

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

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 31, 2018
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

HEALTH EQUITY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7389
(Primary Standard Industrial
Classification Code Number)
**15 West Scenic Pointe Drive
Suite 100**
Draper, Utah 84020
(Address of principal executive offices) (Zip code)

52-2383166
(I.R.S. Employer
Identification Number)

(801) 727-1000
(Registrant's telephone Number, including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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. (Check one):

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 30, 2018, there were 62,388,638 shares of the registrant's common stock outstanding.

HealthEquity, Inc. and subsidiaries

Form 10-Q quarterly report

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Part I. Financial information
Item 1. Financial statements

HealthEquity, Inc. and subsidiaries
Condensed consolidated balance sheets (unaudited)

(in thousands, except par value)	October 31, 2018	January 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 289,007	\$ 199,472
Marketable securities, at fair value	41,250	40,797
Total cash, cash equivalents and marketable securities	330,257	240,269
Accounts receivable, net of allowance for doubtful accounts as of October 31, 2018 and January 31, 2018 of \$153 and \$208, respectively	24,465	21,602
Inventories	164	215
Other current assets	8,953	3,310
Total current assets	363,839	265,396
Property and equipment, net	8,743	7,836
Intangible assets, net	80,730	83,635
Goodwill	4,651	4,651
Deferred tax asset	1,435	5,461
Other assets	18,300	2,180
Total assets	\$ 477,698	\$ 369,159
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 1,495	\$ 2,420
Accrued compensation	9,933	12,549
Accrued liabilities	5,972	5,521
Total current liabilities	17,400	20,490
Long-term liabilities		
Other long-term liabilities	2,836	2,395
Deferred tax liability	661	—
Total long-term liabilities	3,497	2,395
Total liabilities	20,897	22,885
Commitments and contingencies (see note 6)		
Stockholders' equity		
Preferred stock, \$0.0001 par value, 100,000 shares authorized, no shares issued and outstanding as of October 31, 2018 and January 31, 2018, respectively	—	—
Common stock, \$0.0001 par value, 900,000 shares authorized, 62,380 and 60,825 shares issued and outstanding as of October 31, 2018 and January 31, 2018, respectively	6	6
Additional paid-in capital	298,064	261,237
Accumulated other comprehensive loss	—	(269)
Accumulated earnings	158,731	85,300
Total stockholders' equity	456,801	346,274
Total liabilities and stockholders' equity	\$ 477,698	\$ 369,159

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

HealthEquity, Inc. and subsidiaries
Condensed consolidated statements of operations and
comprehensive income (unaudited)

(in thousands, except per share data)	Three months ended October 31,		Nine months ended October 31,	
	2018	2017	2018	2017
Revenue:				
Service revenue	\$ 25,041	\$ 22,962	\$ 74,797	\$ 68,258
Custodial revenue	31,564	22,105	90,713	62,709
Interchange revenue	13,890	11,722	45,956	38,122
Total revenue	<u>70,495</u>	<u>56,789</u>	<u>211,466</u>	<u>169,089</u>
Cost of revenue:				
Service costs	17,562	17,251	52,808	47,824
Custodial costs	3,551	2,784	10,492	8,370
Interchange costs	3,565	3,027	11,418	9,625
Total cost of revenue	<u>24,678</u>	<u>23,062</u>	<u>74,718</u>	<u>65,819</u>
Gross profit	45,817	33,727	136,748	103,270
Operating expenses:				
Sales and marketing	7,502	5,892	21,605	15,707
Technology and development	8,678	6,866	25,055	19,905
General and administrative	9,161	6,252	24,561	18,354
Amortization of acquired intangible assets	1,490	1,155	4,438	3,320
Total operating expenses	<u>26,831</u>	<u>20,165</u>	<u>75,659</u>	<u>57,286</u>
Income from operations	18,986	13,562	61,089	45,984
Other expense:				
Other expense, net	(1,555)	(395)	(1,631)	(523)
Total other expense	<u>(1,555)</u>	<u>(395)</u>	<u>(1,631)</u>	<u>(523)</u>
Income before income taxes	17,431	13,167	59,458	45,461
Income tax provision (benefit)	1,745	2,685	(1,322)	4,004
Net income	<u>\$ 15,686</u>	<u>\$ 10,482</u>	<u>\$ 60,780</u>	<u>\$ 41,457</u>
Net income per share:				
Basic	\$ 0.25	\$ 0.17	\$ 0.98	\$ 0.69
Diluted	\$ 0.25	\$ 0.17	\$ 0.96	\$ 0.67
Weighted-average number of shares used in computing net income per share:				
Basic	62,088	60,562	61,718	60,160
Diluted	63,923	61,868	63,628	61,703
Comprehensive income:				
Net income	\$ 15,686	\$ 10,482	\$ 60,780	\$ 41,457
Other comprehensive gain (loss):				
Unrealized gain (loss) on available-for-sale marketable securities, net of tax	—	7	—	(23)
Comprehensive income	<u>\$ 15,686</u>	<u>\$ 10,489</u>	<u>\$ 60,780</u>	<u>\$ 41,434</u>

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

HealthEquity, Inc. and subsidiaries
Condensed consolidated statements of cash flows (unaudited)

(in thousands)	Nine months ended October 31,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 60,780	\$ 41,457
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,498	11,142
Loss on disposal of software development costs and other	844	97
Deferred taxes	394	5,093
Stock-based compensation	15,461	10,468
Changes in operating assets and liabilities:		
Accounts receivable	(2,863)	(4,482)
Inventories	51	423
Other assets	(4,568)	(3,027)
Accounts payable	(1,087)	(425)
Accrued compensation	(2,617)	(2,219)
Accrued liabilities	451	2,586
Other long-term liabilities	441	770
Net cash provided by operating activities	80,785	61,883
Cash flows from investing activities:		
Purchases of intangible member assets	(1,195)	(15,529)
Acquisition of a business	—	(2,882)
Purchases of marketable securities	(574)	(343)
Purchases of property and equipment	(3,467)	(3,382)
Purchases of software and capitalized software development costs	(7,352)	(7,654)
Net cash used in investing activities	(12,588)	(29,790)
Cash flows from financing activities:		
Proceeds from exercise of common stock options	21,338	12,320
Net cash provided by financing activities	21,338	12,320
Increase in cash and cash equivalents	89,535	44,413
Beginning cash and cash equivalents	199,472	139,954
Ending cash and cash equivalents	\$ 289,007	\$ 184,367
Supplemental disclosures of non-cash investing and financing activities:		
Purchases of property and equipment included in accounts payable or accrued liabilities at period end	\$ 6	\$ 238
Purchases of software and capitalized software development costs included in accounts payable or accrued liabilities at period end	156	501
Purchases of intangible member assets accrued during the period	—	3,429
Exercise of common stock options receivable	28	—

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

HealthEquity, Inc. and subsidiaries

Notes to condensed consolidated financial statements (unaudited)

Note 1. Summary of business and significant accounting policies

HealthEquity, Inc. was incorporated in the state of Delaware on September 18, 2002. The Company offers a full range of innovative solutions for managing health care accounts (Health Savings Accounts, Health Reimbursement Arrangements, and Flexible Spending Accounts) for health plans, insurance companies, and third-party administrators.

Principles of consolidation

The condensed consolidated financial statements include the accounts of HealthEquity, Inc. and its wholly owned subsidiaries, HealthEquity Trust Company, HEQ Insurance Services, Inc., HealthEquity Advisors, LLC and HealthEquity Retirement Services, LLC (collectively referred to as the "Company").

The Company has a 22% ownership interest in a limited partnership for investment in and the management of early stage companies in the healthcare industry; this partnership interest is accounted for using the equity method of accounting. The investment was approximately \$0.2 million as of October 31, 2018 and is included in other assets on the accompanying condensed consolidated balance sheet.

The Company has a 1% ownership interest in a limited partnership that engages in the development of technology-based financial healthcare products. The Company elected the measurement alternative for non-marketable investments previously accounted for under the cost method of accounting to account for the investment. The investment was \$0.5 million as of October 31, 2018 and is included in other assets on the accompanying condensed consolidated balance sheet.

Acquisitions of businesses are accounted for as business combinations, and accordingly, the results of operations of acquired businesses are included in the consolidated financial statements from the date of acquisition. All significant intercompany balances and transactions have been eliminated.

Basis of presentation

The accompanying condensed consolidated financial statements as of October 31, 2018 and for the three and nine months ended October 31, 2018 and 2017 are unaudited and have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and the applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. In the opinion of management, the interim data includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended January 31, 2018. The fiscal year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP.

Recent adopted accounting pronouncements

Adoption of ASC 606

In May 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASC 606"), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This ASU and related subsequent amendments replaces most existing revenue recognition guidance in GAAP. The standard permits the use of either the retrospective or cumulative effect transition method (modified retrospective method).

The Company adopted ASC 606 on February 1, 2018 using the modified retrospective method for all contracts not completed as of the date of adoption. The Company recorded the cumulative effect of initially applying ASC 606 as an adjustment to the opening balance of retained earnings. The comparative period information has not been restated and continues to be reported under the accounting standards in effect for that period. The adoption of the preceding standard did not have a material impact on the Company's revenue for the three and nine months ended October 31, 2018.

HealthEquity, Inc. and subsidiaries

Notes to condensed consolidated financial statements (unaudited)

Note 1. Summary of business and significant accounting policies (continued)

Effective February 1, 2018, the Company capitalizes incremental contract acquisition costs, such as sales commissions, previously included in sales and marketing expenses in the condensed consolidated statement of operations, and amortizes these costs over the average economic life of an HSA Member. The Company's prior practice was to fully expense sales commissions when the HSA Member was added to the Company's platform.

The cumulative effect of the changes made to the Company's condensed consolidated balance sheet as of February 1, 2018 for the adoption of ASC 606 is as follows:

(in thousands)	January 31, 2018	Adjustments	February 1, 2018
Other current assets	\$ 3,310	\$ 1,366	\$ 4,676
Deferred tax asset	5,461	(4,187)	1,274
Other assets	2,180	15,847	18,027
Deferred tax liability	—	18	18
Accumulated earnings	\$ 85,300	\$ 13,008	\$ 98,308

The impact of adoption on the Company's condensed consolidated statement of operations for the three and nine months ended October 31, 2018 is as follows:

(in thousands)	Three months ended October 31, 2018			Nine months ended October 31, 2018		
	As reported	Without adoption of ASC 606	Effect of change higher (lower)	As reported	Without adoption of ASC 606	Effect of change higher (lower)
Sales and marketing	\$ 7,502	\$ 7,658	\$ (156)	\$ 21,605	\$ 22,147	\$ (542)
Income from operations	18,986	18,830	156	61,089	60,547	542
Income tax provision (benefit)	1,745	1,675	70	(1,322)	(1,530)	208
Net income	\$ 15,686	\$ 15,600	\$ 86	\$ 60,780	\$ 60,446	\$ 334

The impact of adoption on the Company's condensed consolidated balance sheet as of October 31, 2018 is as follows:

(in thousands)	As reported	Without adoption of ASC 606	Effect of change higher (lower)
Other current assets	\$ 8,953	\$ 7,552	\$ 1,401
Deferred tax asset	1,435	5,111	(3,676)
Other assets	18,300	2,022	16,278
Deferred tax liability	661	—	661
Accumulated earnings	\$ 158,731	\$ 145,389	\$ 13,342

Disaggregation of revenue. The Company's primary sources of revenue are service, custodial, and interchange revenue and are disclosed in the condensed consolidated statements of operations. All of the Company's sources of revenue are deemed to be revenue contracts with customers. Each revenue source is affected differently by economic factors as it relates to the nature, amount, timing and uncertainty.

Costs to obtain or fulfill a contract. ASC 606 requires capitalizing the costs of obtaining a contract when those costs are incremental and expected to be recovered. Since incremental commissions paid to sales team members as a result of obtaining contracts are recoverable, the Company recorded a \$17.2 million cumulative catch-up capitalized asset on February 1, 2018. As of October 31, 2018, the net amount capitalized as contract costs was \$17.7 million, which is included in other current assets and other assets.

In order to determine the amortization period for sales commissions contract costs, the Company applied the portfolio approach. Accordingly, the amortization period of the assets has been determined to be the average economic life of an HSA Member and 401(k) customer relationship, which is estimated to be 15 years and 10 years,

HealthEquity, Inc. and subsidiaries

Notes to condensed consolidated financial statements (unaudited)

Note 1. Summary of business and significant accounting policies (continued)

respectively. Amortization of capitalized sales commission contract costs is included in sales and marketing expenses in the condensed consolidated statement of operations.

Performance obligations. ASC 606 requires disclosure of the aggregate amount of the transaction price allocated to unsatisfied performance obligations; however, as permitted by ASC 606, the Company has elected to exclude from this disclosure any contracts with an original duration of one year or less and any variable consideration that meets specified criteria. Amounts excluded are not significant to the Company's condensed consolidated statements of operations.

Service revenue. The Company hosts its platform, prepares statements, provides a mechanism for spending funds, and provides customer support services. All of these services are consumed as they are received. The Company will continue to recognize service revenue on a monthly basis as it transfers control and satisfies its performance obligations.

Custodial revenue. The Company deposits custodial cash and investment assets at federally-insured custodial depository partners and with an investment partner. The deposit of funds represents a service that is simultaneously received and consumed by the custodial depository bank partners and investment partner. The Company will continue to recognize custodial revenue each month based on the amount received by its custodial bank partners and investment partners.

Interchange revenue. The Company satisfies its interchange performance obligation each time payments are made with our cards via payment networks. The Company will continue to recognize interchange revenue in the month the payment transaction occurs.

Contract balances. The Company does not recognize revenue in advance of invoicing its customers and therefore has no related contract assets. The Company records a receivable when revenue is recognized prior to payment and the Company has unconditional right to payment. Alternatively, when payment precedes the related services, the Company records a contract liability, or deferred revenue, until its performance obligations are satisfied. The Company's deferred revenue as of October 31, 2018 and January 31, 2018 was \$0.4 million and \$0.5 million, respectively. The balances related to cash received in advance for a certain interchange revenue arrangement. The Company expects to satisfy its remaining obligations for this arrangement.

Significant judgments. The Company makes no significant judgments in determining the amount or timing of revenue recognition. The Company has estimated the average economic life of an HSA Member and a 401(k) customer relationship to be 15 years and 10 years, respectively, and which has been determined to be the amortization period for the capitalized sales commissions contract costs.

Practical expedients. The Company has applied the practical expedient which allows an entity to account for incremental costs of obtaining a contract at a portfolio level. The Company has also applied the practical expedient to recognized incremental costs of obtaining contracts as an expense when incurred if the amortization period would have been one year or less.

Adoption of ASU 2016-01

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Liabilities*. In February 2018, the FASB issued ASU No. 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*, which clarifies certain aspects of the guidance issued in ASU 2016-01. The amendments in these updates revise an entity's accounting related to the classification and measurement of investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value. This ASU 2016-01 also amends certain disclosure requirements associated with the fair value of financial instruments. The Company adopted these ASUs on February 1, 2018 using the modified retrospective method. The Company recorded the cumulative effect as an adjustment to the opening balance of retained earnings. The comparative period information has not been restated and continues to be reported under the accounting standards in effect for that period. The cumulative effect of the changes made to the Company's condensed consolidated balance sheet as of February 1, 2018 due to the adoption of ASU 2016-01 were as follows:

HealthEquity, Inc. and subsidiaries

Notes to condensed consolidated financial statements (unaudited)

Note 1. Summary of business and significant accounting policies (continued)

(in thousands)	January 31, 2018		Adjustments		February 1, 2018
Deferred tax asset	\$	5,461	\$	(87)	\$ 5,374
Accumulated other comprehensive loss	\$	(269)	\$	269	\$ —
Accumulated earnings	\$	85,300	\$	(356)	\$ 84,944

This ASU also eliminated the cost method of accounting for investments in equity securities that do not have readily determinable fair values and permits the election of a measurement alternative that allows such securities to be recorded at cost, less impairment, if any, plus or minus changes resulting from observable price changes in market-based transactions for an identical or similar investment of the same issuer. The Company adopted this provision on a prospective basis as it relates to its 1% ownership interest in a limited partnership and elected the measurement alternative for non-marketable investments previously accounted for under the cost method of accounting. Gains and losses resulting from observable price changes in market-based transactions for an identical or similar investment of the same issuer or impairment will be recorded through net income in the period incurred.

The impact of the adoption on the Company's condensed consolidated financial statements as of and for the three and nine months ended October 31, 2018 was not significant.

