company, Wilmington, Delaware as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court of Chancery, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court of Chancery has been brought in an improper or inconvenient forum.

26. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

27. Captions. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

(signature page follows)

The parties are signing this Indemnification Agreement as of the date stated in the introductory sentence.

DATADOG, INC.

By: _____

Name:

Title:

[INDEMNITEE NAME]

Address: _____

DATADOG, INC.

May 20, 2011

Olivier Pomel
[home address]

Dear Olivier:

Datadog, Inc. (the "Company") is pleased to offer you employment on the following terms:

1. **Position.** Your initial title will be Chief Executive Officer, and you will initially report to the Company's 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 \$90,000 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.
3. **Employee Benefits.** As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits. In addition, you will be entitled to paid vacation in accordance with the Company's vacation policy, as in effect from time to time.
4. **Proprietary Information and Inventions Agreement.** Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's standard Proprietary Information and Inventions 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. **Tax Matters.**

(a) **Withholding.** All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law.

(b) **Tax Advice.** You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.

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 New York law, excluding laws relating to conflicts or choice of law. You and the Company submit to the exclusive personal jurisdiction of the federal and state courts located in New York in connection with any Dispute or any claim related to any Dispute.

* * * * *

We hope that you will accept our offer to join the Company. You may indicate your agreement with these terms and accept this offer by signing and dating both the enclosed duplicate original of this letter agreement and the enclosed Proprietary Information and Inventions Agreement and returning them to me. This offer, if not accepted, will expire at the close of business on June 19, 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 June 1st, 2011.

If you have any questions, please call me at [phone number].

Very truly yours,

DATADOG, INC.

By: /s/ Alexis Le-Quoc

Name and Title: Alexis Le-Quoc, President

I have read and accept this employment offer:

/s/ Olivier Pomel

Signature of Employee

Printed Name: Olivier Pomel

Dated: 5.20.2011



Datadog, Inc.
620 8th Avenue, 45th Floor
New York, NY 10018
(866) 329-4466
www.datadoghq.com

August 28, 2018

David Obstler
[home address]

Dear David:

Datadog, Inc. (the “Company”) is pleased to offer you a consulting services relationship, and subsequent full-time employment, on the terms set forth in this letter agreement (this “Agreement”):

1. **Consulting.** You will provide financial and business consulting and advisory services to the Company (the “Consulting Engagement”). The Consulting Engagement will begin immediately upon execution of this Agreement and, unless terminated sooner pursuant to this paragraph, end upon your commencing full-time employment as contemplated in paragraph 2 below. You acknowledge and agree that (i) either you or the Company is free to terminate the Consulting Engagement at any time upon written notice to the other, and (ii) you will be an independent contractor, not an employee, of the Company during the Consulting Engagement. Accordingly, you have no authority (and shall not hold yourself out as having authority) to bind the Company and shall not make any agreements or representations on the Company’s behalf in the course of the Consulting Engagement. 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. **Employment.** On a date mutually agreed upon by you and the Company in writing, but in no event later than December 17, 2018 (the “CFO Start Date”), you will commence employment with the Company as its Chief Financial Officer (“CFO”), reporting to the Company’s Chief Executive Officer. This is a full-time, exempt position. Upon taking on the CFO role, 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. Notwithstanding the foregoing, you are permitted to provide consulting services to your former employer relating to your former duties and, with consent from the Company, to sit on the boards of directors of non-competitive companies so long as such activities do not materially interfere with your duties to the Company.

3. **Base Salary.** Commencing on the CFO Start Date, the Company will pay you an annualized salary of \$350,000.00, payable in accordance with the Company's standard payroll schedule. This salary may be subject to adjustment pursuant to the Company's compensation policies in effect from time to time.
4. **Bonus.** Commencing on the CFO Start date, your annual bonus target will be 60% of your annualized salary. The bonus will be determined and paid following the completion of the calendar year in the sole discretion of the Company's Board of Directors ("Board") or its Compensation Committee based on a review of your performance and the performance of the Company. You must be actively employed on December 31 of the pertinent year and on the payment date in order to be eligible for the bonus. You will be eligible for a pro-rated bonus for calendar year 2018 based on the portion of the year during which you are employed as CFO.
5. **Employee Benefits.** Commencing on the CFO Start Date, as a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits which are outlined in the benefits guide.
6. **Sign-On Bonus.** Within one month following the CFO Start Date, the Company will pay you a lump sum in the amount of \$60,000.00 (less applicable tax withholdings) as a one-time sign-on bonus. In the event that you voluntarily terminate your employment without Good Reason (as defined in Exhibit B) or the Company terminates your employment with Cause (as defined in Exhibit B) before you have completed twelve (12) months of active employment, 100% of the sign on bonus is required to be repaid to the Company. Any repayment must be made within ten business days after your final date of active employment and shall be by check to the Company or may be deducted from your final payroll to the extent permitted under applicable law.
7. **Stock Options.** Subject to the approval of the Company's Board of Directors, you will be granted an option to purchase 900,000 shares of the Company's Common Stock (the "Option"). The exercise price per share of the Option will be the fair market value per share of the Company's Common Stock as determined by the Board of Directors or the Compensation Committee when the Option is granted. The Option will be a non-statutory option subject to the terms and conditions applicable to options granted under the Company's 2012 Equity Incentive Plan, as amended (the "Plan"), as described in the Plan and the applicable Stock Option Agreement. Vesting will begin on the CFO Start Date, and 25% of the Option shares will vest after 12 months of continuous service following the CFO Start Date, 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; provided however that on or after the CFO Start

Date you will be entitled to exercise the Option in full or in part up to the maximum number of shares for which it is exercisable, whether or not fully vested, provided that, upon such exercise, you execute a stock restriction agreement containing a “reverse vesting” schedule equivalent to the Option’s vesting schedule. In addition, in the event that your employment is terminated by the Company without “Cause” or you terminate your employment for “Good Reason” (each as defined in Exhibit B hereto), in either case within 12 months of a “Change in Control” (as defined in the Plan) (a “Double Trigger Acceleration Event”), the Option shall become 100% vested upon such termination. In the event that the unvested portion of the Option is cancelled (without payment or issuance of substitute options) upon the closing of a Change in Control (“Closing”), you will be entitled to receive a cash payment equal to the amount, if any, that you would have received as a cash-out payment at Closing if such unvested portion of the Option had been vested at Closing. In the event that you do not become CFO on or before December 17, 2018, the Option shall terminate and be of no further force or effect.

8. **Proprietary Information and Inventions Agreement.** You will be required, as a condition of your role with the Company, to sign the Company’s standard Proprietary Information and Inventions Agreement, which is attached hereto as **Exhibit A**.

9. **Employment Relationship.** Employment with the Company is for no specific period of time. Subject to paragraph 10 below, your role as an Advisor and 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 employment 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).

10. **Severance.** Notwithstanding paragraph 8 above, in the event that your employment with the Company terminates after the CFO Start Date under the circumstances described in Exhibit B, you will be entitled to receive the severance and benefits described in Exhibit B.

11. **Other Required Conditions.** This offer of employment is contingent on both of the following:

- (a) Satisfactory completion of a background investigation, which may include verification of previous employers, verification of education, and review criminal record.
- (b) Providing legal proof of your identity and authorization to work in the United States subject to applicable E-Verify requirements.