Adoption of ASU 2018-02

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which gives companies the option to reclassify between accumulated other comprehensive income ("AOCI") and retained earnings the income tax rate differential that has become stranded in AOCI as a result of the enactment of the Tax Cuts and Jobs Act and the revaluation of certain deferred tax assets and liabilities at the new federal income tax rate of 21%. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company elected to early adopt this ASU in the fourth quarter of fiscal year 2018. As a result of adopting this standard, the reclassification of the income tax effects of this tax reform during the year ended January 31, 2018 resulted in an increase to retained earnings and a decrease to AOCI in the amount of \$45,000 related to the decrease in the federal corporate income tax rate. The Company's policy is to use the portfolio approach in releasing income tax effects from AOCI.

Adoption of ASU 2016-16

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740) - Intra-Entity Transfers of Assets Other Than Inventory*, which updates the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company adopted this ASU during the nine months ended October 31, 2018. There was no impact on the Company's condensed consolidated financial statements as a result of the adoption.

Adoption of ASU 2016-15

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*, which provides guidance on the classification of certain cash receipts and cash payments. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company adopted this ASU during the nine months ended October 31, 2018. There was no impact on the Company's condensed consolidated financial statements as a result of the adoption.

Adoption of ASU 2017-09

In May 2017, the FASB issued ASU 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting*, which provides guidance about changes to the terms or conditions of a share-based payment award. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company adopted this ASU during the nine months ended October 31, 2018, and prospectively applies this standard to awards modified on or after the adoption date. There was no impact on the Company's condensed consolidated financial statements as a result of the adoption.

HealthEquity, Inc. and subsidiaries

Notes to condensed consolidated financial statements (unaudited)

Note 1. Summary of business and significant accounting policies (continued)

Recent issued accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (codified as "ASC 842"), which sets out the principles for the recognition, measurement, presentation and disclosure for both parties to a contract (i.e., lessees and lessors). ASC 842 supersedes the previous leases standard, ASC 840 leases. ASC 842 is effective for financial statements issued for reporting periods beginning after December 15, 2018 and requires a modified retrospective transition, and provides for certain practical expedients; early adoption is permitted. In July 2018, the FASB issued ASU 2018-11- *Leases ("Topic 842") – Targeted Improvements*, which provides an additional transition method to adopt the new lease standard at the adoption date, as compared to the beginning of the earliest period presented, and recognize a cumulative-effect adjustment to the beginning balance of retained earnings in the period of adoption. The Company will adopt ASC 842 effective February 1, 2019, using the alternative transition method under Topic 842. Although the Company is in the process of evaluating the impact of adoption of ASC 842 on its consolidated financial statements, the Company currently believes the most significant change will be related to the recognition of right-of-use assets and lease liabilities on the Company's balance sheet for facility operating lease agreements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*, which requires financial assets measured at amortized cost be presented at the net amount expected to be collected. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. The Company does not plan to early adopt this ASU. The Company believes the adoption of this ASU will have an immaterial impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment*, which removes step two from the goodwill impairment test. As a result, an entity should perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting units' fair value. This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the timing of adoption; however, it does not believe this ASU will have a material impact on the Company's consolidated financial statements.

In August 2018, FASB issued ASU 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"), which amends ASC 820, "Fair Value Measurement." ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying and adding certain disclosures. This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. As this relates to disclosure only, the Company believes the adoption of this ASU will have an immaterial impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This ASU allows the capitalization of implementation costs incurred in a hosting arrangement. This ASU is effective for fiscal years beginning after December 15, 2019. The Company is currently evaluating the potential effect of this ASU on the consolidated financial statements.

In August 2018, the SEC adopted a final rule under SEC Release No. 33-10532, *Disclosure Update and Simplification*, that amends certain disclosure requirements that were duplicative, overlapping, outdated or superseded. The amendments also expanded the disclosure requirements relating to stockholders' equity for interim financial statements, to require changes in stockholders' equity, in the form of reconciliation, for the current and comparative year-to-date periods, with subtotals for each interim period. This final rule was effective on November 5, 2018. As permitted by the SEC, the Company will apply the disclosure change in stockholders' equity analysis commencing with its Form 10-Q for the fiscal quarter ending April 30, 2019.

HealthEquity, Inc. and subsidiaries

Notes to condensed consolidated financial statements (unaudited)

Note 2. Net income per share

The following table sets forth the computation of basic and diluted net income per share:

(in thousands, except per share data)	Three months ended October 31,		Nine months ended October 31,	
	2018	2017	2018	2017
Numerator (basic and diluted):				
Net income	\$ 15,686	\$ 10,482	\$ 60,780	\$ 41,457
Denominator (basic):				
Weighted-average common shares outstanding	62,088	60,562	61,718	60,160
Denominator (diluted):				
Weighted-average common shares outstanding	62,088	60,562	61,718	60,160
Weighted-average dilutive effect of stock options and restricted stock units	1,835	1,306	1,910	1,543
Diluted weighted-average common shares outstanding	63,923	61,868	63,628	61,703
Net income per share:				
Basic	\$ 0.25	\$ 0.17	\$ 0.98	\$ 0.69
Diluted	\$ 0.25	\$ 0.17	\$ 0.96	\$ 0.67

For the three months ended October 31, 2018 and 2017, approximately 36,000 and 0.8 million shares, respectively, attributable to stock options and restricted stock units were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive.

For the nine months ended October 31, 2018 and 2017, approximately 0.1 million and 0.7 million shares, respectively, attributable to stock options and restricted stock units were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive.

Note 3. Cash, cash equivalents and marketable securities

Cash, cash equivalents and marketable securities as of October 31, 2018 consisted of the following:

(in thousands)	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value
Cash and cash equivalents	\$ 289,007	\$ —	\$ —	\$ 289,007
Marketable securities:				
Mutual funds	41,727	335	(812)	41,250
Total cash, cash equivalents and marketable securities	\$ 330,734	\$ 335	\$ (812)	\$ 330,257

Cash, cash equivalents and marketable securities as of January 31, 2018 consisted of the following:

(in thousands)	Cost basis	Gross unrealized gains	Gross unrealized losses	Fair value
Cash and cash equivalents	\$ 199,472	\$ —	\$ —	\$ 199,472
Marketable securities:				
Mutual funds	41,153	270	(626)	40,797
Total cash, cash equivalents and marketable securities	\$ 240,625	\$ 270	\$ (626)	\$ 240,269

HealthEquity, Inc. and subsidiaries

Notes to condensed consolidated financial statements (unaudited)

Note 3. Cash, cash equivalents and marketable securities (continued)

The following table summarizes the cost basis and fair value of the marketable securities by contractual maturity as of October 31, 2018:

(in thousands)	Cost basis		Fair value
One year or less	\$	26,021	\$ 25,895
Over one year and less than five years		15,706	15,355
Total	\$	41,727	\$ 41,250

Unrealized losses from marketable securities are primarily attributable to change in interest rates. The Company does not believe any remaining unrealized losses represent other-than-temporary impairments based on the Company's evaluation of available evidence as of October 31, 2018.

Unrealized loss recognized during the three and nine months ended October 31, 2018 for marketable securities held as of October 31, 2018 was \$0.1 million.

Note 4. Property and equipment

Property and equipment consisted of the following as of October 31, 2018 and January 31, 2018:

(in thousands)	October 31, 2018		January 31, 2018	
Leasehold improvements	\$	3,775	\$	2,292
Furniture and fixtures		5,075		4,785
Computer equipment		9,291		8,174
Property and equipment, gross		18,141		15,251
Accumulated depreciation		(9,398)		(7,415)
Property and equipment, net	\$	8,743	\$	7,836

Depreciation expense for the three months ended October 31, 2018 and 2017 was \$0.9 million and \$0.7 million, respectively, and \$2.6 million and \$2.0 million for the nine months ended October 31, 2018 and 2017, respectively.

Note 5. Intangible assets and goodwill

During the three months ended October 31, 2018 and 2017, the Company capitalized software development costs of \$2.2 million and \$2.1 million, respectively, and \$6.4 million and \$6.3 million for the nine months ended October 31, 2018 and 2017, respectively, related to significant enhancements and upgrades to its proprietary system.

The gross carrying amount and associated accumulated amortization of intangible assets were as follows as of October 31, 2018 and January 31, 2018:

(in thousands)	October 31, 2018		January 31, 2018	
Amortized intangible assets:				
Capitalized software development costs	\$	37,995	\$	31,993
Software		4,440		8,863
Other intangible assets		2,882		2,882
Acquired intangible member assets		85,110		83,915
Intangible assets, gross		130,427		127,653
Accumulated amortization		(49,697)		(44,018)
Intangible assets, net	\$	80,730	\$	83,635

HealthEquity, Inc. and subsidiaries

Notes to condensed consolidated financial statements (unaudited)

Note 5. Intangible assets and goodwill (continued)

During the three months ended October 31, 2018 and 2017, the Company expensed a total of \$3.4 million and \$3.0 million, respectively, and \$10.0 million and \$8.9 million for the nine months ended October 31, 2018 and 2017, respectively, in software development costs primarily related to the post-implementation and operation stages of its proprietary software.

Amortization expense for the three months ended October 31, 2018 and 2017 was \$3.7 million and \$3.3 million, respectively, and \$10.9 million and \$9.2 million for the nine months ended October 31, 2018 and 2017, respectively.

During the three months ended October 31, 2018, the Company incurred a loss on disposal of approximately \$0.7 million of previously capitalized software development costs.

There were no changes to the goodwill carrying value during the three and nine months ended October 31, 2018 and 2017.

Note 6. Commitments and contingencies

The Company's principal commitments and contingencies consist of a processing services agreement with a vendor, and obligations for office space, telephony services, data storage facilities, equipment and certain maintenance agreements under long-term, non-cancelable operating leases. These commitments as of January 31, 2018 are disclosed in the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended January 31, 2018, and did not change materially during the three and nine months ended October 31, 2018, except for the following:

On September 27, 2018, the Company entered into an amendment to its lease agreements, dated May 15, 2015, to expand its current office space in Draper, Utah, commencing February 1, 2020 and extend the term of its current lease. The leases will expire on November 30, 2030. The Company will be responsible for payment of taxes and operating expenses, in addition to rent increases of approximately \$35.5 million over the lease term.

Future minimum lease payments required under non-cancelable obligations as of October 31, 2018 are as follows:

Year ending January 31, (in thousands)	Office lease	Other agreements	Total
2019	\$ 957	\$ 1,114	\$ 2,071
2020	3,689	3,113	6,802
2021	3,933	3,095	7,028
2022	5,589	1,803	7,392
2023	5,728	40	5,768
Thereafter	50,124	11	50,135
Total	\$ 70,020	\$ 9,176	\$ 79,196

Lease expense for office space for the three months ended October 31, 2018 and 2017 was \$1.4 million and \$1.0 million, respectively, and \$4.0 million and \$3.1 million for the nine months ended October 31, 2018 and 2017, respectively. Expense for other lease agreements for the three months ended October 31, 2018 and 2017 was \$0.1 million, and \$0.4 million and \$0.3 million for the nine months ended October 31, 2018 and 2017, respectively.

Note 7. Indebtedness

On September 30, 2015, the Company entered into a new credit facility (the "Credit Agreement") that provides for a secured revolving credit facility in the aggregate principal amount of \$100.0 million for a term of five years. The proceeds of borrowings under the Credit Agreement may be used for general corporate purposes. No amounts have been drawn under the Credit Agreement as of October 31, 2018.

Borrowings under the Credit Agreement bear interest equal to, at the Company's option, a) an adjusted LIBOR rate or b) a customary base rate, in each case with an applicable spread to be determined based on the Company's leverage ratio as of the most recent fiscal quarter. The applicable spread for borrowing under the Credit Agreement ranges from 1.50% to 2.00% with respect to adjusted LIBOR rate borrowings and 0.50% to 1.00% with respect to

HealthEquity, Inc. and subsidiaries

Notes to condensed consolidated financial statements (unaudited)

Note 7. Indebtedness (continued)

customary base rate borrowings. Additionally, the Company pays a commitment fee ranging from 0.20% to 0.30% on the daily amount of the unused commitments under the Credit Agreement payable in arrears at the end of each fiscal quarter.

The Company's material subsidiaries are required to guarantee the obligations of the Company under the Credit Agreement. The obligations of the Company and the guarantors under the Credit Agreement and the guarantees are secured by substantially all assets of the Company and the guarantors, subject to customary exclusions and exceptions.

The Credit Agreement requires the Company to maintain a total leverage ratio of not more than 3.00 to 1.00 as of the end of each fiscal quarter and a minimum interest coverage ratio of at least 3.00 to 1.00 as of the end of each fiscal quarter. In addition, the Credit Agreement includes customary representations and warranties, affirmative and negative covenants, and events of default. The restrictive covenants include customary restrictions on the Company's ability to incur additional indebtedness; make investments, loans or advances; grant or incur liens on assets; engage in mergers, consolidations, liquidations or dissolutions; engage in transactions with affiliates; and make dividend payments. The Company was in compliance with these covenants as of October 31, 2018.

Note 8. Income taxes

The Company follows FASB Accounting Standards Codification 740-270, *Income Taxes - Interim Reporting*, for the computation and presentation of its interim period tax provision. Accordingly, management estimated the effective annual tax rate and applied this rate to the year-to-date pre-tax book income to determine the interim provision for income taxes. For the three and nine months ended October 31, 2018, the Company recorded an income tax expense of \$1.7 million and an income tax benefit of \$1.3 million, respectively. This resulted in an effective income tax expense rate of 10.0% and an effective income tax benefit rate of 2.2% for the three and nine months ended October 31, 2018, respectively, compared with an effective income tax expense rate of 20.4% and 8.8% for the three and nine months ended October 31, 2017, respectively. For the three and nine months ended October 31, 2018 and 2017, the net impact of discrete tax items caused an 11.9 and 24.1 percentage point decrease and a 15.7 and 27.3 percentage point decrease, respectively, to the effective income tax rate primarily due to the excess tax benefit on stock-based compensation expense recognized in the provision for income taxes in the condensed consolidated statements of operations and comprehensive income. The decrease in the effective income tax rate from the same periods last year is primarily due to the reduction in the US federal corporate income tax rate from 35% to 21% as a result of legislative changes effective January 1, 2018 and an increase in federal and state research and development tax credits over prior periods.

The Tax Cuts and Jobs Act, which was enacted on December 22, 2017, reduced the federal corporate income tax rate from 35% to 21%, among other provisions. In accordance with ASU 2018-05 and Staff Accounting Bulletin No. 118 ("SAB 118"), registrants were able to record provisional amounts during a one-year "measurement period" from the enactment date of the Tax Cuts and Jobs Act. The measurement period is deemed to have ended earlier when the registrant has obtained, prepared, and analyzed the information necessary to finalize its accounting. During the measurement period, impacts of the law are expected to be recorded at the time a reasonable estimate for all or a portion of the effects can be made, and provisional amounts can be recognized and adjusted as information becomes available, prepared, or analyzed.

SAB 118 summarizes a three-step process to be applied at each reporting period to account for and qualitatively disclose: (1) the effects of the change in tax law for which accounting is complete; (2) provisional amounts (or adjustments to provisional amounts) for the effects of the tax law where accounting is not complete, but that a reasonable estimate has been determined; and (3) a reasonable estimate cannot yet be made and therefore taxes are reflected in accordance with law prior to the enactment of the Tax Cuts and Jobs Act.

The Company remeasured certain deferred tax assets and liabilities as of December 31, 2017 based on rates at which they are expected to reverse in the future, which is generally the new corporate income tax rate of 21% as enacted by the Tax Cuts and Jobs Act. However, the Company's analysis is incomplete as it is still analyzing certain aspects of the Act and refining its calculations, including state conformity and the impact of state tax rates on deferred tax balances, which could potentially affect the measurement of these balances or potentially give rise to

HealthEquity, Inc. and subsidiaries

Notes to condensed consolidated financial statements (unaudited)

Note 8. Income taxes (continued)

new deferred tax amounts. Based on the best information available, the provisional amount recorded related to the remeasurement of the Company's deferred tax balances resulted in a decrease in net deferred tax assets of \$0.5 million during the year ended January 31, 2018. As of October 31, 2018, the Company has not made any additional measurement period adjustments to the provisional amount recorded as of January 31, 2018. The Company will continue to make and refine its calculations as additional analysis is completed. In addition, the Company's estimates may also be affected as it gains a more thorough understanding of the enacted tax law changes and as additional future guidance on the effects of the Tax Cuts and Jobs Act is made available. The Company expects to complete its accounting within the prescribed measurement period.

Other significant provisions of the Tax Cuts and Jobs Act were effective as of January 1, 2018, including, but not limited to: the limitation on the current deductibility of net interest expense in excess of 30% of adjusted taxable income, changes in the deductibility of certain meals and entertainment business expenses, and changes in the deductibility of certain excessive employee remuneration. The Company has applied these provisions to its current income tax provision as it relates to its tax return period beginning January 1, 2018 using reasonable interpretations and available guidance. Further guidance or technical corrections may affect the Company's estimates and the application of these provisions on its income tax provision.

As of October 31, 2018 and January 31, 2018, the Company's total gross unrecognized tax benefit was \$1.5 million and \$0.9 million, respectively. Certain unrecognized tax benefits have been netted against their related deferred tax assets; therefore, no unrecognized tax benefit has been recorded as of October 31, 2018 and January 31, 2018. If recognized, \$1.4 million of the total gross unrecognized tax benefits would affect the Company's effective tax rate as of October 31, 2018.

The Company files income tax returns with U.S. federal and state taxing jurisdictions and is not currently under examination with any jurisdiction. The Company remains subject to examination by federal and various state taxing jurisdictions for tax years after 2003.

Note 9. Stock-based compensation

The following table shows a summary of stock-based compensation in the Company's condensed consolidated statements of operations and comprehensive income during the periods presented:

(in thousands)	Three months ended October 31,		Nine months ended October 31,	
	2018	2017	2018	2017
Cost of revenue	\$ 788	\$ 720	\$ 2,008	\$ 1,903
Sales and marketing	990	561	2,586	1,403
Technology and development	1,386	831	3,677	2,365
General and administrative	2,570	1,553	7,190	4,797
Total stock-based compensation expense	\$ 5,734	\$ 3,665	\$ 15,461	\$ 10,468

The following table shows stock-based compensation by award type:

(in thousands)	Three months ended October 31,		Nine months ended October 31,	
	2018	2017	2018	2017
Stock options	\$ 1,917	\$ 1,947	\$ 5,664	\$ 5,846
Performance stock options	178	346	503	1,032
Restricted stock units	1,956	835	5,543	2,245
Performance restricted stock units	793	537	1,843	1,345
Restricted stock awards	172	—	399	—
Performance restricted stock awards	718	—	1,509	—
Total stock-based compensation expense	\$ 5,734	\$ 3,665	\$ 15,461	\$ 10,468

HealthEquity, Inc. and subsidiaries

Notes to condensed consolidated financial statements (unaudited)

Note 9. Stock-based compensation (continued)

Stock options

The Company currently grants stock options under the 2014 Equity Incentive Plan (as amended and restated, the "Incentive Plan"), which provided for the issuance of stock options to the directors and team members of the Company to purchase up to an aggregate of 2.6 million shares of common stock.

In addition, under the Incentive Plan, the number of shares of common stock reserved for issuance under the Incentive Plan automatically increases on February 1 of each year, beginning as of February 1, 2015 and continuing through and including February 1, 2024, by 3% of the total number of shares of the Company's capital stock outstanding on January 31 of the preceding fiscal year, or a lesser number of shares determined by the board of directors.

Under the terms of the Incentive Plan, the Company has the ability to grant incentive and nonqualified stock options. Incentive stock options may be granted only to Company team members. Nonqualified stock options may be granted to Company team members, directors and consultants. Such options are to be exercisable at prices, as determined by the board of directors, which must be equal to no less than the fair value of the Company's common stock at the date of the grant. Stock options granted under the Incentive Plan generally expire 10 years from the date of issuance, or are forfeited 90 days after termination of employment. Shares of common stock underlying stock options that are forfeited or that expire are returned to the Incentive Plan.

Valuation assumptions. The Company has adopted the provisions of Topic 718, which requires the measurement and recognition of compensation for all stock-based awards made to team members and directors, based on estimated fair values.

Under Topic 718, the Company uses the Black-Scholes option pricing model as the method of valuation for stock options. The determination of the fair value of stock-based awards on the date of grant is affected by the fair value of the stock as well as assumptions regarding a number of complex and subjective variables. The variables include, but are not limited to, 1) the expected life of the option, 2) the expected volatility of the fair value of the Company's common stock over the term of the award estimated by averaging the Company's historical volatility in addition to published volatilities of a relative peer group, 3) risk-free interest rate, and 4) expected dividends.

The key input assumptions that were utilized in the valuation of the stock options granted during the periods presented:

	Three months ended October 31,		Nine months ended October 31,	
	2018	2017	2018	2017
Expected dividend yield	—%	—%	—%	—%
Expected stock price volatility	37.09%	37.79%	37.09% - 37.84%	37.79% - 38.01%
Risk-free interest rate	2.79%	1.18%	2.52% - 2.79%	1.18% - 2.07%
Expected life of options	6.25 years	4.50 years	5.17 - 6.25 years	4.50 - 6.25 years

The determination of the fair value of stock options on the date of grant using the Black-Scholes option pricing model is affected by the Company's stock price as well as assumptions regarding a number of complex and subjective variables. Expected volatility is determined using weighted average volatility of publicly traded peer companies. During the three and nine months ended October 31, 2018, the Company began using its own historical volatility in addition to the volatility of publicly traded peer companies, as its share price history grows over time. The risk-free interest rate is determined by using published zero coupon rates on treasury notes for each grant date given the expected term on the options. The dividend yield of zero is based on the fact that the Company expects to invest cash in operations. The Company uses the "simplified" method to estimate expected term as determined under Staff Accounting Bulletin No. 110 due to the limited option exercise history as a public company.

HealthEquity, Inc. and subsidiaries Notes to condensed consolidated financial statements (unaudited)

Note 9. Stock-based compensation (continued)

A summary of stock option activity is as follows:

(in thousands, except for exercise prices and term)	Number of options	Range of exercise prices	Weighted-average exercise price	Outstanding stock options	
				Weighted-average contractual term (in years)	Aggregate intrinsic value
Outstanding as of January 31, 2018	3,699	\$0.10 - 51.44	\$ 22.83	7.26	\$ 102,796
Granted	115	\$50.41 - 82.39	\$ 65.05		
Exercised	(1,222)	\$0.10 - 44.53	\$ 17.48		
Forfeited	(116)	\$14.00 - 44.53	\$ 30.48		
Outstanding as of October 31, 2018	2,476	\$0.10 - 82.39	\$ 27.08	6.96	\$ 160,195
Vested and expected to vest as of October 31, 2018	2,476		\$ 27.08	6.96	\$ 160,195
Exercisable as of October 31, 2018	806		\$ 21.81	6.45	\$ 56,427

The aggregate intrinsic value in the table above represents the difference between the estimated fair value of common stock and the exercise price of outstanding, in-the-money stock options.

As of October 31, 2018, the weighted-average vesting period of non-vested awards expected to vest is approximately 1.3 years; the amount of compensation expense the Company expects to recognize for stock options vesting in future periods is approximately \$13.1 million.

Performance options. The Company recorded compensation expense related to the performance-based options based on the Company's probability assessment of attaining its Adjusted EBITDA targets, and Adjusted EBITDA per common share growth rates.

Restricted stock units and restricted stock awards

The Company grants restricted stock units ("RSUs") and restricted stock awards ("RSAs") to certain team members, officers, and directors under the Incentive Plan. RSUs and RSAs vest upon service-based criteria and performance-based criteria. Generally, service-based RSUs and RSAs vest over a four-year period in equal annual installments commencing upon the first anniversary of the grant date. RSUs and RSAs are valued based on the current value of the Company's closing stock price on the date of grant less the present value of future expected dividends discounted at the risk-free interest rate.

Performance restricted stock units. In March 2017, the Company awarded 146,964 performance-based RSUs ("PRSUs"). Vesting of the PRSUs is dependent upon the achievement of certain financial criteria and cliff vest on January 31, 2020. The Company records stock-based compensation related to PRSUs when it is considered probable that the performance conditions will be met. Issuance of the underlying shares occurs at vesting. The Company believes it is probable that the PRSUs will vest at least in part. The vesting of PRSUs will ultimately range from 0% to 150% of the number of shares underlying the PRSU grant based on the level of achievement of the performance goals.

Performance restricted stock awards. In March 2018, the Company awarded 227,760 performance-based RSAs ("PRSAs"). Vesting of the PRSAs is dependent upon the achievement of certain financial criteria and cliff vest on January 31, 2021. The Company records stock-based compensation related to PRSAs when it is considered probable that the performance conditions will be met. Issuance of the underlying shares occurs at the grant date. The Company believes it is probable that the PRSAs will vest at least in part. The vesting of PRSAs will ultimately range from 0% to 200% based on the level of achievement of the performance goals. The PRSAs were issued at the 200% level of achievement subject to clawback based on actual Company performance.

HealthEquity, Inc. and subsidiaries Notes to condensed consolidated financial statements (unaudited)

Note 9. Stock-based compensation (continued)

A summary of the RSU and RSA activity is as follows:

(in thousands, except weighted-average grant date fair value)	RSUs and PRSUs		RSAs and PRSAs	
	Shares	Weighted-average grant date fair value	Shares	Weighted-average grant date fair value
Outstanding as of January 31, 2018	451	\$ 44.10	—	\$ —
Granted	285	66.67	275	61.92
Vested	(76)	45.46	—	—
Forfeited	(27)	46.39	(19)	61.72
Outstanding as of October 31, 2018	633	\$ 54.00	256	\$ 61.93

Total unrecorded stock-based compensation expense as of October 31, 2018 associated with RSUs and PRSUs was \$26.4 million, which is expected to be recognized over a weighted-average period of 2.7 years. Total unrecorded stock-based compensation expense as of October 31, 2018 associated with RSAs and PRSAs was \$8.0 million, which is expected to be recognized over a weighted-average period of 2.6 years.

Note 10. Fair Value

Fair value measurements are made at a specific point in time, based on relevant market information. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting standards specify a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1—quoted prices in active markets for identical assets or liabilities;
- Level 2—inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3—unobservable inputs based on the Company's own assumptions.

Level 1 instruments are valued based on publicly available daily net asset values. Level 1 instruments consist primarily of highly liquid mutual funds.

The following tables summarize the assets measured at fair value on a recurring basis and indicates the level within the fair value hierarchy reflecting the valuation techniques utilized to determine fair value:

(in thousands)	October 31, 2018		
	Level 1	Level 2	Level 3
Marketable securities:			
Mutual funds	\$ 41,250	\$ —	\$ —

(in thousands)	January 31, 2018		
	Level 1	Level 2	Level 3
Marketable securities:			
Mutual funds	\$ 40,797	\$ —	\$ —

The Company has classified cash and cash equivalents as Level 1 and certain non-trade receivables as Level 2 in the fair value hierarchy.

Item 2. Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Statements that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are often identified by the use of words such as, but not limited to, "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "seek," "should," "target," "will," "would" and similar expressions or variations intended to identify forward-looking statements. Such statements include, but are not limited to, statements concerning market opportunity, our future financial and operating results, investment and acquisition strategy, sales and marketing strategy, management's plans, beliefs and objectives for future operations, technology and development, economic and industry trends or trend analysis, expectations about seasonality, opportunity for portfolio purchases and other acquisitions, use of

non-GAAP financial measures, operating expenses, anticipated income tax rates, capital expenditures, cash flows and liquidity. These statements are based on the beliefs and assumptions of our management based on information currently available to us. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk factors" included in our Annual Report on Form 10-K for the year ended January 31, 2018, as updated by this Quarterly Report on Form 10-Q, and in our other reports filed with the SEC. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such events.

Overview

We are a leader and an innovator in the high-growth category of technology-enabled services platforms that empower consumers to make healthcare saving and spending decisions. Our platform provides an ecosystem where consumers can access their tax-advantaged healthcare savings, compare treatment options and pricing, evaluate and pay healthcare bills, receive personalized benefit and clinical information, earn wellness incentives, and make educated investment choices to grow their tax-advantaged healthcare savings.

The core of our ecosystem is the health savings account, or HSA, a financial account through which consumers spend and save long-term for healthcare on a tax-advantaged basis. As of January 31, 2018, we were the integrated HSA platform for 124 Health Plan and Administrator Partners and over 40,000 Employer Partners. Our Health Plan and Administrator Partners and Employer Partners constitute our Network Partners.

Since our inception in 2002, we have been committed to developing technology solutions that empower healthcare consumers. In 2003, we began offering live 24/7/365 consumer support from health saving and spending experts. In 2005, we integrated HSAs with our first health plan partner, and in 2006, we were authorized to act as an HSA custodian by the U.S. Department of the Treasury. In 2009, we integrated HSAs with multiple health plans of a single large employer, began delivering integrated wellness incentives through an HSA, and partnered with a private health insurance exchange as its preferred HSA partner. In 2011, we integrated HSAs, reimbursement arrangements, or RAs, and investment accounts on one website, and in 2013, our registered investment advisor subsidiary began delivering HSA-specific investment advice online. In 2015, we launched our HSA Optimizer, which helps HSA members optimize their accounts based on their individual preferences and goals. In 2016, we launched a new feature which provides HSA account holders advance access to planned contributions. In 2017, we began to

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offer ERISA plan administration and investment services (with partnered advisors and record keepers) that can help reduce the cost, risk, and work of managing a 401(k) or similar retirement plan.

We earn revenue primarily from three sources: service revenue, custodial revenue and interchange revenue. We earn service revenue by providing monthly account services on our platform, primarily through contracts with our Network Partners, and custodial agreements with individual members. We earn custodial revenue, an increasing component of our overall revenue, from custodial cash assets deposited with our federally-insured custodial depository partners and with our insurance company partner, and recordkeeping fees we earn in respect of mutual funds in which our members invest. We also earn interchange revenue from interchange fees on payments that our members make using our physical and virtual payment cards.

Key factors affecting our performance

We believe that our performance and future success are driven by a number of factors, including those identified below. Each of these factors presents both significant opportunities and significant risks to our future performance. See the section entitled "Risk factors" included in our Annual Report on Form 10-K, as updated by this Quarterly Report on Form 10-Q.

Structural change in U.S. private health insurance

Substantially all of our revenue is derived from healthcare-related saving and spending by consumers in the United States, which is impacted by changes affecting the broader healthcare industry in the U.S. The healthcare industry has changed significantly in recent years, and we expect that significant changes will continue to occur that will result in increased participation in high deductible healthcare plans, or HDHPs, and other consumer-centric health plans. In particular, we believe that continued growth in healthcare costs, and related factors will spur HDHP and HSA growth; however, the timing and impact of these and other developments in the healthcare industry are difficult to predict, and changes in U.S. healthcare policy could adversely affect our business.

Attracting and penetrating network partners

We created our business model to take advantage of the changing dynamics of the U.S. private health insurance market. Our model is based on a B2B2C distribution strategy, meaning that we rely on our Employer Partners and Health Plan and Administrator Partners to reach potential members to increase the number of our HSA Members. Our success depends in large part on our ability to further penetrate our existing Network Partners by adding new HSA Members from these partners and adding new Network Partners.

Our innovative technology platform

We believe that innovations incorporated in our technology that enable consumers to make healthcare saving and spending decisions differentiate us from our competitors and drive our growth in revenue, HSA Members, Network Partners and custodial assets. Similarly, these innovations underpin our ability to provide a differentiated consumer experience in a cost-effective manner. We intend to continue to invest in our technology development to enhance our platform's capabilities and infrastructure.

Our "DEEP Purple" culture

The new healthcare consumer needs education and guidance delivered by people as well as technology. We believe that our "DEEP Purple" culture which we define as driving excellence, ethics, and process while providing remarkable service, is a significant factor in our ability to attract and retain customers and to address nimbly, opportunities in the rapidly changing healthcare sector. We make significant efforts to promote and foster DEEP Purple within our workforce. We invest in and intend to continue to invest in human capital through technology-enabled training, career development and advancement opportunities.

Interest rates

As a non-bank custodian, we contract with federally-insured custodial depository partners and an insurance company partner to hold custodial cash assets on behalf of our members, and we earn a significant portion of our total revenue from interest rates offered to us by these partners. The contract terms range from three to five years and have either fixed or variable interest rates. We have recently developed capabilities and entered into an agreement to begin holding custodial cash assets with credit unions that are federally insured by the National Credit Union Administration, or NCUA, share insurance fund. As our custodial assets increase and existing agreements expire, we seek to enter into new contracts with federally-insured custodial depository partners, the terms of which are impacted by the then-prevailing interest rate environment. The diversification of deposits among federally-insured custodial depository partners and varied contract terms substantially reduces our exposure to short-term

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fluctuations in prevailing interest rates and mitigates the short-term impact of a sustained increase or decline in prevailing interest rates on our custodial revenue. A sustained decline in prevailing interest rates may negatively affect our business by reducing the size of the interest rate yield, or yield, available to us and thus the amount of the custodial revenue we can realize. Conversely, a sustained increase in prevailing interest rates can increase our yield over time. An increase in our yield would increase our custodial revenue as a percentage of total revenue. In addition, as our yield increases, we expect the spread to grow between the interest offered to us by our federally-insured custodial depository partners and the interest retained by our members, thus increasing our profitability. However, we may be required to increase the interest retained by our members in a rising prevailing interest rate environment and we do not currently intend to allow the spread to exceed the net interest margin for all U.S. banks. Changes in prevailing interest rates are driven by macroeconomic trends and government policies over which we have no control.