12. **Tax Matters.**

- (a) **Withholding.** All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions as required by law.
- (b) **Tax Advice.** You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.
- (c) **Section 280G.** In the event that (i) any payment or benefit arising out of or in connection with a change of ownership or effective control of the Company or a substantial portion of its assets within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the “Code”, and such change, a “280G Change in Control”), that is made or provided, or to be made or provided, by the Company (or any successors thereto or affiliates thereof) to you, whether pursuant to the terms of this letter agreement or any other plan, agreement, or arrangement (any such payment or benefit, a “Parachute Payment”) would be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”) and (ii) the net after-tax amount (taking into account all applicable taxes payable by you, including any Excise Taxes) that you would receive with respect to such Parachute Payments does not exceed the net after-tax amount you would receive if the amount of such Parachute Payments were reduced to the maximum amount that could otherwise be payable to you without the imposition of the Excise Tax, then such Parachute Payments shall be reduced to the extent necessary to eliminate the imposition of the Excise Tax.. Any reduction in the Parachute Payments required to be made pursuant to this section shall be made first with respect to Parachute Payments payable in cash before being made in respect to any Parachute Payments to be provided in the form of benefits or equity award acceleration, and in the form of benefits before being made with respect to equity award acceleration, and in any case, shall be made with respect to such Parachute Payments in inverse order of the scheduled dates or times for the payment or provision of such Parachute Payments.

13. **Interpretation, Amendment and Enforcement.** This letter agreement and Exhibits A and B 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. The terms of this letter agreement and the resolution of any disputes as to the meaning, effect, performance or validity of this letter agreement, your employment with the Company or any other relationship between you and the

Company (the “Disputes”) will be governed by New York law, excluding laws relating to conflicts or choice of law. You and the Company submit to the exclusive personal jurisdiction of the federal and state courts located in the City, County and State of New York in connection with any Dispute or any claim related to any Dispute.

[signature page follows]

You may indicate your agreement with these terms and accept this offer by signing and dating both this letter agreement and the attached Proprietary Information and Inventions Agreement and returning them to me. This offer, if not accepted, will expire at the close of business on **August 31, 2018**.

We are all excited at the prospect of you joining Datadog.

Sincerely,

DATADOG, INC.

By: /s/ Olivier Pomel

Name: Olivier Pomel

Title: Chief Executive Officer

I ACKNOWLEDGE RECEIPT OF, AND AGREE TO THE TERMS OF, THIS LETTER AGREEMENT (INCLUDING SALARY, PAY RATE AND PAYDAY INFORMATION). I ADVISED DATADOG THAT MY PRIMARY LANGUAGE IS ENGLISH, AND WAS GIVEN THIS LETTER AGREEMENT IN ENGLISH BECAUSE IT IS MY PRIMARY LANGUAGE.

By: /s/ David Obstler
David Obstler

Date: 8/29/2018 | 11:11 AM EDT

EXHIBIT A
PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

Effective as of the first date of my employment, the following confirms an agreement between Datadog, Inc., a Delaware corporation (the “Company”) and the individual identified on the signature page to this Agreement. This Agreement is a material part of the consideration for my employment or engagement by the Company. In exchange for the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **NO CONFLICTS.** I have not made and agree not to make any agreement, oral or written, that is in conflict with this Agreement or my employment with the Company. I will not violate any agreement with or the rights of any third party. When acting within the scope of my employment (or otherwise on behalf of the Company), I will not use or disclose my own or any third party’s confidential information or intellectual property (collectively, “Restricted Materials”), except as expressly authorized by the Company in writing. Further, I have not retained anything containing any confidential information of a prior employer or other third party, whether or not created by me.

2. **INVENTIONS.**

a. **Definitions.** “Intellectual Property Rights” means any and all patent rights, copyright rights, mask work rights, trade secret rights, *sui generis* database rights and all other intellectual and industrial property rights of any sort throughout the world (including any application therefor). “Invention” means any idea, concept, discovery, invention, development, technology, work of authorship, trade secret, software, firmware, tool, process, technique, know-how, data, plan, device, apparatus, specification, design, circuit, layout, mask work, algorithm, program, code, documentation or other material or information, tangible or intangible, whether or not it may be patented, copyrighted or otherwise protected (including all versions, modifications, enhancements and derivative works thereof).

b. **Assignment.** To the fullest extent under applicable law, the Company shall own all right, title and interest in and to all Inventions (including all Intellectual Property Rights therein or related thereto) that are made, conceived or reduced to practice, in whole or in part, by me during the term of my employment with the Company and which arise out of research or other activity conducted by, for or under the direction of the Company (whether or not conducted at the Company’s facilities, during working hours or using Company assets), or which are useful with or relate directly or indirectly to any “Company Interest” (meaning any product, service, other Invention or Intellectual Property Right that is sold, leased, used or under consideration or development by the Company). I will promptly disclose and provide all of the foregoing Inventions (the “Assigned Inventions”) to the Company. I hereby make and agree to make all

assignments to the Company necessary to accomplish the foregoing ownership. Assigned Inventions shall not include any Invention (i) that I develop entirely on my own time, (ii) without use of any Company assets and (iii) which is not useful with and does not relate to any Company Interest.

c. **Assurances.** I will further assist the Company, at its expense, to evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce and defend any rights specified to be so owned or assigned. I hereby irrevocably designate and appoint the Company as my agent and attorney-in-fact to act for and in my behalf to execute and file any document and to do all other lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by me.

d. **Other Inventions.** If I wish to clarify that something created by me prior to my employment that relates to the Company's actual or proposed business is not within the scope of this Agreement, I have listed it on the signature page to this Agreement. If (i) I use or disclose any Restricted Materials when acting within the scope of my employment (or otherwise on behalf of the Company), or (ii) any Assigned Invention cannot be fully made, used, reproduced or otherwise exploited without using or violating any Restricted Materials, I hereby grant and agree to grant to the Company a perpetual, irrevocable, worldwide, royalty-free, non-exclusive, sublicensable right and license to exploit and exercise all such Restricted Materials and Intellectual Property Rights therein. I will not use or disclose any Restricted Materials for which I am not fully authorized to grant the foregoing license.

e. **Moral Rights.** To the extent allowed by applicable law, the terms of this Section 2 include all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as moral rights, artist's rights, *droit moral* or the like (collectively, "**Moral Rights**"). To the extent I retain any such Moral Rights under applicable law, I hereby ratify and consent to any action that may be taken with respect to such Moral Rights by or authorized by the Company and agree not to assert any Moral Rights with respect thereto. I will confirm any such ratification, consent or agreement from time to time as requested by the Company.

3. **PROPRIETARY INFORMATION.** I agree that all Assigned Inventions and all other financial, business, legal and technical information including, without limitation, the identity of and information relating to the Company's employees, Affiliates and Business Partners (as such terms are defined below), which I develop, learn or obtain during my employment or that are received by or for the Company in confidence, constitute "**Proprietary Information**". I will hold in strict confidence and not disclose or, except within the scope of my employment, use any Proprietary Information. Proprietary Information will not include information that I can document is or becomes readily publicly available without

restriction through no fault of mine. Upon termination of my employment, I will promptly return to the Company all items containing or embodying Proprietary Information (including all copies), except that I may keep my personal copies of (a) my compensation records, (b) materials distributed to shareholders generally and (c) this Agreement. I also recognize and agree that I have no expectation of privacy with respect to the Company's networks, telecommunications systems or information processing systems (including, without limitation, stored computer files, electronic mail messages and voice messages), and that my activity and any files or messages on or using any of those systems may be monitored at any time without notice.

4. **RESTRICTED ACTIVITIES.** For the purposes of this Section 4, the term Company includes the Company and all other persons or entities that control, are controlled by or are under common control with the Company ("Affiliates").

a. **Definitions.** "Any Capacity" includes, without limitation, to (i) be an owner, founder, shareholder, partner, member, advisor, director, consultant, contractor, agent, employee, affiliate or co-venturer, (ii) otherwise invest, engage or participate in, (iii) be compensated by or (iv) prepare to be or do any of the foregoing or assist any third party to do so; *provided*, Any Capacity will not include being a holder of less than one percent (1%) of the outstanding equity of a public company. "Business Partner" means any past, present or prospective customer, vendor, supplier, distributor or other business partner of the Company with which I have contact (or knowledge of) during my employment. "Cause" means to recruit, employ, retain or otherwise solicit, induce or influence (or to attempt to do so). "Solicit" means to (i) service, take orders from or solicit the business or patronage of any Business Partner for myself or any other person or entity, (ii) divert, entice or otherwise take away from the Company the business or patronage of any Business Partner, or to attempt to do so, or (iii) to solicit, induce or encourage any Business Partner to terminate or reduce its relationship with the Company.

b. **Acknowledgments.** I acknowledge and agree that (i) the Company's business is highly competitive, secrecy of the Proprietary Information is of the utmost importance to the Company and I will learn and use Proprietary Information in performing my work for the Company and (ii) my position may require me to establish goodwill with Business Partners and employees on behalf of the Company and such goodwill is extremely important to the Company's success.

c. **As an Employee.** During my employment with the Company, I will not directly or indirectly: (i) Cause any person to leave their employment with the Company (other than terminating subordinate employees in the course of my duties for the Company); (ii) Solicit any Business Partner; or (iii) act in Any Capacity in or with respect to any commercial activity which competes or is reasonably likely to compete with any business that the Company conducts, or demonstrably anticipates conducting, at any time during my employment (a "Competing Business").

d. **After Termination.** For the period of one year immediately following termination of my employment with the Company (for any or no reason, whether voluntary or involuntary), I will not directly or indirectly: (i) Cause any person to leave their employment with the Company; or (ii) Solicit any Business Partner or (iii) act in Any Capacity in or with respect to any Competing Business located within the state of New York, the rest of the United States, or anywhere else in the world.

e. **Enforcement.** I understand that the restrictions set forth in this Section 4 are intended to protect the Company's interest in its Proprietary Information and established relationships and goodwill with employees and Business Partners, and I agree that such restrictions are reasonable and appropriate for this purpose. If at any time any of the provisions of this Section 4 are deemed invalid or unenforceable or are prohibited by the laws of the state or place where they are to be entered into, performed or enforced, by reason of being vague or unreasonable as to duration or geographic scope or scope of activities restricted, or for any other reason, such provisions shall be considered divisible and shall become and be immediately amended to include only such restrictions and to such extent as shall be deemed to be reasonable and enforceable by the court or other body having jurisdiction over this Agreement. The Company and I agree that the provisions of this Section 4, as so amended, shall be valid and binding as though any invalid or unenforceable provision had not been included.

5. **EMPLOYMENT AT WILL.** I agree that this Agreement is not an employment contract for any particular term. I have the right to resign and the Company has the right to terminate my employment at will, at any time, for any or no reason, with or without cause. This Agreement does not purport to set forth all of the terms and conditions of my employment, and as an employee of the Company, I have obligations to the Company which are not described in this Agreement. However, the terms of this Agreement govern over any such terms that are inconsistent with this Agreement, and supersede the terms of any similar form that I may have previously signed. This Agreement can only be changed by a subsequent written agreement signed by the President of the Company (or authorized designee).

6. **SURVIVAL.** I agree that my obligations under Sections 2, 3 and 4 of this Agreement shall continue in effect after termination of my employment, regardless of the reason, and whether such termination is voluntary or involuntary, and that the Company is entitled to communicate my obligations under this Agreement to any of my potential or future employers. My obligations under Sections 2, 3 and 4 also shall be binding upon my heirs, executors, assigns and administrators, and shall inure to the benefit of the Company, its Affiliates, successors and assigns. This Agreement may be freely assigned by the Company to any third party.

7. NOTICE OF IMMUNITY UNDER U.S. ECONOMIC ESPIONAGE ACT OF 1996, AS AMENDED BY THE DEFEND TRADE SECRETS ACT OF 2016 (“DTSA”). Notwithstanding any other provision of this Agreement, I acknowledge that under the DTSA:

a. I will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that: (i) is made: (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation of law or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

b. If I file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the Company’s trade secrets to my attorney and use the trade secret information in the court proceeding if I (i) file any document containing the trade secret under seal and (ii) do not disclose the trade secret, except pursuant to court order.

8. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which shall together constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by fax or by email of a scanned copy, or execution and delivery through an electronic signature service (such as DocuSign), shall be effective as delivery of an original executed counterpart of this Agreement.

9. GOVERNING LAW; REMEDIES. Any dispute in the meaning, effect or validity of this Agreement shall be resolved in accordance with the laws of the United States and the state of New York, without regard to the conflict of laws provisions thereof. I acknowledge and agree that the consideration given for this Agreement is valid and sufficient. I further acknowledge and agree that the enforceability of this Agreement and the validity of its consideration shall not be affected by any change(s) in my working conditions, including but not limited to promotion, demotion, reduction in compensation, increase in compensation, change in compensation structure, change in title, change in location of employment, and change of Company name, structure or ownership. The failure of either party to enforce its rights under this Agreement at any time for any period shall not be construed as a waiver of such rights. Unless expressly provided otherwise, each right and remedy in this Agreement is in addition to any other right or remedy, at law or in equity, and the exercise of one right or remedy will not be deemed a waiver of any other right or remedy. I further agree that if one or more provisions of this Agreement are held to be illegal or unenforceable under applicable law, such illegal or unenforceable portion shall be limited or excluded from this Agreement to the minimum extent required so that this Agreement shall otherwise remain in full force and effect and enforceable. I also understand that any breach or threatened breach of this Agreement will cause irreparable harm to the Company for which

damages would not be an adequate remedy, and, therefore, the Company will be entitled to 11 injunctive relief with respect thereto (without the necessity of posting any bond) in addition to any other remedies.

[Remainder of Page Intentionally Left Blank.]

I HAVE READ THIS AGREEMENT CAREFULLY AND I UNDERSTAND AND ACCEPT THE OBLIGATIONS WHICH IT IMPOSES UPON ME WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO ME TO INDUCE ME TO SIGN THIS AGREEMENT. I SIGN THIS AGREEMENT VOLUNTARILY AND FREELY.

Date: 8/29/2018 | 11:11 AM EDT

Datadog, Inc.

By: /s/ Olivier Pomel
Name: Olivier Pomel
Title: Chief Executive Officer

Employee

By: /s/ David Obstler
Name: David Obstler
Address:

PRIOR MATTERS PER SECTION 2(d)

None if remainder of page left blank.