Our competition and industry

Our direct competitors are HSA custodians. Many of these are state or federally chartered banks and other financial institutions for which we believe technology-based healthcare services are not a core business. Certain of our direct competitors have chosen to exit the market despite increased demand for these services. This has created, and we believe will continue to create, opportunities for us to leverage our technology platform and capabilities to increase our market share. However, some of our direct competitors are in a position, should they choose, to devote more resources to the development, sale and support of their products and services than we have at our disposal. In addition, numerous indirect competitors, including benefits administration technology and service providers, partner with banks and other HSA custodians to compete with us. Our Health Plan and Administrator Partners may also choose to offer technology-based healthcare services directly, as some health plans have done. Our success depends on our ability to predict and react quickly to these and other industry and competitive dynamics.

Regulatory environment

Federal law and regulations, including the Affordable Care Act, the Internal Revenue Code and IRS regulations, the Employee Retirement Income Security Act and Department of Labor regulations, and public health regulations that govern the provision of health insurance, play a pivotal role in determining our market opportunity. Privacy and data security-related laws such as the Health Insurance Portability and Accountability Act, or HIPAA, and the Gramm-Leach-Bliley Act, laws governing the provision of investment advice to consumers, such as the Investment Advisers Act of 1940, or the Advisers Act, the USA PATRIOT Act, anti-money laundering laws, and the Federal Deposit Insurance Act, all play a similar role in determining our competitive landscape. In addition, state-level regulations also have significant implications for our business in some cases. For example, our subsidiary HealthEquity Trust Company is regulated by the Wyoming Division of Banking, and several states are considering, or have already passed, new fiduciary rules that can affect our business. Our ability to predict and react quickly to relevant legal and regulatory trends and to correctly interpret their market and competitive implications is important to our success.

Our acquisition strategy

We have a successful history of acquiring complementary assets and businesses that strengthen our platform. We seek to continue this growth strategy and are regularly engaged in evaluating different opportunities. We have developed an internal capability to source, evaluate and integrate acquisitions that have created value for shareholders. We intend to continue to pursue acquisitions of complementary assets and businesses that we believe will strengthen our platform.

Key financial and operating metrics

Our management regularly reviews a number of key operating and financial metrics to evaluate our business, determine the allocation of our resources, make decisions regarding corporate strategies and evaluate forward-looking projections and trends affecting our business. We discuss certain of these key financial metrics, including revenue, below in the section entitled "Key components of our results of operations." In addition, we utilize other key metrics as described below.

HSA Members

The following table sets forth our HSA Members for the periods indicated:

(in thousands, except percentages)	October 31, 2018	October 31, 2017	% Change	January 31, 2018
HSA Members	3,677	3,013	22 %	3,403
Average HSA Members - Year-to-date	3,540	2,873	23 %	2,952
Average HSA Members - Quarter-to-date	3,642	2,977	22 %	3,189
New HSA Members - Year-to-date	338	339	— %	723
New HSA Members - Quarter-to-date	119	123	(3)%	404
Active HSA Members	2,972	2,536	17 %	2,863
HSA Members with investments	153	98	56 %	122

The number of our HSA Members is critical because our revenue is driven by the amount we earn from HSA Member's accounts, balances and spend. The number of our HSA Members increased by approximately 664,000, or 22%, from October 31, 2017 to October 31, 2018, primarily driven by the addition of new Network Partners and further penetration into existing Network Partners.

HSAs are individually owned portable healthcare accounts. As HSA Members transition between employers or health plans, they may no longer be enrolled in an HDHP that qualifies them to continue to make contributions to their HSA. If these HSA Members deplete their custodial balance, we may consider them no longer an Active HSA Member. We define an Active HSA Member as an HSA Member that (i) is associated with a Health Plan and Administrator Partner or an Employer Partner, in each case as of the end of the applicable period; or (ii) has held a custodial balance at any point during the previous twelve month period. Active HSA Members increased 17% from 2.5 million as of October 31, 2017 to 3.0 million as of October 31, 2018.

Custodial assets

The following table sets forth our custodial assets for the periods indicated:

(in millions, except percentages)	October 31, 2018	October 31, 2017	% Change	January 31, 2018
Custodial cash	\$ 5,583	\$ 4,593	22%	\$ 5,490
Custodial investments	1,507	987	53%	1,289
Total custodial assets	\$ 7,090	\$ 5,580	27%	\$ 6,779
Average daily custodial cash - Year-to-date	\$ 5,503	\$ 4,470	23%	\$ 4,571
Average daily custodial cash - Quarter-to-date	\$ 5,551	\$ 4,550	22%	\$ 4,876

Our custodial assets, which are our HSA Members' assets for which we are the custodian, consist of the following components: (i) custodial cash deposits, which are deposits with our federally-insured custodial depository partners, (ii) custodial cash deposits invested in an annuity contract with our insurance company partner, and (iii) members' investments in mutual funds through our custodial investment fund partner. Measuring our custodial assets is important because our custodial revenue is directly affected by average daily custodial balances.

Our total custodial assets increased by \$1.5 billion, or 27%, from October 31, 2017 to October 31, 2018, primarily driven by additional custodial assets from our existing HSA Members and new custodial assets from our new HSA Members. Importantly, our custodial investment assets increased by \$520 million, or 53%, from October 31, 2017 to October 31, 2018, reflecting our strategy to help our HSA Members build wealth and invest for retirement.

Adjusted EBITDA

We define Adjusted EBITDA, which is a non-GAAP financial metric, as adjusted earnings before interest, taxes, depreciation and amortization, stock-based compensation expense, and certain other non-operating items. We believe that Adjusted EBITDA provides useful information to investors and analysts in understanding and evaluating our operating results in the same manner as our management and our board of directors because it reflects operating profitability before consideration of non-operating expenses and non-cash expenses, and serves as a basis for comparison against other companies in our industry.

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The following table presents a reconciliation of net income, the most comparable GAAP financial measure, to Adjusted EBITDA for each of the periods indicated:

(in thousands)	Three months ended October 31,		Nine months ended October 31,	
	2018	2017	2018	2017
Net income	\$ 15,686	\$ 10,482	\$ 60,780	\$ 41,457
Interest income	(358)	(185)	(919)	(521)
Interest expense	68	69	204	205
Income tax provision (benefit)	1,745	2,685	(1,322)	4,004
Depreciation and amortization	3,092	2,851	9,060	7,822
Amortization of acquired intangible assets	1,490	1,155	4,438	3,320
Stock-based compensation expense	5,734	3,665	15,461	10,468
Other (1)	2,209	511	3,392	839
Adjusted EBITDA	\$ 29,666	\$ 21,233	\$ 91,094	\$ 67,594

(1) For the three months ended October 31, 2018 and 2017, Other consisted of non-income-based taxes of \$114 and \$113, other costs of \$207 and \$0, acquisition-related costs of \$849 and \$398, amortization of incremental costs to obtain a contract of \$363 and \$0, and loss on disposal of previously capitalized software development of \$676 and \$0, respectively. For the nine months ended October 31, 2018 and 2017, Other consisted of non-income-based taxes of \$334 and \$303, other costs of \$263 and \$54, acquisition-related costs of \$1,074 and \$482, amortization of incremental costs to obtain a contract of \$1,045 and \$0, and loss on disposal of previously capitalized software development of \$676 and \$0, respectively.

The following table further sets forth our Adjusted EBITDA:

(in thousands, except percentages)	Three months ended October 31,				Nine months ended October 31,			
	2018	2017	\$ Change	% Change	2018	2017	\$ Change	% Change
Adjusted EBITDA	\$ 29,666	\$ 21,233	\$ 8,433	40%	\$ 91,094	\$ 67,594	\$ 23,500	35%
As a percentage of revenue	42%	37%			43%	40%		

Our Adjusted EBITDA increased by \$8.4 million, or 40%, from \$21.2 million for the three months ended October 31, 2017 to \$29.7 million for the three months ended October 31, 2018. The increase in Adjusted EBITDA was driven by the overall growth of our business, including a \$5.4 million, or 40%, increase in income from operations.

Our Adjusted EBITDA increased by \$23.5 million, or 35%, from \$67.6 million for the nine months ended October 31, 2017 to \$91.1 million for the nine months ended October 31, 2018. The increase in Adjusted EBITDA was driven by the overall growth of our business, including a \$15.1 million, or 33%, increase in income from operations.

Our use of Adjusted EBITDA has limitations as an analytical tool, and it should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP.

Key components of our results of operations

Revenue

We generate revenue from three primary sources: service revenue, custodial revenue and interchange revenue.

Service revenue. We earn service revenue from the fees we charge our Network Partners, employer clients and individual members for the administration services we provide in connection with the HSAs and RAs we offer. With respect to our Network Partners, our fees are generally based on a fixed tiered structure for the duration of our agreement with the relevant Network Partner and are paid to us on a monthly basis. We recognize revenue on a monthly basis as services are rendered under our written service agreements.

Custodial revenue. We earn custodial revenue, an increasing component of our overall revenue, from our custodial cash assets deposited with our FDIC-insured custodial depository bank partners and with our insurance company partner, and recordkeeping fees we earn in respect of mutual funds in which our members invest. As a non-bank custodian, we deposit our custodial cash with our various bank partners pursuant to contracts that (i) have terms up to five years, (ii) provide for a fixed or variable interest rate payable on the average daily cash balances deposited with the relevant bank partner, and (iii) have minimum and maximum required deposit balances. We earn custodial revenue on our custodial cash that is based on the interest rates offered to us by these bank partners. In addition, once a member's HSA cash balance reaches a certain threshold, the member is able to invest his or her HSA assets in mutual funds through our custodial investment partner. We receive a recordkeeping fee related to such custodial investments.

Interchange revenue. We earn interchange revenue each time one of our members uses one of our payment cards to make a qualified purchase. This revenue is collected each time a member “swipes” our payment card to pay a healthcare-related expense. We recognize interchange revenue monthly based on reports received from third parties, namely, the card-issuing bank and the card processor.

Cost of revenue

Cost of revenue includes costs related to servicing member accounts, managing customer and partner relationships and processing reimbursement claims. Expenditures include personnel-related costs, depreciation, amortization, stock-based compensation, common expense allocations (such as office rent, supplies, and other overhead expenses), new member and participant supplies, and other operating costs related to servicing our members. Other components of cost of revenue include interest retained by members on custodial cash and interchange costs incurred in connection with processing card transactions for our members.

Service costs. Service costs include the servicing costs described above. Additionally, for new accounts, we incur on-boarding costs associated with the new accounts, such as new member welcome kits, the cost associated with issuance of new payment cards and costs of marketing materials that we produce for our Network Partners.

Custodial costs. Custodial costs are comprised of interest retained by our HSA Members and fees we pay to banking consultants whom we use to help secure agreements with our federally-insured custodial depository partners. Interest retained by HSA Members is calculated on a tiered basis. The interest rates retained by HSA Members can change based on a formula or upon required notice.

Interchange costs. Interchange costs are comprised of costs we incur in connection with processing payment transactions initiated by our members. Due to the substantiation requirement on RA-linked payment card transactions, payment card costs are higher for RA card transactions. In addition to fixed per card fees, we are assessed additional transaction costs determined by the amount of the transaction.

Gross profit and gross margin

Our gross profit is our total revenue minus our total cost of revenue, and our gross margin is our gross profit expressed as a percentage of our total revenue. Our gross margin has been and will continue to be affected by a number of factors, including the amount we charge our partners and members, interest rates, how many services we deliver per account, and payment processing costs per account. We expect our annual gross margin to increase somewhat over the near term as our custodial revenue increases as a percentage of total revenue, although our gross margin could fluctuate from period to period depending on the interplay of these factors.

Operating expenses

Sales and marketing. Sales and marketing expenses consist primarily of personnel and related expenses for our sales and marketing staff, including sales commissions for our direct sales force, external agent/broker commission expenses, marketing expenses, depreciation, amortization, stock-based compensation, and common expense allocations.

Technology and development. Technology and development expenses include personnel and related expenses for software engineering, information technology, and product development. Technology and development expenses also include software engineering services, the costs of operating our on-demand technology infrastructure, depreciation, amortization of capitalized software development costs, stock-based compensation, and common expense allocations.

General and administrative. General and administrative expenses include personnel and related expenses of, and professional fees incurred by our executive, finance, legal, compliance, and people departments. They also include depreciation, amortization, stock-based compensation and common expense allocations.

Amortization of acquired intangible assets. Amortization of acquired intangible assets results primarily from our acquisition of intangible member assets. We acquired these intangible member assets from third-party custodians. We amortize these assets over the assets’ estimated useful life of 15 years. We also acquired other intangible assets, which are 401(k) customer relationships, in connection with an acquisition of a business. We amortize these assets over the assets’ estimated useful life of 10 years. We evaluate our acquired intangible assets for impairment at least each year, or at a triggering event.

Other expense, net

Other expense primarily consists of interest expense associated with our credit agreement, non-income-based taxes and acquisition-related expenses, offset by interest income on corporate cash and marketable securities.

Income tax provision

We are subject to federal and state income taxes in the United States based on a calendar tax year which differs from our fiscal year-end for financial reporting purposes. We use the asset and liability method to account for income taxes, under which current tax liabilities and assets are recognized for the estimated taxes payable or refundable on the tax returns for the current fiscal year. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, net operating loss carryforwards, and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted statutory tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled. As of October 31, 2018, we have recorded a net deferred tax liability in most jurisdictions except Utah and four other states for which a net deferred tax asset has been recorded. Valuation allowances are established when necessary to reduce net deferred tax assets to the amount expected to be realized. Due to the positive evidence of current taxable income coupled with forecasted profitability, no valuation allowance was required as of October 31, 2018 for most of our deferred tax assets. However, we have recorded a valuation allowance of \$0.1 million as of October 31, 2018 with respect to unrealized capital losses for which we do not expect to generate taxable capital gains in order to utilize the capital losses in the future. This valuation allowance was reflected as an adjustment to retained earnings as a result of the adoption of ASU 2016-01. No valuation allowance was recorded as of January 31, 2018.

Comparison of the three and nine months ended October 31, 2018 and 2017

The following table sets forth our revenue for the periods indicated:

(in thousands, except percentages)	Three months ended October 31,				Nine months ended October 31,			
	2018	2017	\$ Change	% Change	2018	2017	\$ Change	% Change
Service revenue	\$ 25,041	\$ 22,962	\$ 2,079	9%	\$ 74,797	\$ 68,258	\$ 6,539	10%
Custodial revenue	31,564	22,105	9,459	43%	90,713	62,709	28,004	45%
Interchange revenue	13,890	11,722	2,168	18%	45,956	38,122	7,834	21%
Total revenue	\$ 70,495	\$ 56,789	\$ 13,706	24%	\$ 211,466	\$ 169,089	\$ 42,377	25%

Service revenue

The \$2.1 million, or 9%, increase in service revenue from the three months ended October 31, 2017 to the three months ended October 31, 2018 was primarily due to an increase in the number of our HSA Members, offset by lower service revenue per HSA Member. The \$6.5 million, or 10%, increase in service revenue from the nine months ended October 31, 2017 to the nine months ended October 31, 2018 was primarily due to an increase in the number of our HSA Members, offset by lower service revenue per HSA Member. The number of our HSA Members increased by approximately 664,000, or 22%, from October 31, 2017 to October 31, 2018. The growth in the number of our HSA Members was primarily due to growth from our new and existing Network Partners.

Service revenue per HSA Member decreased by approximately 11% from the three and nine months ended October 31, 2017 to each of the three and nine months ended October 31, 2018. Our service fee tier structure incentivizes our Network Partners to add HSA Members by charging a lower rate for more HSA Members. As Network Partners add more HSA Members, the account fee per HSA Member will continue to decrease.

Custodial revenue

The \$9.5 million, or 43%, increase in custodial revenue from the three months ended October 31, 2017 to the three months ended October 31, 2018 was primarily due to an increase in the yield on average custodial cash assets from 1.85% for the three months ended October 31, 2017 to 2.14% and an increase in average daily custodial assets of \$1.6 billion, or 29%.

The \$28.0 million, or 45%, increase in custodial revenue from the nine months ended October 31, 2017 to the nine months ended October 31, 2018 was primarily due to an increase in the yield on average custodial cash assets from 1.80% for the nine months ended October 31, 2017 to 2.10% and an increase in average daily custodial assets of \$1.6 billion, or 31%.

Custodial revenue per HSA Member increased by approximately 17% from the three and nine months ended October 31, 2017 to each of the three and nine months ended October 31, 2018 primarily due to the increase in the balances of and yield on average daily custodial cash assets. The increase in average daily custodial cash balances is due to the increase in HSA Members.