Exhibit B

Severance Provisions – David Obstler

1) Termination of Employment. In the event that (i) your employment is terminated by the Company after the CFO Start Date for reasons other than Cause, death or Permanent Disability, or (ii) you resign after the CFO Start Date for Good Reason (each, a “Qualified Termination”), you shall be entitled to receive, payable in accordance with Section 4 below, severance in the amount of (i) six (6) months base salary, plus (ii) your target bonus prorated for the greater of (a) the portion of the applicable calendar year during which you have been employed or (b) 6 months.

2) Benefits. In the event that a Qualified Termination occurs, during any period in which the Company is making severance payments to you pursuant to such Qualified Termination, the Company will, if you timely make an election to continue coverage under the Company’s group health plan pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”), pay on your behalf the COBRA premiums for you and your eligible dependents, for the period of severance or until you become eligible to participate in another employer’s group benefit plan, whichever event occurs first (the “Benefit Time Period”). The provisions of this Offer Letter will not affect the continuation coverage rules under COBRA except that the Company’s payment of any applicable premiums during the severance period will be credited as payment by you for purposes of your payment required under COBRA. At the conclusion of the severance period, you will be responsible for the entire payment of premiums required under COBRA for the remaining duration of your eligibility for COBRA, if any. Nothing in this Offer Letter shall restrict the ability of the Company to change the provider and/or some or all of the terms of such health insurance plan, provided that all similarly situated participants are treated the same.

3) Section 409A. Notwithstanding anything set forth in this Offer Letter to the contrary, no amount payable pursuant to this Offer Letter which constitutes a “deferral of compensation” within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”) shall be paid unless and until you incur a “separation from service” within the meaning of Section 409A. In the case of any amounts payable to you under this Agreement that may be treated as payable in the form of “a series of installment payments”, as defined in Treasury Regulation Section 1.409A-2(b)(2)(iii), your right to receive such payments shall be treated as a right to receive a series of separate payments for purposes of such Treasury Regulation. Further, to the extent that you are a “specified employee” within the meaning of Section 409A as of the date of your separation from service, no amount that constitutes a deferral of compensation which is payable on account of your separation from service shall be paid to you before the date (the “Delayed Payment Date”) which is the first (1st) day of the seventh (7th) month after the date of your separation from service or, if earlier, the date of your death 15 following such separation from service. All such amounts that would, but for this paragraph, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date.

The Company intends that income provided to you pursuant to this Offer Letter will not be subject to taxation under Section 409A. The provisions of this Offer Letter shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A. The Company and you agree to negotiate in good faith to reform any provisions of this Offer Letter to maintain to the maximum extent practicable the original intent of the applicable provisions without violating the provisions of Section 409A, if the Company deems such reformation necessary or advisable pursuant to guidance under Section 409A to avoid the incurrence of any interest and penalties. Such reformation shall not result in a reduction of the aggregate amount of payments or benefits under this Offer Letter. **However, the Company does not guarantee any particular tax effect for income provided you pursuant to this Offer Letter.** In any event, except for the Company's responsibility to withhold applicable income and employment taxes from compensation paid or provided you, the Company shall not be responsible for the payment of any applicable taxes on compensation paid or provided you pursuant to this Offer Letter.

4) Severance Payments. As a condition to your eligibility for severance payments and COBRA benefits, you will be required to sign a general release agreement and covenant not to sue in form reasonably acceptable to the Company, which must become irrevocable pursuant to its terms by no later than sixty (60) days following the date of the Qualifying Termination, and you must settle all amounts, if any, owed to the Company by no later than ten (10) days following the date of the Qualifying Termination. The severance payments and COBRA benefits will commence within 14 days following the effective date of the general release agreement described in the previous sentence, provided however that if the 60 day period for providing such release spans two calendar years no payment shall be made until the second calendar year. All severance payments described in this Offer Letter shall be spread out pro rata over the applicable severance period and payable in accordance with the regular payroll practices of the Company (as applicable from time to time). The first such pro rata severance payment made to you will be consideration for the release and covenant not to sue described above, and our obligation to make the other pro rata severance payments will be conditioned on compliance with the following sentence. You agree that during all periods during which you are receiving severance payments, you will comply with all of the obligations described on Exhibit A to this Offer Letter, and that in addition to any other remedies available for breach of such obligations, the Company may halt any and all severance payments and other benefits in the event of such breach.

5) Definitions. For purposes of this Offer Letter, the following terms shall have the following meanings:

“Good Reason” shall mean any of the following without your consent: (i) a material reduction in your title, duties, authorities or power as Chief Financial Officer of the Company without your consent, (ii) a material reduction in your base salary or bonus opportunity other than in connection with a Companywide reduction in pay, (iii) any change in your reporting structure so that you no longer report directly to the Company's CEO, (iv) transfer of primary place of employment to a location more than 20 miles from New York City, or (v) any material

breach by the Company of the terms of your offer letter or any other agreement between you and the Company; provided that within 30 days following your becoming aware of any such reduction, change or breach (x) you shall have delivered written notice to the Company of your intention to terminate your employment for Good Reason, which notice specifies in reasonable detail the circumstances claimed to give rise to your right to terminate your employment for Good Reason, (y) you shall have provided the Company with 30 days after receipt of such notice to cure such circumstances, and (z) failing a cure, you shall have terminated your employment within 30 days after the expiration of the 30 day period set forth in clause (y).

“Cause” shall mean (i) your commission of any act of fraud or embezzlement, (ii) unauthorized use or disclosure by you of confidential information or trade secrets of the Company or violation of the restrictive covenants set forth in Exhibit A, (iii) violation of the Company’s policies including, without limitation, policies concerning harassment and discrimination in the workplace, or (iv) any other intentional misconduct by you adversely affecting the business or affairs of the Company in a material manner; provided that conduct under (ii), (iii) or (iv) shall not exist unless and until the Company provides you with a reasonably detailed written explanation as to why the Company believes Cause exists and stating its intent to terminate employment on a particular date; provided that, if any acts constituting Cause are curable, you are then given ten (10) business days from the delivery of the written notice by the Company within which to cure such acts.

“Permanent Disability” shall mean your inability to perform the principal duties of your position, with or without reasonable accommodation, for a continuous duration of six (6) months or more.

6) In the event that the Company’s senior executives become eligible for severance benefits that are more generous or favorable than those provided in section 4 of this Exhibit B, the Exhibit will be amended to provide commensurate benefits.



Datadog, Inc.
620 8th Avenue, 45th Floor
New York, NY 10018
(866) 329-4466
www.datadoghq.com

February 27, 2017

Laszlo Kopits
[e-mail address]

Laszlo,

Datadog, Inc. (the "Company") is pleased to convert you to full-time employment on the following terms:

1. **Position.** Your title will be **Interim Deputy General Counsel**, and you will report to the Company's General Counsel. Your start date will be **February 27, 2017**. This is a full-time, exempt 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. **Base Salary.** The Company will pay you a starting salary of \$8,958.33 per pay period (equivalent to **\$215,000** annually), payable in accordance with the Company's standard payroll schedule. This salary may be subject to adjustment pursuant to the Company's employee compensation policies in effect from time to time.
3. **Employee Benefits.** As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits.
4. **Proprietary Information and Inventions Agreement.** The Company's standard Proprietary Information and Inventions Agreement, a copy of which you previously signed, will continue in full force in connection with your full-time employment.
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 employment 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. **Tax Matters.** All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions as required by law.

7. **Interpretation, Amendment and Enforcement.** This letter agreement constitutes 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 (except the Proprietary Information and Inventions Agreement). The terms of this letter agreement and the resolution of any disputes as to the meaning, effect, performance or validity of this letter agreement, your employment with the Company or any other relationship between you and the Company (the "Disputes") will be governed by New York law, excluding laws relating to conflicts or choice of law. You and the Company submit to the exclusive personal jurisdiction of the federal and state courts located in New York in connection with any Dispute or any claim related to any dispute.

[signature page follows]

You may indicate your agreement with these terms and accept this offer by signing and dating this letter agreement and returning them to me. This offer, if not accepted, will expire at the close of business on February 27, 2017.

Sincerely,
DATADOG, INC.

By: /s/ Olivier Pomel
Name: Olivier Pomel
Title: CEO

I ACKNOWLEDGE RECEIPT OF, AND AGREE TO THE TERMS OF, THIS LETTER AGREEMENT (INCLUDING SALARY, PAY RATE AND PAYDAY INFORMATION). I ADVISED DATADOG THAT MY PRIMARY LANGUAGE IS ENGLISH, AND WAS GIVEN THIS LETTER AGREEMENT IN ENGLISH BECAUSE IT IS MY PRIMARY LANGUAGE.

By: /s/ Laszlo Kopits
Laszlo Kopits

Date: 2/27/2017 10:44 AM EST

DATADOG, INC.
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY
ADOPTED: SEPTEMBER 6, 2019

Each member of the Board of Directors (the “**Board**”) of Datadog, Inc. (the “**Company**”) who is a non-employee director of the Company (each such member, a “**Non-Employee Director**”) will be eligible to receive the compensation described in this Non-Employee Director Compensation Policy (the “**Policy**”) for his or her Board service. Unless otherwise defined herein, capitalized terms used in this Policy will have the meaning given to such terms in the Company’s 2019 Equity Incentive Plan (the “**Plan**”) or any successor equity incentive plan.

The Policy will be effective upon the execution of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Company’s Class A Common Stock, pursuant to which the Company’s Class A Common Stock is priced for the initial public offering (the date of such execution being referred to as the “**IPO Date**”). The Policy may be amended at any time in the sole discretion of the Board or the Compensation Committee.

1. Annual Cash Compensation

Commencing on the IPO Date, each Non-Employee Director will be eligible to receive the following annual cash retainers for service on the Board:

Annual Board Service Retainer:

- All Non-Employee Directors: \$30,000
- Lead Non-Employee Director (as applicable): \$45,000 (in lieu of above)

Annual Committee Member Service Retainer:

- Member of the Audit Committee: \$10,000
- Member of the Compensation Committee: \$7,000
- Member of the Nominating and Corporate Governance Committee: \$4,000

Annual Committee Chair Service Retainer (in lieu of Committee Member Service Retainer):

- Chair of the Audit Committee: \$20,000
- Chair of the Compensation Committee: \$14,000
- Chair of the Nominating and Corporate Governance Committee: \$7,500

The annual cash retainers above will be payable in equal quarterly installments in arrears on the last day of each calendar quarter (each such date, a “**Retainer Accrual Date**”) in which the service occurred, prorated for any partial calendar quarter of service (based on the number of days served in the applicable position divided by the total number of days in the quarter). All annual cash retainers will be vested upon payment.

2. Equity Compensation

Commencing on the IPO Date, each Non-Employee Director will be eligible to receive the equity compensation set forth below (as applicable). All such equity compensation will be granted under the Plan or any successor equity incentive plan.

(a) Elections to Receive an Equity Grant in lieu of Quarterly Cash Retainer.

(i) Retainer Grant. Each Non-Employee Director may elect to convert all of his or her cash compensation under Section 1 for the first calendar quarter that commences after the IPO Date and any subsequent calendar quarter into an RSU Award (each, a “**Retainer Grant**”) in accordance with this Section 2(a) (such election, a “**Retainer Grant Election**”). If a Non-Employee Director timely makes a Retainer Grant Election pursuant to Section 2(a)(ii), on the first business day following the applicable Retainer Accrual Date to which the Retainer Grant Election applies, and without any further action by the Board or Compensation Committee, such Non-Employee Director automatically will be granted an RSU Award covering a number of shares of the Company’s Class A Common Stock equal to (A) the aggregate amount of cash compensation otherwise payable to such Non-Employee Director under Section 1 on the Retainer Accrual Date to which the Retainer Grant Election applies divided by (B) the closing sales price per share of the Company’s Class A Common Stock on the applicable Retainer Accrual Date (or, if such date is not a business day, on the first business day thereafter), rounded down to the nearest whole share. Each Retainer Grant will be fully vested on the applicable grant date.

(ii) Election Mechanics. Each Retainer Grant Election must be submitted to the Company’s General Counsel in writing at least 10 business days in advance of the applicable Retainer Accrual Date, and subject to any other conditions specified by the Board or Compensation Committee. A Non-Employee Director may only make a Retainer Grant Election during a period in which the Company is not in a quarterly or special blackout period and the Non-Employee Director is not aware of any material non-public information. Once a Retainer Grant Election is properly submitted, it will be in effect for the next Retainer Accrual Date and will remain in effect for successive Retainer Accrual Dates unless and until the Non-Employee Director revokes it in accordance with Section 2(a)(iii) below. A Non-Employee Director who fails to make a timely Retainer Grant Election will not receive a Retainer Grant and instead will receive the cash compensation under Section 1.

(iii) Revocation Mechanics. The revocation of any Retainer Grant Election must be submitted to the Company’s General Counsel in writing at least 10 business days in advance of the applicable Retainer Accrual Date, and subject to any other conditions specified by the Board or Compensation Committee. A Non-Employee Director may only revoke a Retainer Grant Election during a period in which the Company is not in a quarterly or special blackout period and the Non-Employee Director is not aware of any material non-public information. Once the revocation of the Retainer Grant Election is properly submitted, it will be in effect for the next Retainer Accrual Date and will remain in effect for successive Retainer Accrual Dates unless and until the Non-Employee Director makes a new Retainer Grant Election in accordance with Section 2(a)(ii).

(b) Automatic Equity Grants.

(i) Initial Grant for New Directors. Without any further action by the Board or Compensation Committee, each person who, after the IPO Date, is elected or appointed for the first time to be a Non-Employee Director will automatically, upon the date of his or her initial election or appointment to be a Non-Employee Director (or, if such date is not a business day, the first business day thereafter), be granted an RSU Award covering a number of shares of the Company’s Class A Common Stock equal to (A) \$350,000 divided by (B) the closing sales price per share of the Company’s Class A

Common Stock on the applicable grant date, rounded down to the nearest whole share (each, an “**Initial Grant**”). Each Initial Grant will vest in a series of three successive equal annual installments over the three-year period measured from the applicable grant date, subject to the Non-Employee Director’s Continuous Service through each applicable vesting date.