Interchange revenue

The \$2.2 million, or 18%, increase in interchange revenue from the three months ended October 31, 2017 to the three months ended October 31, 2018 was primarily due to an overall increase in the number of our HSA Members resulting in an overall increase in the volume of payment activity.

The \$7.8 million, or 21%, increase in interchange revenue from the nine months ended October 31, 2017 to the nine months ended October 31, 2018 was primarily due to an overall increase in the number of our HSA Members resulting in an overall increase in the volume of payment activity.

Interchange revenue per HSA Member decreased by approximately 3% and 2% from the three and nine months ended October 31, 2017 to the three and nine months ended October 31, 2018, primarily due to a decrease in payment activity per HSA Member.

Total revenue

Total revenue per HSA Member increased by 1% from the three and nine months ended October 31, 2017 to the three and nine months ended October 31, 2018, due to the increase in custodial revenue per HSA Member, largely offset by the decreases in service and interchange revenue per HSA Member.

Cost of revenue

The following table sets forth our cost of revenue for the periods indicated:

(in thousands, except percentages)	Three months ended October 31,				Nine months ended October 31,			
	2018	2017	\$ Change	% Change	2018	2017	\$ Change	% Change
Service costs	\$ 17,562	\$ 17,251	\$ 311	2%	\$ 52,808	\$ 47,824	\$ 4,984	10%
Custodial costs	3,551	2,784	767	28%	10,492	8,370	2,122	25%
Interchange costs	3,565	3,027	538	18%	11,418	9,625	1,793	19%
Total cost of revenue	\$ 24,678	\$ 23,062	\$ 1,616	7%	\$ 74,718	\$ 65,819	\$ 8,899	14%

The increase in costs described below were partially attributed to the HSA portfolio acquisitions and acquisition of a business that occurred during the year ended January 31, 2018.

Service costs

The \$0.3 million, or 2%, increase in service costs from the three months ended October 31, 2017 to the three months ended October 31, 2018 was due to the higher volume of accounts being serviced. The \$0.3 million increase includes increases of information and technology expenses of \$0.3 million, increases of \$0.3 million related to the hiring of additional personnel to implement and support our new Network Partners and HSA Members, and other expenses of \$0.3 million, which were offset by a decrease in activation and processing costs of \$0.6 million related to lower incremental expenses associated with fraud prevention measures. Service costs per HSA Member decreased by 17% from the three months ended October 31, 2017 to the three months ended October 31, 2018 due to lower incremental expenses associated with fraud prevention measures.

The \$5.0 million, or 10%, increase in service costs from the nine months ended October 31, 2017 to the nine months ended October 31, 2018 was due to the higher volume of accounts being serviced. The \$5.0 million increase includes increases of \$3.1 million related to the hiring of additional personnel to implement and support our new Network Partners and HSA Members, information and technology expenses of \$1.0 million, and other expenses of \$1.0 million, which were offset by a decrease in activation and processing costs of \$0.1 million related to lower incremental expenses associated with fraud prevention measures. Service costs per HSA Member decreased by 10% from the nine months ended October 31, 2017 to the nine months ended October 31, 2018 due to the timing of hiring of personnel to implement and support new Network Partners and HSA Members and a decrease in incremental expenses associated with fraud prevention measures.

Custodial costs

The \$0.8 million, or 28%, increase in custodial costs from the three months ended October 31, 2017 to the three months ended October 31, 2018 was due to an increase in average daily custodial cash assets, which increased from \$4.6 billion for the three months ended October 31, 2017 to \$5.6 billion for the three months ended October 31, 2018. Custodial costs on average custodial cash assets remained unchanged at 0.24% for the three months ended October 31, 2018 and 2017.

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The \$2.1 million, or 25%, increase in custodial costs from the nine months ended October 31, 2017 to the nine months ended October 31, 2018 was due to an increase in average daily custodial cash assets, which increased from \$4.5 billion for the nine months ended October 31, 2017 to \$5.5 billion for the nine months ended October 31, 2018, partially offset by a decrease in custodial costs on average custodial cash assets from 0.25% for the nine months ended October 31, 2017 to 0.24% for the nine months ended October 31, 2018.

Interchange costs

The \$0.5 million, or 18%, and \$1.8 million, or 19%, increase in interchange costs for the three and nine months ended October 31, 2017 compared to the three and nine months ended October 31, 2018 was due to an overall increase in payment activity, attributable to the growth in HSA Members.

As we continue to add HSA Members, our cost of revenue will increase in aggregate dollar amount to support our Network Partners and members. Cost of revenue will continue to be affected by a number of different factors, including our ability to scale our Member Education Center, Network Partner implementation and account management functions.

Operating expenses

The following table sets forth our operating expenses for the periods indicated:

(in thousands, except percentages)	Three months ended October 31,				Nine months ended October 31,			
	2018	2017	\$ Change	% Change	2018	2017	\$ Change	% Change
Sales and marketing	\$ 7,502	\$ 5,892	\$ 1,610	27%	\$ 21,605	\$ 15,707	\$ 5,898	38%
Technology and development	8,678	6,866	1,812	26%	25,055	19,905	5,150	26%
General and administrative	9,161	6,252	2,909	47%	24,561	18,354	6,207	34%
Amortization of acquired intangible assets	1,490	1,155	335	29%	4,438	3,320	1,118	34%
Total operating expenses	\$ 26,831	\$ 20,165	\$ 6,666	33%	\$ 75,659	\$ 57,286	\$ 18,373	32%

Sales and marketing

The \$1.6 million, or 27%, increase in sales and marketing expense from the three months ended October 31, 2017 to the three months ended October 31, 2018 was due to increased staffing of \$0.9 million, higher stock-based compensation expense of \$0.4 million, and increases in other expenses of \$0.3 million.

The \$5.9 million, or 38%, increase in sales and marketing expense from the nine months ended October 31, 2017 to the nine months ended October 31, 2018 was due to increased staffing of \$3.7 million, higher stock-based compensation expense of \$1.2 million, and increases in other expenses of \$1.0 million.

Sales and marketing expense from the three and nine months ended October 31, 2018 reflects the adoption of the new revenue recognition standard, ASC 606. As a result, we capitalize sales commissions and amortize these costs over the average economic life of an HSA Member, to sales and marketing expense in the condensed consolidated statement of operations. Our previous practice was to fully expense sales commissions when the HSA Member was added to our platform.

We expect our sales and marketing expenses to increase for the foreseeable future as we continue to increase the size of our sales and marketing organization and expand into new markets. On an annual basis, we expect our sales and marketing expenses to remain steady as a percentage of our total revenue over the near term. However, our sales and marketing expenses may fluctuate as a percentage of our total revenue from period to period due to the seasonality of our total revenue and the timing and extent of our sales and marketing expenses.

Technology and development

The \$1.8 million, or 26%, increase in technology and development expense from the three months ended October 31, 2017 to the three months ended October 31, 2018 was due to increased personnel-related expense of \$0.9 million, increases in technology-related expenses, increases in amortization, depreciation and stock-based compensation of \$1.0 million, and other increases of \$0.1 million, which were partially offset by decreases in professional fees and capitalized development of \$0.2 million.

The \$5.2 million, or 26%, increase in technology and development expense from the nine months ended October 31, 2017 to the nine months ended October 31, 2018 was due to increased personnel-related expense of \$2.9 million, increases in amortization, depreciation and stock-based compensation of \$2.3 million, and higher technology-related expenses of \$0.6 million, which were partially offset by decreases in other expenses of \$0.6 million.

We expect our technology and development expenses to increase for the foreseeable future as we continue to invest in the development of our proprietary system. On an annual basis, we expect our technology and development expenses to increase as a percentage of our total revenue. Our technology and development expenses may fluctuate as a percentage of our total revenue from period to period due to the seasonality of our total revenue and the timing and extent of our technology and development expenses.

General and administrative

The \$2.9 million, or 47%, increase in general and administrative expense from the three months ended October 31, 2017 to the three months ended October 31, 2018 was due to increased personnel-related expense of \$1.0 million, increases in stock-based compensation of \$1.0 million, and increases in other expenses of \$0.9 million.

The \$6.2 million, or 34%, increase in general and administrative expense from the nine months ended October 31, 2017 to the nine months ended October 31, 2018 was due to increased personnel-related expense of \$2.5 million, increases in stock-based compensation of \$2.4 million, and increases in other expenses of \$1.3 million.

We expect our general and administrative expenses to increase for the foreseeable future due to the additional demands on our legal, compliance, accounting, insurance, and investor relations functions that we continue to incur as a public company, as well as other costs associated with continuing to grow our business. On an annual basis, we expect our general and administrative expenses to remain steady as a percentage of our total revenue. Our general and administrative expenses may fluctuate as a percentage of our total revenue from period to period due to the seasonality of our total revenue and the timing and extent of our general and administrative expenses.

Amortization of acquired intangible assets

The increase in amortization of acquired intangible assets for the three and nine months ended October 31, 2018 compared to the three and nine months ended October 31, 2017 was attributable to the HSA portfolio asset acquisitions and acquisition of a business that occurred during the year ended January 31, 2018.

Other expense, net

The change in other expense, net from the three and nine months ended October 31, 2017 to the three and nine months ended October 31, 2018 was due to acquisition-related costs and the disposal of previously capitalized software development costs.

Income tax provision (benefit)

Income tax provision for the three months ended October 31, 2018 was \$1.7 million and income tax benefit for the nine months ended October 31, 2018 was \$1.3 million as compared to an income tax provision of \$2.7 million and \$4.0 million for the three and nine months ended October 31, 2017, respectively. The change for the three and nine months ended October 31, 2018 compared to the three and nine months ended October 31, 2017 was primarily the result of the reduction in the US federal corporate income tax rate from 35% to 21% as a result of legislative changes effective January 1, 2018 and an increase in federal and state research and development tax credits over prior periods.

Our effective income tax rate for the three and nine months ended October 31, 2018 was a provision of 10.0% and a benefit of 2.2%, compared to a provision of 20.4% and 8.8% for the three and nine months ended October 31, 2017. The 10.4 and 11.0 percentage point decrease for the three and nine months ended October 31, 2018 compared to the three and nine months ended October 31, 2017 is primarily due to the reduction in the US federal corporate income tax rate from 35% to 21% as a result of legislative changes effective January 1, 2018 and an increase in federal and state research and development tax credits over prior periods.

Seasonality

Seasonal concentration of our growth combined with our recurring revenue model create seasonal variation in our results of operations. A significant number of new and existing Network Partners bring us new HSA Members beginning in January of each year concurrent with the start of many employers' benefit plan years. Before we realize any revenue from these new HSA Members, we incur costs related to implementing and supporting our new Network Partners and new HSA Members. These costs of services relate to activating accounts and hiring additional staff, including seasonal help to support our member support center. These expenses begin to ramp up during our third fiscal quarter with the majority of expenses incurred in our fourth fiscal quarter.

In the past we have experienced higher operating expenses in our fourth fiscal quarter due to sales commissions for new accounts activated in January. Beginning February 1, 2018, the Company adopted ASU 2014-09, *Revenue from Contracts with Customers*. As a result of this adoption, the Company capitalizes incremental contract

acquisition costs, such as sales commissions, and amortizes these costs over the average economic life of a member.

Liquidity and capital resources

Cash and marketable securities overview

As of October 31, 2018, our principal source of liquidity was our current cash and marketable securities balances, collections from our service, custodial and interchange revenue activities, and availability under our credit facility. We rely on cash provided by operating activities to meet our short-term liquidity requirements, which primarily relate to the payment of corporate payroll and other operating costs, and capital expenditures.

As of October 31, 2018 and January 31, 2018, cash, cash equivalents and marketable securities were \$330.3 million and \$240.3 million, respectively.

Capital resources

We have a "shelf" registration statement on Form S-3 on file with the SEC. This shelf registration statement, which includes a base prospectus, allows us at any time to offer any combination of securities described in the prospectus in one or more offerings. Unless otherwise specified in a prospectus supplement accompanying the base prospectus, we would use the net proceeds from the sale of any securities offered pursuant to the shelf registration statement for general corporate purposes, including, but not limited to, working capital, sales and marketing activities, general and administrative matters and capital expenditures, and if opportunities arise, for the acquisition of, or investment in, assets, technologies, solutions or businesses that complement our business. Pending such uses, we may invest the net proceeds in interest-bearing securities. In addition, we may conduct concurrent or other financings at any time.

We have a secured credit facility of \$100.0 million. The credit facility has a term of five years and expires on September 30, 2020. The credit facility contains covenants and events of default customary for facilities of this type. There were no borrowings under the facility as of October 31, 2018. We were in compliance with all covenants as of October 31, 2018.

Use of cash

Capital expenditures for the nine months ended October 31, 2018 and 2017 were \$10.8 million and \$11.0 million, respectively. We expect our capital expenditures to increase for the remainder of the year ending January 31, 2019 as we continue to devote capital expenditures to improve the architecture and functionality of our proprietary system. Costs to improve the architecture of our proprietary system include computer hardware, personnel and related costs for software engineering and outsourced software engineering services. In addition, we plan to devote further resources to leasehold improvements and furniture and fixtures for our office space.

We believe our existing cash, cash equivalents and marketable securities will be sufficient to meet our operating and capital expenditure requirements for at least the next 12 months. To the extent these current and anticipated future sources of liquidity are insufficient to fund our future business activities and requirements, we may need to raise additional funds through public or private equity or debt financing. In the event that additional financing is required, we may not be able to raise it on favorable terms, if at all.

The following table shows our cash flows from operating activities, investing activities and financing activities for the stated periods:

(in thousands)	Nine months ended October 31,	
	2018	2017
Net cash provided by operating activities	\$ 80,785	\$ 61,883
Net cash used in investing activities	(12,588)	(29,790)
Net cash provided by financing activities	21,338	12,320
Increase in cash and cash equivalents	89,535	44,413
Beginning cash and cash equivalents	199,472	139,954
Ending cash and cash equivalents	\$ 289,007	\$ 184,367

Cash flows provided by operating activities. Net cash provided by operating activities during the nine months ended October 31, 2018 resulted primarily from our net income of \$60.8 million, adjusted for the following non-cash items: depreciation and amortization of \$13.5 million, stock-based compensation of \$15.5 million, and changes in deferred taxes of \$0.4 million, and changes in inventories, accrued liabilities, other long-term liabilities, disposal of previously capitalized software development, and unrealized losses on marketable securities and other totaling \$1.8 million. These items were offset by an increase in other assets of \$4.6 million, a decrease in accrued compensation of \$2.6 million resulting from the payment of bonuses and commissions subsequent to year-end, an increase in accounts receivable of \$2.9 million, and an decrease in accounts payable of \$1.1 million.

Net cash provided by operating activities during the nine months ended October 31, 2017 resulted primarily from our net income of \$41.5 million being adjusted for the following non-cash items: depreciation and amortization of \$11.1 million, stock-based compensation of \$10.5 million, a change in deferred taxes of \$5.1 million impacted by the adoption of ASU 2016-09 and utilization of deferred tax benefits and changes in inventories, accrued liabilities, other long-term liabilities and amortization of deferred financing costs and other totaling \$3.9 million. These items were offset by a decrease in accrued compensation of \$2.2 million resulting from the payment of bonuses and commissions subsequent to year-end, an increase in accounts receivable of \$4.5 million, an increase in other assets of \$3.0 million, and a decrease in accounts payable of \$0.4 million.

Cash flows used in investing activities. Net cash used in investing activities for the nine months ended October 31, 2018 was primarily the result of the continued development of our proprietary system and other software necessary to support our continued account growth. Purchases of software and capitalized software development costs for the nine months ended October 31, 2018 were \$7.4 million. This compares to purchases of software and capitalized software development costs of \$7.7 million for the nine months ended October 31, 2017. Our purchases of property and equipment increased from \$3.4 million for the nine months ended October 31, 2017 to \$3.5 million for the nine months ended October 31, 2018, primarily as a result of increases in tenant improvements. In addition, during the nine months ended October 31, 2018, purchases of intangible member assets resulted in cash outflows of \$1.2 million, compared to the \$15.5 million for the nine months ended October 31, 2017.

Cash flows provided by financing activities. Cash flow provided by financing activities during the nine months ended October 31, 2018 resulted primarily from the proceeds associated with the exercise of stock options of \$21.3 million compared to \$12.3 million for the nine months ended October 31, 2017.

Contractual obligations

Except for the lease amendment described below, there were no material changes, outside of the ordinary course of business, in our contractual obligations from those disclosed in our Annual Report on Form 10-K for the year ended January 31, 2018.

On September 27, 2018, the Company entered into an amendment to its lease agreements, dated May 15, 2015, to expand its current office space in Draper, Utah, commencing February 1, 2020 and extend the term of its current lease. The leases will expire on November 30, 2030. The Company will be responsible for payment of taxes and operating expenses, in addition to rent increases of approximately \$35.5 million over the lease term.