(ii) **Initial Grant for Incumbent Directors.** Without further action by the Board or Compensation Committee:

(1) Each person who has served as a Non-Employee Director through the six-month period ending on the IPO Date (each, an “**Existing Non-Employee Director**”) and does not hold one or more outstanding and unvested Company equity awards (including Class B Common Stock subject to a repurchase option resulting from an early option exercise) immediately prior to the IPO Date (each such award held by an Existing Non-Employee Director at such time, an “**Existing Equity Award**”) will automatically be granted an RSU Award (each, an “**IPO Date Incumbent Director Grant**”) on the IPO Date. Each IPO Date Incumbent Director Grant will cover a number of shares of the Company’s Class A Common Stock equal to (A) \$175,000 multiplied by the fraction obtained by dividing (1) the total number of days following the IPO Date through and including May 31, 2020 (such date, the “**Assumed First Annual Meeting Date**”) by (2) 365 days, divided by (B) the initial per share price to the public as set forth in the final prospectus included within the registration statement in Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company’s Class A Common Stock (the “**IPO Price**”), rounded down to the nearest whole share.

(2) Each Existing Non-Employee Director who holds one or more Existing Equity Awards on the IPO Date will automatically be granted an RSU Award (each, a “**Delayed Incumbent Director Grant**”) on the date immediately following the date that all of the Existing Equity Awards held by the Existing Non-Employee Director have become fully vested (the “**Final Vesting Date**”) (or, if such date is not a business day, the first business day thereafter). Each Delayed Incumbent Director Grant will cover a number of shares of the Company’s Class A Common Stock equal to (A) \$175,000 multiplied by the fraction obtained by dividing (1) the total number of days following the Final Vesting Date through and including the Assumed First Annual Meeting Date by (2) 365 days, divided by (B) the IPO Price, rounded down to the nearest whole share.

(3) Each IPO Date Incumbent Director Grant and Delayed Incumbent Director Grant will fully vest on the earlier of (A) the Company’s next annual meeting of stockholders and (B) the Assumed First Annual Meeting Date, subject to the Non-Employee Director’s Continuous Service through the vesting date.

(iii) **Annual Grant.** Without any further action by the Board or Compensation Committee, at the close of business on the date of each annual meeting of the stockholders of the Company following the IPO Date (each, an “**Annual Meeting**”), each person who is then a Non-Employee Director will automatically be granted an RSU Award (each, an “**Annual Grant**”) covering a number of shares of the Company’s Class A Common Stock equal to (A) \$175,000 divided by (B) the closing sales price per share of the Company’s Class A Common Stock on the date of the applicable Annual Meeting (or, if such date is not a business day, the first business day thereafter). Each Annual Grant will fully vest on the earlier of (1) the first anniversary of the applicable grant date and (2) the date of the first Annual Meeting following the applicable grant date, subject to the Non-Employee Director’s Continuous Service through the vesting date.

(c) **Change in Control.** Notwithstanding the foregoing, for each Non-Employee Director who remains in Continuous Service with the Company until immediately prior to the closing of a Change in Control, the shares subject to his or her then-outstanding equity awards that were granted pursuant to the Policy (and any Existing Equity Awards) will become fully vested immediately prior to the closing of such Change in Control.

(d) Remaining Terms. The remaining terms and conditions of each RSU Award will be as set forth in the Plan and the Company's standard RSU Award Grant Notice and RSU Award Agreement, in the form adopted from time to time by the Board or Compensation Committee.

3. Non-Employee Director Compensation Limit

Notwithstanding anything herein to the contrary, the cash compensation and equity compensation that each Non-Employee Director is eligible to receive under this Policy shall be subject to the limits set forth in Section 3(d) of the Plan.

4. Ability to Decline Compensation

A Non-Employee Director may decline all or any portion of his or her compensation under the Policy by giving notice to the Company prior to the date cash is to be paid or equity awards are to be granted, as the case may be.

5. Expenses

The Company will reimburse each Non-Employee Director for ordinary, necessary and reasonable out-of-pocket travel expenses to cover in-person attendance at and participation in Board and committee meetings; provided, that the Non-Employee Director timely submits to the Company appropriate documentation substantiating such expenses in accordance with the Company's travel and expense policy, as in effect from time to time.

EXECUTIVE SEVERANCE AGREEMENT

This Executive Severance Agreement (the “**Agreement**”) is entered into by and between _____ (the “**Executive**”) and Datadog, Inc., a Delaware corporation (the “**Company**”), effective as of the Effective Date (as defined below).

RECITALS

A. The Company’s Board of Directors (the “**Board**”) believes that it is in the best interests of the Company and its stockholders to provide Executive with certain benefits upon a termination of Executive’s employment under certain circumstances, which benefits are intended to provide Executive with financial security and provide sufficient income and encouragement to Executive to remain with the Company, notwithstanding the possibility of a termination of Executive’s employment with the Company.

B. To accomplish the foregoing objectives, the Board desires to provide the opportunity for severance and change in control benefits to Executive on the terms provided in this Agreement.

Now therefore, in consideration of the mutual promises, covenants and agreements contained herein, and in consideration of the continuing employment of Executive by the Company, the parties hereto agree as follows:

1. **Effectiveness and Term of Agreement.** This Agreement shall become effective as of the closing of the Company’s initial public offering of Class A Common Stock (the date on which such closing occurs, the “**Effective Date**”) and will terminate as of such time as the Company has met all of its obligations hereunder following a termination of Executive’s employment with the Company.

2. **Qualifying Termination.** If Executive is subject to a Qualifying Termination, then, subject to Sections 4, 8, and 9 below, Executive will be entitled to the following benefits:

(a) **Severance Benefits.** The Company shall pay Executive an amount equal to the sum of (i) six (6) months of his or her monthly base salary and (ii) 50% of Executive’s then-current target annual bonus, each at the rate in effect immediately prior to the actions that resulted in the Qualifying Termination. Executive will receive his or her severance payment in a cash lump sum, which will be paid on the first business day occurring after the sixtieth (60th) day following the Separation, *provided that* the Release Conditions have been satisfied. If Executive is subject to a Qualifying Termination, no Equity Awards (as defined below) shall accelerate, except as may be provided in an individual award agreement between Executive and the Company.

(b) **Continued Employee Benefits.** If Executive timely elects continued coverage under the Consolidated Omnibus Budget Reconciliation Act (“**COBRA**”), the Company shall pay the full amount of Executive’s COBRA premiums on behalf of Executive for Executive’s continued coverage under the Company’s health, dental and vision plans, including coverage for Executive’s eligible dependents, for the six (6)-month period following Executive’s Separation or, if earlier, until Executive is eligible to be covered under another substantially equivalent medical insurance plan by a subsequent employer; *provided that* if the Company determines that it cannot provide the payment of COBRA on behalf of Executive without violating applicable law or incurring additional expense under applicable law, the Company will provide Executive, in lieu thereof, a taxable lump sum payment for the balance of the six (6)-month COBRA period, which payment will equal 100% of the applicable COBRA premium for Executive and any dependents. The number of months of COBRA to be paid, in the event of a cash payment under the preceding sentence, shall be reduced by the number of months of COBRA premiums previously paid by the Company.