Off-balance sheet arrangements

During the three months ended October 31, 2018 and 2017, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements.

Critical accounting policies and significant management estimates

Our management's discussion and analysis of financial condition and results of operations are based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate our critical accounting policies and estimates. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable in the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Our significant accounting policies are more fully described in Note 1 of the accompanying unaudited condensed consolidated financial statements and in Note 1 to our audited consolidated financial statements contained in our Annual Report on Form 10-K for the year ended January 31, 2018. Other than the adoption of ASU 2014-09 and related subsequent amendments, *Revenue from Contracts with Customers*, described in Note 1 of the accompanying unaudited condensed consolidated financial statements, there have been no significant or material changes in our critical accounting policies during the nine months ended October 31, 2018, as compared to those disclosed in "Management's discussion and analysis of financial condition and results of operations – Critical accounting policies and significant management estimates" in our Annual Report on Form 10-K for the year ended January 31, 2018.

Recent accounting pronouncements

See Note 1. Summary of business and significant accounting policies within the interim financial statements included in this Form 10-Q for further discussion.

Item 3. Qualitative and quantitative disclosures about market risk

Market risk

Concentration of market risk. We derive a substantial portion of our revenue from providing services to tax-advantaged healthcare account holders. A significant downturn in this market or changes in state and/or federal laws impacting the preferential tax treatment of healthcare accounts such as HSAs could have a material adverse effect on our results of operations. During the three and nine months ended October 31, 2018, no one customer accounted for greater than 10% of our total revenue. We monitor market and regulatory changes regularly and make adjustments to our business if necessary.

Inflation. Inflationary factors may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of expenses as a percentage of revenue if our revenue does not correspondingly increase with inflation.

Concentration of credit risk

Financial instruments, which potentially subject us to concentrations of credit risk, consist primarily of cash, cash equivalents and marketable securities. We maintain our cash, cash equivalents and marketable securities in bank and other depository accounts, which frequently may exceed federally insured limits. Our cash, cash equivalents and marketable securities as of October 31, 2018 were \$330.3 million, of which \$1 million was covered by federal depository insurance. We have not experienced any material losses in such accounts and believe we are not exposed to any significant credit risk with respect to our cash, cash equivalents, and marketable securities. Our accounts receivable balance as of October 31, 2018 was \$24.5 million. We have not experienced any significant write-offs to our accounts receivable and believe that we are not exposed to significant credit risk with respect to our accounts receivable. We continue to monitor our credit risk and place our cash, cash equivalents, and marketable securities with reputable financial institutions.

Interest rate risk

Custodial assets. As of October 31, 2018, we had custodial cash assets of approximately \$5.6 billion. We have entered into depository agreements with financial institutions for our cash custodial assets. The contracted interest rates were negotiated at the time the depository agreements were executed. A significant reduction in prevailing market interest rates may make it difficult for us to continue to place custodial deposits at the current contracted rates.

Cash, cash equivalents and marketable securities. We consider all highly liquid investments purchased with an original maturity of three months or less to be unrestricted cash equivalents. Our unrestricted cash and cash

equivalents are held in institutions in the U.S. and include deposits in a money market account that is unrestricted as to withdrawal or use. As of October 31, 2018, we had unrestricted cash and cash equivalents of \$289.0 million. Due to the short-term nature of these instruments, we believe that we do not have any material exposure to changes in the fair value of our cash and cash equivalents as a result of changes in interest rates.

As of October 31, 2018, we had marketable securities of \$41.3 million. Marketable securities are recorded at their estimated fair value. We do not enter into investments for trading or speculative purposes. Our marketable securities are exposed to market risk due to a fluctuation in interest rates, which may affect the fair market value of our marketable securities.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act means controls and other procedures of a company that are designed to ensure the information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures included, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II—Other Information

Item 1. Legal Proceedings

From time-to-time, we may be subject to various legal proceedings and claims that arise in the normal course of our business activities. As of the date of this Quarterly Report on Form 10-Q, we are not a party to any litigation whereby the outcome of such litigation, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our results of operations, cash flows, financial position or brand.

Item 1A. Risk factors

The risks described in “Risk factors,” in our Annual Report on Form 10-K for the year ended January 31, 2018 could materially and adversely affect our business, financial condition and results of operations. Other than as indicated below, there have been no material changes in such risks. These risk factors do not identify all risks that we face - our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations.

As one of the largest HSA providers, we are frequently the target of cyber-attacks or other privacy or data security incidents. If our security measures are breached or unauthorized access to data is otherwise obtained, our platform may be perceived as not being secure, our customers may reduce the use of, or stop using, our products and services, we may incur significant liabilities, our reputation may be harmed and we could lose sales and customers.

As one of the largest HSA providers, our proprietary technology platform enables the exchange of, and access to, sensitive information, and, as a result, we are frequently the target of cyber-attacks or other privacy or data security incidents. Security breaches could result in the loss of this sensitive information, theft or loss of actual funds, litigation, indemnity obligations to our customers, fines and other liabilities, including under laws that protect the privacy of personal information, disrupt our operations and the services we provide to our members and Network Partners, damage our reputation and cause a loss of confidence in our products and services. While we have security measures in place, we have experienced limited data privacy incidents, including several incidents in 2018. As a result, or if our security measures are breached again or unauthorized access to data is otherwise obtained as a result of third-party action, employee error or otherwise, our reputation could be significantly damaged, our business may suffer and we could incur substantial liability which could result in loss of sales and customers. If third parties improperly obtain and use the personal information of our customers, we may be required to expend significant resources to resolve these problems. A major breach of our network security and systems could have serious negative consequences for our businesses, including:

- possible fines, penalties and damages;
- reduced demand for our services;
- an unwillingness of consumers and other data owners to provide us with their payment information;
- an unwillingness of customers and other data owners to provide us with personal information; and
- harm to our reputation and brand.

Because techniques used to obtain unauthorized access to or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any or all of these issues could negatively impact our ability to attract new customers and increase engagement by existing customers, and/or subject us to third-party lawsuits, regulatory fines, contractual liability and/or other action or liability, thereby harming our operating results.

We have incurred, and expect to continue to incur, significant costs to protect against security breaches. We may incur significant additional costs in the future to address problems caused by previous or any further security breaches. Cybersecurity breaches could compromise our data and the data of our customers and partners, which may expose us to liability and would likely cause our business and reputation to suffer.

Our ability to ensure the security of our online platform and thus sensitive customer and partner information is critical to our operations. We rely on standard Internet and other security systems to provide the security and authentication necessary to effect secure transmission of data. Despite our security measures, our information technology and infrastructure is vulnerable to cybersecurity threats, including attacks by hackers and other malfeasance. Such security breaches could compromise our networks and result in the information stored or transmitted there to be accessed, publicly disclosed, lost or stolen. Such access, disclosure or other loss of

information could result in legal claims or proceedings leading to liability, including under laws that protect the privacy of personal information, disrupt our operations and the services we provide to our clients, damage our reputation and cause a loss of confidence in our products and services, which could adversely affect our business, operations and competitive position.

We are subject to privacy regulations regarding the access, use and disclosure of personally identifiable information. If we or any of our third-party vendors experience a breach of personally identifiable information, it could result in substantial financial and reputational harm, including possible criminal and civil penalties.

State and federal laws and regulations govern the collection, dissemination, access and use of personally identifiable information, including HIPAA and HITECH, which govern the treatment of protected health information, and the Gramm-Leach Bliley Act, which governs the treatment of nonpublic personal information. In the provision of services to our customers, we and our third-party vendors may collect, access, use, maintain and transmit personally identifiable information in ways that are subject to many of these laws and regulations. If we or any of our third-party vendors experience a breach of personally identifiable information, it could result in substantial financial and reputational harm, including possible criminal and civil penalties. In many cases, we are subject to HIPAA and other privacy regulations because we are a business associate providing services to covered entities; as a result, the covered entities direct HIPAA compliance matters in the event of a security breach, which complicates our ability to address harm caused by the breach. Additionally, as we have in connection with recent security incidents, we may be required to report breaches to partners, regulators, state attorney generals, and impacted individuals depending on the severity of the breach, our role, legal requirements and contractual obligations. Although we have implemented measures to comply with privacy laws, rules and regulations, we have experienced limited data privacy incidents. Continued compliance with privacy laws, rules and regulations in a rapidly changing technology environment could result in higher compliance and technology costs for us.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Unregistered Sale of Equity Securities

None.

(b) Use of Proceeds from Public Offering of Common Stock

On August 5, 2014, we closed our initial public offering of 10,465,000 shares of common stock sold by us. The offer and sale of all of the shares in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-196645), which was declared effective by the SEC on July 30, 2014. JP Morgan & Chase Co. and Wells Fargo acted as the lead underwriters. The public offering price of the shares sold in the offering was \$14.00 per share. The total gross proceeds from the offering to us were \$146.5 million. After deducting underwriting discounts and commissions of approximately \$10.2 million and offering expenses payable by us of approximately \$3.7 million, we received approximately \$132.6 million. There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus (dated July 30, 2014) filed with the SEC on August 1, 2014 pursuant to Rule 424(b) of the Securities Act. We paid a previously declared cash dividend of \$50.0 million on shares of our common stock outstanding on August 4, 2014. In addition, we paid a cash dividend of \$347,000 on shares of our outstanding series D-3 redeemable convertible preferred stock accrued through the date of conversion of such shares into common stock, which occurred on August 4, 2014. Other than the foregoing dividends, we made no payments directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities, or (iii) any of our affiliates.

On May 11, 2015, we closed our public offering of 972,500 shares of common stock sold by us. The offer and sale of all of the shares in the public offering were registered under the Securities Act pursuant to registration statements on Form S-1 (File Nos. 333-203190 and 333-203888), which became effective on May 5, 2015. Wells Fargo acted as the lead underwriter. The public offering price of the shares sold in the offering was \$25.90 per share. Certain selling stockholders sold 3,455,000 shares of common stock in the offering, including 380,000 shares of common stock which were issued upon the exercise of outstanding options. The Company received net proceeds of approximately \$23.5 million after deducting underwriting discounts and commissions of approximately \$1.0 million and other offering expenses payable by the Company of approximately \$688,000. The Company did not receive any proceeds from the sale of shares by the selling stockholders other than \$222,000 representing the exercise price of the options that were exercised by certain selling stockholders in connection with the offering. We paid all of the expenses related to the registration and offering of the shares sold by the selling stockholders, other than

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underwriting discounts and commissions relating to those shares. Other than these expenses, we made no payments directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities, or (iii) any of our affiliates. There has been no material change in the planned use of proceeds from our public offering as described in our final prospectus (dated May 5, 2015) filed with the SEC on May 6, 2015 pursuant to Rule 424(b) of the Securities Act.

During the year ended January 31, 2016, the Company used funds received from the offerings to acquire the rights to be the custodian of the Bancorp and M&T Bank HSA portfolios for approximately \$34.2 million and approximately \$6.2 million, respectively.

During the year ended January 31, 2018, the Company used funds received from the offerings to acquire the rights to be custodian of two HSA portfolios for approximately \$6.4 million and \$8.0 million in cash, respectively, the assets of BenefitGuard LLC, a 401(k) provider that offers plan administrator and named fiduciary services for 401(k) employer sponsors, for approximately \$2.9 million, and the rights to be the sole administrator of a portfolio of HSA Members for \$3.3 million.

During the nine months ended October 31, 2018, the Company used funds received from the offerings to acquire the rights to be custodian of an HSA portfolio for approximately \$1.2 million in cash.

The remainder of the funds received have been invested in registered money market accounts and mutual funds.

Item 6. Exhibits

						Incorporate by reference
Exhibit no.	Description	Form	File No.	Exhibit	Filing Date	
10.1+	Lease Agreement, dated September 27, 2018, by and between the Company and the Landlord					
10.2+	Third Amendment to Amended and Restated Lease Agreement, dated September 27, 2018, by and between the Company and the Landlord					
10.3+	Fourth Amendment to Amended and Restated Lease Agreement, dated September 27, 2018, by and between the Company and the Landlord					
10.4+	Restricted Stock Unit Award Agreement					
31.1+	Certification of the Principal Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					
31.2+	Certification of the Principal Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					
32.1*#	Certification of the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					
32.2*#	Certification of the Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					
101.INS	XBRL Instance document					
101.SCH	XBRL Taxonomy schema linkbase document					
101.CAL	XBRL Taxonomy calculation linkbase document					
101.DEF	XBRL Taxonomy definition linkbase document					
101.LAB	XBRL Taxonomy labels linkbase document					
101.PRE	XBRL Taxonomy presentation linkbase document					

+ Filed herewith.

* Furnished herewith.

These certifications are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference in any filing the registrant makes under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, irrespective of any general incorporation language in any filings.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: December 6, 2018

HEALTH EQUITY, INC.

By: /s/ Darcy Mott

Name: _____
Darcy Mott

Title: Executive Vice President and Chief Financial Officer

LEASE AGREEMENT

LANDLORD: BG SCENIC POINT OFFICE 3, L.C.

TENANT: HEALTHEQUITY, INC.

LEASE SUMMARY

1. "Landlord": **BG SCENIC POINT OFFICE 3, L.C.**, a Utah limited liability company
2. "Tenant": **HEALTH EQUITY, INC.**, a Delaware corporation
3. "Rentable Square Feet of Leased Premises": Approximately 75,000 rentable square feet subject to final measurement as outlined in Article 1.1(a).
4. "Leased Premises": The fourth (4th) third (3rd) and a portion of the second (2nd) floors of a to-be constructed building containing approximately 120,000 rentable square feet.
5. "Parking": Five (5) non-exclusive stalls per 1,000 rentable square feet of the Leased Premises, subject to modification as provided in Section 20.3 of the Lease.
6. "Term": 130 full calendar months plus the partial calendar month in which the Commencement Date occurs if the Commencement Date is a day other than the first day of the calendar month, as such term may be extended as provided in this Lease.
7. "Commencement Date": See Section 2.2.
8. "Tenant Improvement Allowance": Fifty-Five dollars (\$55.00) per usable square foot of the Leased Premises.
9. "Basic Annual Rent": Initially, \$20.25 per rentable square foot of the Leased Premises, subject to annual increases as provided in this Lease.
10. "Escalations": Two and one-half percent (2.5%) per year.
11. "Estimated Costs": See Section 4.1.
12. "Tenant's Proportionate Share": See Section 4.1.
13. "Landlord's address for notice":

BG Scenic Point Office 3, L.C.
101 South 200 East, Suite 200
Salt Lake City, Utah 84111
Attention: President

or at such other place as Landlord may hereafter designate in writing.

14. "Tenant's address for notice (if other than the Leased Premises)":

HealthEquity
15 West Scenic Pointe Drive
Suite 100
Draper, UT 84020
Attn: Controller

With a required copies to:

Lora Munson
Colliers International Utah
6550 South Millrock Drive, #200
Salt Lake City, Utah 84121

Dorsey & Whitney
136 South Main Street, Suite 1000
Salt Lake City, Utah 84101
Attn: Mark B. Durrant

15. "Broker(s)": Tenant's Broker: Colliers International, Utah

Landlord's Broker: None

16. "Usable Square Feet": Approximately 67,500 Usable Square Feet subject to final measurement outlined in Article 1.1(a).

LEASE AGREEMENT

THIS LEASE AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this "Lease") is made and entered into as of this _____ day of September, 2018, by and between **BG SCENIC POINT OFFICE 3, L.C.**, a Utah limited liability company (the "Landlord"), and **HEALTH EQUITY, INC.**, a Delaware corporation (the "Tenant").

For and in consideration of the rental to be paid and of the covenants and agreements set forth below to be kept and performed by Tenant, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Leased Premises (as hereafter defined) and certain other areas, rights and privileges for the term, at the rental and subject to and upon all of the terms, covenants and agreements hereinafter set forth.

I. LEASED PREMISES

1.1 Description of Leased Premises . Landlord does hereby demise, lease and let unto Tenant, and Tenant does hereby take and receive from Landlord the following:

(a) The floor area containing approximately 75,000 rentable square feet (the "Leased Premises") in a to-be-built office building containing approximately 120,000 rentable square feet (the "Building"), located in Draper, Utah, on the real property more particularly described on Exhibit "A" attached hereto and by this reference incorporated herein (the "Property"). Notwithstanding anything herein to the contrary, upon substantial completion of the Building, the Building and Premises shall be measured in accordance with ANSI/BOMA Z65.1-2017 Method A standards and an addendum to this Lease shall be entered into verifying the exact rentable square feet and usable square feet of the Leased Premises. All items in this Lease which are calculated based on square footage such as rent, parking, tenant improvement allowances, pro rata share, etc. shall be amended accordingly. Tenant has the right to verify Landlord's architect's calculations at Tenant's expense.

(b) A non-exclusive right during the Term to use the Common Areas (as defined in Section 20.1 below);

(c) A non-exclusive right during the Term to use such rights-of-way, easements and similar rights with respect to the Building and Property as may be reasonably necessary for access to and egress from the Leased Premises; and

(d) A non-exclusive right during the Term to use those areas designated and suitable for vehicular parking as set forth in Section 20.3 below.

1.2 Landlord and Tenant's Construction Obligations.

(a) The obligation of Landlord and Tenant to perform the work and supply the necessary materials and labor to prepare the Leased Premises for occupancy is described in detail on Exhibit "C," which is attached hereto and by reference incorporated herein. Landlord and Tenant shall expend all funds and do all acts required of them as described on Exhibit "C" and shall perform or have the work performed promptly and diligently in a first class and workmanlike manner.

(b) In the event the Turnover Condition (as defined in Exhibit "C") has not occurred by the applicable "Turnover Condition Deadline" set forth in the Work Schedule (as defined in Exhibit "C," and as such date may be extended for Tenant Construction Delays (as defined in Exhibit "C")), Tenant shall be entitled to receive from Landlord, as liquidated damages, a payment of (i) \$5,000 per day for the first 30 days of delay, and (ii) \$15,000 per day, for each day of delay thereafter, until the Turnover Condition occurs.

(c) In the event the Turnover Condition has not occurred by the "Outside Turnover Condition Deadline" as set forth in the Work Schedule (as such date may be extended for Tenant Construction Delays), Tenant shall have the option, in its sole discretion, either to (i) continue to receive the liquidated damages specified in Section 1.2(b) above, or (ii) terminate this Lease by delivering written notice to Landlord prior to the Turnover Condition being satisfied. In the event Tenant elects to terminate this Lease pursuant to this Section 1.2(c), Tenant shall not be entitled to any further remedies against Landlord, provided, Tenant shall be entitled to receive, and Landlord shall pay to Tenant within 30 days after receiving Tenant's notice of termination, all payments owing under Section 1.2(b) accrued through the effective date of such termination.

(d) In the event the Turnover Condition has not occurred by the "Outside Turnover Condition Deadline" and Tenant has not elected to terminate this Lease pursuant to Section 1.2 (c) above, Landlord shall use commercially reasonable efforts to cooperate with Tenant, at no out of pocket cost to Landlord, in obtaining rights for Tenant to locate on the Property, on property owned by an affiliate of Landlord, or on property owned by a third party, temporary offices for up to 150 employees for a period not to exceed ninety (90) days. Landlord cannot guaranty that any such property will be available to Tenant for the use as temporary offices. Subject to Landlord obtaining consent of the architectural control committee which has been established with respect to the Property, which Landlord agrees to use commercially reasonable efforts to obtain, Landlord's agrees to make portions of the Property available to Tenant so long as Tenant's use of the Property does not materially interfere with the completion of the construction of the Building. The temporary offices will be Tenant's responsibility to maintain safe and secure, and all power, communication, lavatory facilities, to the extent permitted or required by law, will be provided by Tenant at its sole cost and expense. To

the extent not prohibited by applicable laws and to the extent available without adversely affecting Landlord's ability to construct the Building, Tenant is permitted use the power (backup generator) and communication (LAN/WAN) facilities in the Building during such period of temporary occupancy. At such time as the Turnover Condition has been completed, or if Tenant elects to terminate this Lease as permitted by Section 1.2(c) above, Tenant shall within thirty (30) days, remove all such temporary offices and restore such property to the same condition it existed in prior to Tenant's occupancy of the same.

1.3 Changes to Building . Landlord hereby reserves the right at any time and from time to time to make changes or alterations to the Building or to the Property provided such changes or alterations do not materially interfere with Tenant's ability to conduct business or materially adversely affect Tenant's rights hereunder. Tenant shall not, in such event, claim or be allowed any damages for injury, eviction (constructive or actual) or inconvenience occasioned thereby and shall not be entitled to terminate this Lease or receive an abatement of any amounts payable under this Lease, provided, however, that in the event such changes or alterations materially adversely interfere with Tenant's access to or use of the Leased Premises for a period of at least three (3) consecutive business days, Basic Annual Rent shall be thereafter be abated during the period of such interference. In connection with any of the foregoing activities of Landlord, Landlord shall use reasonable efforts while conducting such activities to minimize any interference with Tenant's use of the Leased Premises.

1.4 Intentionally Deleted.

1.5 Right of First Refusal.

(a) Proposal to Lease. If Landlord receives a bona fide offer to lease any space in the Building (the "ROFR Space") during the Term (as extended) which Landlord desires to accept, or negotiates a bona fide lease of ROFR Space (other than a Lease for which Tenant has not elected to exercise Tenant's Right of First Refusal to Lease) during the Term as extended with a third party, and so long as (i) no default exists under this Lease, and (ii) this Lease is in full force and effect, Landlord shall provide a copy of such written offer or lease to Tenant (the "Written Notice of Lease").

(b) Exercise of Right of First Refusal to Lease. Tenant shall have the right (the "Tenant's Right of First Refusal to Lease") for a period of ten (10) business days from and after Tenant's receipt of the Written Notice of Lease to elect to lease the entire ROFR Space on the terms set forth in the Written Notice of Lease by delivering written notice to Landlord within such ten (10) business day period; provided, however, at Tenant's election, during the first five (5) years of the Term following the Commencement Date, the term of the lease for the ROFR Space may be adjusted to be co-terminus with the remaining Term, provided, further, if Tenant elects to have term of the lease for the ROFR Space to be co-terminus with the remaining Term, all concessions and tenant improvement allowances set forth in the Written Notice of Lease shall be proportionately adjusted based on number of months Tenant

is leasing the ROFR Space compared to the number of months the ROFR Space was offered for its initial term pursuant to the Written Notice of Lease. If Tenant exercises Tenant's Right of First Refusal to Lease, Landlord and Tenant shall, within fifteen (15) business days after Tenant exercises Tenant's Right of First Refusal to Lease, enter into an amendment to this Lease, incorporating the terms set forth in the Written Notice of Lease with respect to the ROFR Space (and such other terms as are acceptable to Landlord and Tenant), while maintaining the original terms of this Lease with respect to the Leased Premises. Failure of Tenant to so elect to exercise Tenant's Right of First Refusal to Lease within such ten (10) business day period by giving such written notice to Landlord shall be deemed to be an election by Tenant to not exercise Tenant's Right of First Refusal to Lease. Tenant's ROFR shall continue during the term of the Lease. Tenant's Right of First Refusal to Lease shall not apply to any extension options or expansion options which are specified in a Written Notice of Lease. Tenant's Right of First Refusal shall continue throughout the Term, as may be extended.

(c) Failure to Exercise Tenant's Right of First Refusal to Lease. In the event Tenant fails to, or is deemed to have failed to, exercise Tenant's Right of First Refusal, Landlord shall be free thereafter to lease the ROFR Space, within six (6) months after Tenant's receipt of the Written Notice of Lease, provided, however, that if Landlord does not lease such space within six (6) months of Tenant's receipt of the Written Notice of Lease, or if Landlord proposes to lease the ROFR Space on terms materially different than those contained in the Written Notice of Lease, Landlord shall be required to again offer the ROFR Space to Tenant prior to leasing the ROFR Space to the originally named party on the Written Notice of Lease.

(d) Limitations on Tenant's Right of First Refusal to Lease. Tenant's Right of First Refusal to Lease shall be subject and subordinate to any Mortgage encumbering the Property.

(e) Non Assignable. Notwithstanding anything contained herein to the contrary, except for a Related Entity, the rights under this Section 1.5 may not be exercised by any assignee, sublessee or other transferee of Tenant.

1.6 Contingency Acquisition. Landlord does not currently own the Property. Tenant's and Landlord's obligations under this Lease are contingent upon Landlord acquiring the Property. In the event Landlord does not acquire the Property on or before November 15, 2018, either party may at any time thereafter, and until such time as Landlord has acquired the Property, elect to terminate this Lease by delivering written notice to the other party. If Landlord fails to acquire the Property for any reason, Landlord shall reimburse Tenant for its reasonable documented out of pocket costs and expenses in negotiating and reviewing this Lease, including Tenant's reasonable attorney's fees, in an amount not to exceed \$5,000.00.

1.7 Contingency State of Utah Incentives. In the event Tenant has not received approval to obtain certain tax incentives from the Governor's Office of Economic Development on or before

October 12, 2018, Tenant may elect, by delivering written notice to Landlord on or before October 15, 2018, to terminate this Lease, in which event this Lease, and all of Landlord's and Tenant's rights and obligations hereunder, shall terminate except for those obligations which survive the termination of the Lease. Tenant's notice hereunder shall include a certificate that Tenant has not obtained tax incentives from the Governor's Office of Economic Development on or before the date Tenant has delivered such notice. Tenant agrees to make all submittals necessary to obtain, and use commercially reasonable efforts to obtain, such approval on or before October 12, 2018. In the event Tenant fails to deliver written notice to Landlord terminating this Lease pursuant to this Section 2.6 by October 15, 2018, the provisions of this Section 1.7 shall be null and void. If Tenant terminates this Lease as a result of this Section 1.7, Tenant will reimburse for its reasonable documented out of pocket costs and expenses in connection with this Lease, including Landlord's reasonable attorney's fees, in an amount not to exceed \$5,000.00.

II. TERM

2.1 Length of Term . The Term shall be for a period of 130 full calendar months plus the partial calendar month, if any, occurring after the Commencement Date (as hereinafter defined) if the Commencement Date occurs other than on the first day of a calendar month.

2.2 Commencement Date . The Term shall commence on the date which is one hundred twenty (120) days after the Actual Turnover Condition Date (as defined in Exhibit "C") has occurred with respect to the Leased Premises (the "Commencement Date"), which estimated to be October 1, 2019.

2.3 Rent Commencement Date. Tenant's obligation to pay Basic Annual Rent and Additional Rent for the Leased Premises, subject to the provisions of Section 3.2, shall commence upon the Commencement Date (the "Rent Commencement Date").

2.4 Construction of Leased Premises . Landlord shall provide a tenant improvement allowance (the "Tenant Improvement Allowance") to pay for Tenant Improvements in accordance with the requirements of Exhibit "C".

2.5 Amendment to Lease Recognizing the Commencement Date Within thirty (30) days after the Commencement Date, Landlord and Tenant will enter into an amendment to this Lease in the form attached hereto as Exhibit "E".

2.6 Extension of Lease. So long as Tenant is not then in default beyond any applicable cure period, under any term or covenant of this Lease at the time Tenant delivers an Exercise Notice (as defined below) or as of the first day of the Extension Period, Tenant is hereby granted the right (each such right, an "Extension Option") to renew the Term for two (2) additional periods of five (5) years each (each such period, an

“Extension Period”). An Extension Option may be exercised as to the entire Leased Premises then leased by Tenant, or Tenant may elect on a one-time basis to surrender one full floor of the Leased Premises, but not to exceed twenty-five percent (25%) of the rentable square footage of the Leased Premises as of the date hereof, and exercise the applicable Extension Option with respect to only the remaining portion of the Leased Premises. Any portion of the Leased Premises for which Tenant is not exercising an Extension Option (the “Surrendered Premises”) (a) shall be surrendered to Landlord at the end of the then applicable Term (and prior to the Extension Period) in the conditions required by this Lease, and (b) must be a full floor of the Building leased by Tenant. Tenant may elect to exercise an Extension Option by delivering written notice to Landlord (the “Exercise Notice”) indicating that Tenant elects to exercise such Extension Option, which notice must be delivered to Landlord at least twelve (12) months prior to the expiration of the then applicable Term and which Exercise Notice must specify the location of the Surrendered Premises, if applicable. In the event Tenant elects to exercise an Extension Option in accordance with the immediately preceding sentence, all terms and conditions set forth in this Lease shall continue to apply during the Extension Period, except that Basic Annual Rent applicable to the first year of such Extension Period shall be equal to the lesser of (i) Basic Annual Rent as of the end of the prior term increased by two and one-half of one percent (2.5%) or (ii) the FMV (as defined in Exhibit “H”).

III. BASIC ANNUAL RENTAL PAYMENTS

3.1 Basic Annual Rent . Commencing on the Rent Commencement Date, Tenant agrees to pay to Landlord as basic annual rent at such place as Landlord may designate, without prior demand therefore and without any deduction or set off whatsoever, except as expressly permitted herein, the sum of twenty and 25/100 dollars (\$20.25) per rentable square foot per year for the Leased Premises. The amounts payable by Tenant hereunder are referred to herein as “Basic Annual Rent.” The Basic Annual Rent shall be due and payable in twelve (12) equal monthly installments to be paid in advance on or before the first day of each calendar month during the term of the Lease. Commencing on the first anniversary of the Rent Commencement Date and on each anniversary of the Rent Commencement Date thereafter, Basic Annual Rent shall escalate using a two and one-half of one percent (2.5%) annually compounded rate (the “Escalation Rate”). In the event the Rent Commencement Date occurs on a day other than the first day of a calendar month, then rent shall be paid on such date for the initial fractional calendar month prorated on a per-diem basis (based upon a thirty (30) day month).

3.2 Rent Abatement. Tenant shall be entitled to an abatement of Basic Annual Rent with respect to the Leased Premises in an amount equal to twelve (12) full months of Basic Annual Rent payable with respect to the Leased Premises, which abatement shall be applied to the period commencing on the Rent Commencement Date and continuing until such abatement has been entirely applied (the “Rent Abatement Period”). The Basic Annual Rent abated during this period is referred to herein as the “Abated Rent.”

Notwithstanding the provisions of this Section 3.2 or Article IV to the contrary, Tenant shall pay to Landlord during the Rent Abatement Period an amount equal to Tenant's Proportionate Share of Operating Expenses estimated to be \$7.50 per rentable square foot. Said Operating Expenses shall be reconciled to actual expenses at the end of the calendar year pursuant to Section 4 below. If the Rent Commencement Date does not start on the first day of a calendar month, such abated rent period shall be adjusted in the first and last month of such term so that Tenant receives twelve (12) and only twelve (12) months of abated Basic Annual Rent.

3.3 Additional Monetary Obligations . Tenant shall also pay as rent (in addition to the Basic Annual Rent) all other sums of money as shall become due and payable by Tenant to Landlord under this Lease. Landlord shall have the same remedies in the case of a default in the payment of said other sums of money as are available in the case of a default in the payment of one or more installments of Basic Annual Rent.

IV. ADDITIONAL RENT

4.1 Definitions . It is the intent of both parties that the Basic Annual Rent herein specified shall be absolutely net to Landlord throughout the Term, and that all costs, expenses and obligations (unless otherwise expressly excluded herein) relating to the Building, the Common Areas, the Property and/or the Leased Premises which may arise or become due during the term shall be paid by Tenant in the manner hereafter provided. For purposes of this Lease, the terms set forth below shall mean the following:

(a) "Additional Rent" shall mean the sum of Tenant's Proportionate Share of Common Area Expenses plus all other amounts due and payable by Tenant under this Lease other than Basic Annual Rent.

(b) "Common Area Expenses" shall mean all actual costs and expenses incurred by Landlord in connection with the ownership, operation, management and maintenance of the Common Areas, the Building, Property, and related improvements located thereon (the "Improvements"). Common Area Expenses includes, but is not limited to, all expenses incurred by Landlord as a result of Landlord's compliance with any and all of its obligations under this Lease (or under similar leases with other tenants) other than the performance of its work under Section 2.3 of this Lease or similar provisions of leases with other tenants. Common Area Expenses do not include Common Area Expenses Exclusions. In explanation of the foregoing, and not in limitation thereof, Common Area Expenses shall include:

(i) all real and personal property taxes, local improvement rates, and other ad valorem assessments (whether general or special, known or unknown, foreseen or unforeseen) and any tax or assessment

levied or charged in lieu thereof, whether assessed against Landlord and/or Tenant and whether collected from Landlord and/or Tenant, including, without limitation, any privilege or excise tax, provided, however that Common Expenses shall not include any income, franchise or corporate tax, sales, capital levy, capital stock, excess profits, transfer, revenue, or any other tax, assessment or charge upon or measured by rent payable to Landlord, unless such amounts payable on rents are assessed in lieu of real and personal property taxes;

(ii) the cost of all insurance maintained by Landlord on or with respect to the Building, the Improvements, the Common Areas or the Property, including, without limitation, casualty insurance, liability insurance, rental interruption, workers compensation, any insurance required to be maintained by Landlord's lender, and any deductible applicable to any claims made by Landlord under such insurance;

(iii) snow removal, trash removal, cost of services of independent contractors, cost of compensation (including employment taxes and fringe benefits) of all persons who perform regular and recurring duties connected with day-to-day operation, maintenance, repair, and replacement of the Building, the Improvements, the Common Areas or the Property, its equipment and the adjacent walk and landscaped area (including, but not limited to janitorial, scavenger, gardening, security, parking, elevator, painting, plumbing, electrical, mechanical, carpentry, window washing, structural and roof repairs and reserves, signing and advertising), but excluding persons performing services not uniformly available to or performed for substantially all Building tenants;

(iv) costs of all gas, water, sewer, electricity and other utilities used in the maintenance, operation or use of the Building, the Improvements, the Property and the Common Areas, cost of equipment or devices used to conserve or monitor energy consumption, supplies, licenses, permits and inspection fees, except that electric and HVAC services for the Leased Premises shall be separately sub-metered and billed directly to Tenant by Landlord based on Tenant's use. Gas shall not be separately metered to each tenant's premises, but shall be allocated based on Tenant's Proportionate Share. Tenant may elect, at Tenant's expense, to cause the Leased Premises to be separately metered with the utility companies, in which case, Tenant shall pay the utility companies directly for such separately metered services, and such separately metered services shall not be included for purposes of calculating Common Area Expenses;

(v) accounting and legal fees;

(vi) payments required to be made in connection with the maintenance or operation of any easement or right of way or other instrument through which Landlord claims title in the Property or to which Landlord's title in the Property is subject; and

(vii) Property management fees not to exceed three and one-half percent (3.5%) of all revenues (including Basic Annual Rent and Common Area Expenses reimbursements) received from the Building, the Improvements and the Common Areas.