3. **CIC Qualifying Termination.** If Executive is subject to a CIC Qualifying Termination, then, subject to Sections 4, 8, and 9 below, Executive will be entitled to the following benefits:

(a) **Severance and Bonus Payments.** The Company or its successor shall pay Executive an amount equal to the sum of (i) twelve (12) months of his or her monthly base salary and (ii) Executive's then current target annual bonus, each at the rate in effect immediately prior to the actions that resulted in the Qualifying Termination. Executive will receive his or her severance payment in a cash lump sum, which will be paid on the first business day occurring after the sixtieth (60th) day following the Separation, *provided that* the Release Conditions have been satisfied.

(b) **Equity.** Each of Executive's then outstanding unvested Equity Awards, excluding awards that vest based upon the satisfaction of performance criteria, shall accelerate and become vested (and, if applicable, exercisable) [with respect to 100% of the then unvested shares subject thereto]¹ [with respect to the number of unvested shares subject thereto that would have otherwise vested in the 18-month period following the Separation, had Executive remained in continuous service with the Company during that period]². "**Equity Awards**" means all options to purchase shares of Company common stock, restricted stock units, and all other stock-based awards granted to Executive, including but not limited to stock bonus awards, restricted stock and stock appreciation rights. Subject to Section 4, the accelerated vesting described above shall be effective as of the Separation. In the event an Equity Award vests based upon the satisfaction of performance criteria, the treatment of such Equity Award shall be based upon the terms of such Equity Award and shall not be subject to accelerated vesting pursuant to the terms of this Section 3(b). In the event an Equity Award does not vest based upon the satisfaction of performance criteria and was granted prior to the Effective Date, the treatment of such Equity Award shall be based upon the terms of such Equity Award and shall not be subject to accelerated vesting pursuant to the terms of this Section 3(b); *provided, however,* that to the extent that this Section 3(b) provides for more favorable vesting acceleration than the terms of such Equity Award, then the terms of this Section 3(b) shall apply to such Equity Award instead.

(c) **Continued Employee Benefits.** If Executive timely elects continued coverage under the Consolidated Omnibus Budget Reconciliation Act ("**COBRA**"), the Company shall pay the full amount of Executive's COBRA premiums on behalf of Executive for Executive's continued coverage under the Company's health, dental and vision plans, including coverage for Executive's eligible dependents, for the twelve (12)-month period following Executive's Separation or, if earlier, until Executive is eligible to be covered under another substantially equivalent medical insurance plan by a subsequent employer; *provided that* if the Company determines that it cannot provide the payment of COBRA on behalf of Executive without violating applicable law or incurring additional expense under applicable law, the Company will provide Executive, in lieu thereof, a taxable lump sum payment for the balance of the twelve (12)-month COBRA period, which payment will equal 100% of the applicable COBRA premium for Executive and any dependents. The number of months of COBRA to be paid, in any case, shall be reduced by the number of months of COBRA previously paid by the Company.

(d) **Benefits True Up.** In the event Executive terminates pursuant to a Qualifying Termination under Section 2 and that termination is later determined by the Company to qualify as a CIC Qualifying Termination, then the Company shall make a true-up payment to Executive so that the aggregate of all benefits provided to Executive are those in this Section 3. Notwithstanding the timing described in

¹ For Tier One: CEO, CTO, CPO, CFO, GC

² For Tier Two: CRO, CHRO (when hired)

Sections 3(a), 3(b) and 3(c), this true-up payment will occur on the closing of the Change of Control, and any equity awards that would otherwise forfeit upon a Qualifying Termination shall remain outstanding and eligible to vest for three (3) months following such Qualifying Termination to permit the acceleration described in Section 3(b) above.

4. **General Release.** Any other provision of this Agreement notwithstanding, the benefits under Section 2 and 3 shall not apply unless Executive has executed a general release of claims in a form prescribed by the Company and such release has become effective (the document effecting the foregoing, the “**Release**”). The Company will deliver the form of Release to Executive within ten (10) days after Executive’s Separation. Executive must execute and return the Release within the time period specified in the form, and in all events within sixty (60) days following the termination event described in Section 2 or 3, as applicable.

5. **Accrued Compensation and Benefits.** Notwithstanding anything to the contrary in Section 2 and 3 above, the Company shall pay Executive’s earned but unpaid base salary and other vested but unpaid cash entitlements for the period through and including the Separation, including unused earned vacation pay and unreimbursed documented business expenses incurred by Executive prior to the date of termination (collectively, “**Accrued Compensation and Expenses**”). In addition, Executive shall be entitled to any other vested benefits earned by Executive for the period through and including the termination date of Executive’s employment under any other employee benefit plans and arrangements maintained by the Company, in accordance with the terms of such plans and arrangements, except as may be modified herein (collectively, “**Accrued Benefits**”). Any Accrued Compensation and Expenses to which Executive is entitled shall be paid to Executive in cash as soon as administratively practicable after the termination, and, in any event, no later than two and one-half (2-1/2) months after the end of the taxable year of Executive in which the termination occurs or at such earlier time as may be required by applicable law. Any Accrued Benefits to which Executive is entitled shall be paid to Executive as provided in the relevant plans and arrangements.

6. **Definitions.**

(a) “**Cause**” will mean one or more of the following: (i) the commission of, or plea of guilty or no contest to, (A) any felony or (B) a criminal act involving fraud, misappropriation, embezzlement, or moral turpitude; (ii) the willful misappropriation of the funds or property of the Company; (iii) the failure by Executive to perform Executive’s material duties or comply with the lawful and reasonable instructions of the Board [or the CEO]³ in a manner consistent with Executive’s position and duties hereunder; (iv) any material act or material omission aiding or abetting a competitor, vendor or client of the Company to the material disadvantage or detriment of the Company; (v) gross negligence or willful misconduct with respect to the Company; (vi) repeatedly reporting to work under the influence of alcohol or illegal drugs in a manner that materially adversely affects Executive’s performance of Executive’s duties; (vii) any willful conduct causing the Company substantial public disgrace or substantial disrepute or substantial economic harm; (viii) unauthorized use or disclosure by Executive of confidential information or trade secrets of the Company; (ix) the violation of material written Company policies (as in effect from time to time) made known to Executive, including but not limited to any equal employment opportunity policy or policy against workplace harassment or retaliation; or (x) any other material breach of any agreement between Executive and the Company, which breach or violation remains uncured (if curable) for a period of twenty (20) days after written notice of such breach or violation from the Company to Executive (such notice to specify the nature of the claimed breach and the manner in which the Company requires such breach to be cured).

³ For inclusion in agreements for executives other than the CEO.

(b) “**Change in Control**” has the meaning set forth in the Company’s 2019 Equity Incentive Plan, as it may be amended from time to time, or any successor plan thereto.

(c) “**CIC Qualifying Termination**” means a Separation (i) within twelve (12) months following a Change in Control or (ii) within three (3) months preceding a Change in Control, in each case, resulting from (i) the Company terminating Executive’s employment for any reason other than Cause or (ii) Executive voluntarily resigning his or her employment for Good Reason. A termination or resignation due to Executive’s death or disability shall not constitute a CIC Qualifying Termination.

(d) “**Code**” means the Internal Revenue Code of 1986, as amended.

(e) “**Good Reason**” means the occurrence of the following without Executive’s consent: (i) a relocation of Executive’s principal workplace by more than 30 miles; (ii) in the case of a CIC Qualifying Termination only, a material reduction in Executive’s base pay or target bonus other than in connection with a Companywide reduction in base pay or bonus; (iii) in the case of a CIC Qualifying Termination only, a material reduction of Executive’s duties, authority, or responsibilities, relative to Executive’s duties, authority, or responsibilities as in effect immediately prior to such reduction; provided, however, that a reduction in duties, authority, responsibilities solely by virtue of the Company being acquired and made part of a larger entity (for example, where Executive retains essentially the same responsibility and duties with respect to a subsidiary, business unit or division that substantially contains the Company’s business following a Change of Control as Executive had immediately prior to the Change of Control) shall not constitute “Good Reason”. A condition shall not be considered “Good Reason” unless Executive gives the Company written notice of such condition within ninety (90) days after such condition comes into existence and the Company fails to remedy such condition with thirty (30) days after receiving Executive’s written notice. Executive must resign Executive’s employment no later than fifteen (15) days following expiration of the Company’s thirty (30) day cure period or written receipt from the Company of its intent not to cure.

(f) “**Qualifying Termination**” means a Separation that is not a CIC Qualifying Termination, but which results from (i) the Company terminating Executive’s employment for any reason other than Cause or (ii) Executive voluntarily resigning his employment for Good Reason. A termination or resignation due to Executive’s death or disability shall not constitute a Qualifying Termination.

(g) “**Release Conditions**” means (i) the Company has received Executive’s executed Release and (ii) any rescission period applicable to Executive’s executed Release has expired such that the Release is effective.

(h) “**Separation**” means a “separation from service,” as defined in the regulations under Section 409A of the Code.

7. Successors.

(a) **Company’s Successors.** The Company shall require any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets, by an agreement in substance and form satisfactory to Executive, to assume this Agreement and to agree expressly to perform this Agreement in the same manner and to the same extent as the Company would be required to perform it in the absence of a succession. For all purposes under this Agreement, the term “Company” shall include any successor to the Company’s business and/or assets or which becomes bound by this Agreement by operation of law.

(b) **Executive's Successors.** This Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

8. Golden Parachute Taxes. In the event that (i) any payment or benefit arising out of or in connection with a change of ownership or effective control of the Company or a substantial portion of its assets within the meaning of Section 280G of the Code (such change, a "**280G Change in Control**"), that is made or provided, or to be made or provided, by the Company (or any successors thereto or affiliates thereof) to Executive, whether pursuant to the terms of this Agreement or any other plan, agreement, or arrangement (any such payment or benefit, a "**Parachute Payment**") would be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**") and (ii) the net after-tax amount (taking into account all applicable taxes payable by Executive, including any Excise Taxes) that Executive would receive with respect to such Parachute Payments does not exceed the net after-tax amount that Executive would receive if the amount of such Parachute Payments were reduced to the maximum amount that could otherwise be payable to Executive without the imposition of the Excise Tax, then such Parachute Payments shall be reduced to the extent necessary to eliminate the imposition of the Excise Tax. Any reduction in the Parachute Payments required to be made pursuant to this section shall be made first with respect to Parachute Payments payable in cash before being made in respect to any Parachute Payments to be provided in the form of benefits or equity award acceleration, and in the form of benefits before being made with respect to equity award acceleration, and in any case, shall be made with respect to such Parachute Payments in inverse order of the scheduled dates or times for the payment or provision of such Parachute Payments.

9. Miscellaneous Provisions.

(a) **Section 409A.** To the extent (i) any payments to which Executive becomes entitled under this Agreement, or any agreement or plan referenced herein, in connection with Executive's termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code and (ii) Executive is deemed at the time of such termination of employment to be a "specified" employee under Section 409A of the Code, then such payment or payments shall not be made or commence until the earlier of (i) the expiration of the six (6)-month period measured from Executive's Separation; or (ii) the date of Executive's death following such Separation; *provided, however*, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Executive, including (without limitation) the additional twenty percent (20%) tax for which Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Executive or Executive's beneficiary in one lump sum (without interest). Except as otherwise expressly provided herein, to the extent any expense reimbursement or the provision of any in-kind benefit under this Agreement (or otherwise referenced herein) is determined to be subject to (and not exempt from) Section 409A of the Code, the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the expenses eligible for reimbursement or in kind benefits to be provided in any other calendar year, in no event shall any expenses be reimbursed after the last day of the calendar year following the calendar year in which Executive incurred such expenses, and in no event shall any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit. To the extent that any provision of this Agreement is ambiguous as to its exemption or compliance with Section 409A, the provision will be read in such a manner so that all payments hereunder are exempt from Section 409A to the maximum permissible extent, and for any payments where such construction is not tenable, that those payments comply with Section 409A to the maximum permissible extent. To the extent any payment under this Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short-term deferral, even if it may also qualify for an

exemption from Section 409A under another provision of Section 409A. Payments pursuant to this Agreement (or referenced in this Agreement) are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the regulations under Section 409A. Notwithstanding anything to the contrary in this Agreement, if the period of time comprising (x) the time to consider and make effective the Release and (y) the time after the expiration or cessation of any cure period or attempt to cure Good Reason, spans two calendar years, then, any payments that constitute deferred compensation subject to Section 409A will be made in the second calendar year.

(b) **Other Arrangements.** This Agreement supersedes any and all severance arrangements and accelerated vesting benefits which were previously offered or provided by the Company to Executive, and Executive hereby waives Executive's rights to such other benefits, except as set forth in Section 3(b) with respect to the treatment of Equity Awards granted prior to the Effective Date; provided, however, that the terms of your offer letter agreement, dated August 28, 2018 (including all Exhibits thereto), with respect to severance payments and benefits shall apply to the extent that such terms are more favorable than the terms of this Agreement⁴. For the avoidance of doubt, in no event shall Executive receive benefits under both Sections 2 and Section 3 with respect to Executive's Separation.

(c) **Choice of Law; Dispute Resolution.** The terms of this Agreement and the resolution of any disputes as to the meaning, effect, performance or validity of this Agreement, Executive's employment with the Company or any other relationship between Executive and the Company (the "**Disputes**") will be governed by New York law, excluding laws relating to conflicts or choice of law. Executive and the Company submit to the exclusive personal jurisdiction of the federal and state courts located in the City, County and State of New York in connection with any Dispute or any claim related to any Dispute.

(d) **Notice.** Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid or deposited with Federal Express Corporation, with shipping charges prepaid. In the case of Executive, mailed notices shall be addressed to him or her at the home address which he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(e) **Waiver.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(f) **Withholding Taxes.** All payments made under this Agreement shall be subject to applicable withholding and income taxes.

(g) **Severability.** The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(h) **At-Will Employment.** Nothing in this Agreement shall confer upon Executive 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 subsidiary of the Company or of Executive, which rights are hereby expressly reserved by each, to terminate his or her service at any time and for any reason.

[Signature Page to Executive Severance Agreement Follows]

⁴ For CFO agreement only.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written. This Agreement may be signed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

EXECUTIVE

COMPANY

Name:

Name:
Title:

[Signature Page to Executive Severance Agreement]

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Amendment No. 1 to Registration Statement No. 333-233428 of our report dated June 13, 2019 (September 9, 2019 as to the effect of the stock split described in Note 2) relating to the consolidated financial statements of Datadog, Inc. and subsidiaries (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of a new revenue accounting standard) appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the headings “Experts” in such Prospectus.

/s/ Deloitte & Touche LLP

New York, NY

September 9, 2019