(e) "Common Area Expenses Exclusions" means each of the following expenses incurred by Landlord:

(i) depreciation and amortization;

(ii) expenses incurred by Landlord to prepare, renovate, repaint, redecorate, or perform any other work in any space leased to an existing tenant or prospective tenant of a Building;

(iii) expenses incurred by Landlord for repairs or other work occasioned by fire, windstorm, or other insurable casualty or condemnation (other than deductibles under such insurance which deductible shall not exceed \$25,000 per occurrence);

(iv) expenses incurred by Landlord to lease space to new tenants or to retain existing tenants, including leasing commissions, advertising, and promotional expenditures, including tenant appreciation gifts or expenses;

(v) expenses incurred by Landlord to resolve disputes, enforce, or negotiate lease terms with prospective or existing tenants, or in connection with any financing, sale, or syndication of the Property;

(vi) interest, principal, points and fees, amortization, or other costs associated with any debt and rent payable under any lease to which this Lease is subject and all costs and expenses associated with any such debt or lease and any ground lease rent, irrespective of whether this Lease is subject or subordinate thereto;

(vii) expenses incurred for the repair, maintenance, or operation of any pay parking garage not associated with the Building, including but not limited to salaries and benefits of any attendants, electricity, insurance, and taxes;

(viii) cost of alterations, capital improvements, equipment replacement, and other items which under generally accepted accounting principles are properly classified as capital expenditures, except for (a) capital repairs (such as parking lot resurfacing and roof repairs), and (b) capital improvements which decrease the Common Area Expenses, provided, however, the amount included as Common Area Expenses shall be amortized on a straight-line basis over the useful life of such capital improvements and provided such capital improvements actually decrease the Common Area Expenses;

(ix) expenses for the replacement of any item covered under warranty;

(x) cost to correct any penalty or fine incurred by Landlord due to Landlord's (but not Tenant's) violation of any federal, state, or local law or regulation and any interest or penalties due for late payment by Landlord of any of the Common Area Expenses except to the extent Tenant did not timely reimburse Landlord for Tenant's Proportionate Share of Common Area Expenses to the extent required by this Lease;

(xi) cost of repairs necessitated by Landlord's negligence or willful misconduct, or of correcting any latent defects or original design defects in the Building's construction, materials, or equipment;

(xii) expenses for any item or service which Tenant pays directly to a third party or separately reimburses Landlord and expenses incurred by Landlord to the extent the same are reimbursable or reimbursed from any other tenants, occupants of the property, or third parties (other than as reimbursement as Common Area Expenses);

(xiii) expenses for any item or service not provided to Tenant but exclusively to certain other tenants in the Building;

(xiv) management costs or fees in excess of three and one-half of one percent (3.5%) of all rent received from the operation of the Property;

(xv) salaries of employees above the grade of building superintendent or building manager, and the portion of employee expenses for employees whose time is not spent directly and solely in the operation of the Building;

- (xvi) Landlord's general corporate overhead and administrative expenses including travel of ownership to the Building or any tenant appreciation events or gifts;
- (xvii) expenses incurred by Landlord in order for the Building and Property to comply with all present laws, ordinances, requirements, orders, directives, rules, and regulations of federal, state, county, and city governments and of all other governmental authorities having or claiming jurisdiction over the Building, including without limitation the Americans with Disabilities Act of 1990 (as amended), the Federal Occupational Safety and Health Act of 1970 (as amended), the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (as amended), and any of said laws, rules, and regulations relating to environmental, health, or safety matters;
- (xviii) replacement reserves;
- (xix) except as contemplated by subsection (xiv) above, fees paid by Landlord or affiliates of Landlord to the extent that such fees exceed the customary amount charged for the services provided;
- (xx) Common Area Expenses incurred by Landlord relative to retail stores, hotels, and any specialty services in the Building which are not conducted by Tenant;
- (xxi) Landlord's cost of electricity and other services that are sold to tenants or for which Landlord is entitled to be reimbursed by tenants or other parties (other than as a reimbursement of Common Area Expenses);
- (xxii) all costs incurred by Landlord for alterations, repairs, and replacements which have a useful life of more than one (1) year but such costs may be amortized over the useful life of such replacement and such amortization shall be included as a Common Area Expense;
- (xxiii) all costs incurred due to violation by Landlord or any tenant, other than Tenant, of the terms and conditions of any lease;
- (xxiv) costs and expenses due to termination or under-funding of any plan under ERISA or any other law or regulation governing employee pension plans or other benefits;
- (xxv) HVAC modifications and replacement obligations necessary to comply with any Clean Air Act requirements, including

ASHRAE standards, for the following but not limited to: maintenance, fresh air, chlorofluorocarbons (CFCs), and hydro chlorofluorocarbons (HCFCs);

(xxvi) cost of sculptures, paintings, and other objects of art;

(xxvii) cost of gifts arising from Landlord's charitable or political contributions;

(xxviii) travel and entertainment costs;

(xxix) late fees assessed for Landlord's failure to timely make any payment except to the extent Tenant did not timely reimburse Landlord for Tenant's Proportionate Share of Common Area Expenses to the extent required by this Lease;

(xxx) costs associated with the removal of substances considered to be detrimental to the environment or the health of occupants of the Building (other than costs for substances brought onto the Leased Premises by Tenant);

(xxxi) allowances specified in Exhibit "C" for expenses incurred by Landlord for improvements to the Leased Premises;

(xxxiii) the excess cost of any work or service performed for or facilities furnished to any tenant to a substantially greater extent or in a manner materially more favorable to such tenant than that performed for or furnished to Tenant hereunder, but only to the extent of such more favorable services;

(xxxiv) sums which constitute insured repairs or other work necessitated by fire or other casualty (other than the deductible for such insurance);

(xxxv) expenditures paid to a related corporation, entity or persons which are in excess of the amount which would be paid in an arm's-length transaction;

(xxxvi) expenditures resulting from the relocation or moving of tenants in the Building to another location; and

(xxxi) Controllable Common Area Expenses to the extent such Controllable Common Area Expenses are increased by more than four percent (4%) over the Common Area Expenses incurred in the prior year.

(f) “Common Areas” is defined in Section 20.1.

(g) “Controllable Common Area Expenses” shall mean all Common Area Expenses that are within the reasonable control and influence of Landlord by use of commercially reasonable, good faith efforts, but shall not include taxes, insurance, utilities and snow removal.

(h) “Estimated Costs” shall mean Landlord’s estimate of Tenant’s Proportionate Share of Common Area Expenses for a particular calendar year, excluding costs of electricity and HVAC services, which will be separately metered and billed to Tenant directly.

(i) “Tenant’s Proportionate Share” shall mean the percentage derived from the fraction, the numerator of which is the rentable square footage of the Leased Premises, the denominator of which is the rentable square footage of the Building. Upon the Rent Commencement Date, Tenant’s Proportionate Share will be approximately 62.50%. Notwithstanding the foregoing, if the Building does not have ninety-five percent (95%) occupancy during an entire calendar year, then the variable cost component of “Common Area Expenses” shall be equitably adjusted so that the total amount of Common Area Expenses equals the total amount which would have been paid or incurred by Landlord had the Building been ninety-five percent (95%) occupied for the entire calendar year. In no event shall Landlord be entitled to receive from Tenant and any other tenants in the Building an aggregate amount in excess of actual Common Area Expenses incurred by Landlord.

4.2 Payment of Additional Rent . Additional Rent shall be paid as follows:

(a) Prior to the Commencement Date and prior to the beginning of each calendar year after the Commencement Date, Landlord shall deliver to Tenant a statement showing the Estimated Costs for such calendar year. If Landlord fails to deliver such statement prior to January 1 of the applicable year, until the delivery of such statement, Tenant’s Estimated Costs shall be deemed to be the same amount of the Estimated Costs for the prior year; provided, however, if Landlord subsequently furnishes to Tenant a statement of such Estimated Costs, to the extent such Estimated Costs are greater than or less than the Estimated Costs paid on a year to date basis, Tenant shall either receive a credit or make a payment, in the amount of such difference on the next date on which Tenant makes a rental payment hereunder.

(b) Concurrent with each monthly payment of Basic Annual Rent due pursuant to Section 3.1 above, Tenant shall pay to Landlord, without offset or deduction, one-twelfth (1/12th) of the Estimated Costs, plus all other amounts

due and owing by Tenant under this Lease which are not included as part of Estimated Costs (e.g., late payment charges).

4.3 Report of Common Area Expenses and Statement of Estimated Costs . Within one hundred twenty (120) days after each calendar year occurring during the Term, Landlord shall furnish Tenant with a written reconciliation statement (the "Landlord's Statement") comparing the actual amount of Tenant's Proportionate Share of Common Area Expenses payable during the previous calendar year against the amounts actually paid by Tenant during the previous calendar year pursuant to Section 4.2 above. If the annual reconciliation statement of costs indicates that the Estimated Costs paid by Tenant for any year exceeded the actual amount of Tenant's Proportionate Share of Common Area Expenses, Landlord, at its election, shall either (a) promptly pay the amount of such excess to Tenant, or (b) apply such excess against the next installment of Basic Annual Rental or Additional Rent due hereunder. If the annual reconciliation statement of costs indicates that Estimated Costs paid by Tenant for any year is less than the actual amount of Tenant's Proportionate Share of Common Area Expenses, paid by Tenant for such calendar year, Tenant shall pay to Landlord any such deficiency within thirty (30) days of Tenant's receipt of such reconciliation statement.

4.4 Audit Rights . Every statement given by Landlord pursuant to Section 4.3 shall be conclusive and binding upon Tenant unless within 120 days after the receipt of such statement Tenant shall notify Landlord that it disputes the correctness thereof. During the period of 120 days after receipt of Landlord's Statement, Tenant's advisor (which must be a real estate professional who is in the business of reviewing reconciliation statements on behalf of third party tenants) or certified public accountant which, in either case, is not compensated on a contingency basis may, for the purpose of verifying the Common Area Expenses, inspect the records of the material reflected in Landlord's Statement, including such materials and statements for previous years, as applicable, at a reasonable time mutually-agreeable to Landlord and Tenant. Such material shall include but not be limited to the general ledger of the Common Area Expenses on a line item basis. The audit shall be concluded within thirty (30) days of the commencement of such audit and Tenant shall provide Landlord with the results of such audit within sixty (60) days of the conclusion of such audit. The parties recognize the confidential nature of Landlord's books and records and hence agree that before Landlord shall afford Tenant's advisor or its certified public accountant reasonable access to Landlord's books and records, including the copying of said material in order to complete a thorough analysis of the expenses, Tenant and its advisor or certified public accountant shall enter into a confidentiality agreement in form and substance reasonably satisfactory to Landlord, whereby Tenant and its advisor or certified public accountant shall agree, as a condition precedent to their review of such books and records, not to disclose any of the information disclosed in connection with such review to any third party (subject to standard nondisclosure exceptions, including without limitation, disclosures ordered by a court or otherwise required to comply with applicable law). Failure of Tenant to challenge any item in Landlord's Statement within one hundred twenty (120) days after

Tenant's receipt of Landlord's Statement shall be construed as a waiver of Tenant's right to challenge such item for such year and such determination shall be conclusive for both Landlord and Tenant. In the event Tenant's audit of Landlord's Statement discloses discrepancies, Tenant shall disclose the results of such audit to Landlord. Landlord shall have a period of thirty (30) days to review Tenant's audit reports and determine if Landlord disputes such reports. If Landlord disputes the results of Tenant's audit reports, Landlord shall give written notice of such disputes within such thirty (30) day period. Landlord and Tenant shall work in good faith to resolve any disagreements resulting from Tenant's audit. If Landlord and Tenant cannot resolve such disputes within thirty (30) days of the date Landlord gives notice to Tenant of Landlord's dispute, either party may refer the decision of the issues raised, if any, to a reputable, nationally-recognized independent firm of certified public accountants (or other organization whose core competency is deemed to be within this specialty area) selected by Tenant and reasonably approved by Landlord. The selected firm shall be deemed to be acting as an expert and not as an arbitrator, and a determination signed by the selected expert shall be final and binding on both Landlord and Tenant. Landlord shall afford such accountants/specialists reasonable access to Landlord's books and records to the extent such accountants/specialists deem necessary in order to reach their decision. In connection therewith, Tenant and such accountants/specialists shall execute and deliver to Landlord a confidentiality agreement, in form and substance reasonably satisfactory to Landlord, whereby such parties shall agree not to disclose any of the information disclosed in connection with such review to any third party (subject to standard nondisclosure exceptions, including without limitation, disclosures ordered by a court or otherwise required to comply with applicable law). Notwithstanding the foregoing, in the event such certified public accountant/specialists shall determine that Landlord's Statement for the subject year or any previous years, if applicable, has overcharged Tenant for Common Area Expenses (and such determination is not successfully challenged by Landlord), then Landlord shall refund or credit to Tenant the amount of the overcharge. If such audit shall determine that Landlord has overstated actual Common Area Expenses by more than five percent (5%), Landlord shall, in addition, reimburse Tenant for the reasonable out-of-pocket expenses incurred by Tenant in connection with such audit (including the out of pocket costs of retaining its advisor) and, if applicable, expert review. If such audit and, if applicable, expert review, shall determine that (1) Landlord has not overstated actual Common Area Expenses, or (2) has overstated actual Common Area Expenses by less than five percent (5%) then, Tenant shall pay the costs of such audit (including the out of pocket costs of retaining its advisor) and, if applicable, the expert review.

4.5 Limitations . Nothing contained in this Part IV shall be construed at any time so as to reduce the monthly installments of Basic Annual Rent payable hereunder below the amount set forth in Section 3.1 of this Lease.

V. INTENTIONALLY DELETED

VI. USE

6.1 Use of Leased Premises . The Leased Premises shall be used and occupied by Tenant for general office purposes consistent with a Class "A" office building, any uses ancillary or incidental thereto, a call center. No other uses will be permitted without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed.

6.2 Prohibition of Certain Activities or Uses . Tenant shall not do or permit anything to be done in or about, or bring or keep anything in the Leased Premises or the Property which is prohibited by this Lease or will, in any way or to any extent:

(a) adversely affect any fire, liability, or other insurance policy carried with respect to the Building, the Improvements, the Common Areas, the Property, or any of the contents of the foregoing (except with Landlord's express written permission, which will not be unreasonably withheld, but which may be contingent upon Tenant's agreement to bear any additional costs, expenses or liability for risk that may be involved);

(b) materially obstruct, interfere with any right of, or injure any other tenant or occupant of the Building, the Common Areas, the Improvements, or the Property;

(c) conflict with or violate any law, statute, ordinance, rule, regulation or requirement of any governmental unit, agency, or authority (whether existing or enacted as promulgated in the future, known or unknown, foreseen or unforeseen);

(d) adversely overload the floors or otherwise damage the structural soundness of the Leased Premises or a Building, or any part thereof (except with Landlord's express written permission, which will not be unreasonably withheld, but which may be contingent upon Tenant's agreement to bear any additional costs, expenses, or liability for risk that may be involved);
or

(e) take any action which causes a violation of any restrictive covenants or any other instrument of record applying to the Property provided such records have been provided to Tenant.

6.3 Affirmative Obligations with Respect to Use .

(a) Except with respect to Landlord's obligations hereunder, Tenant will (i) comply with all governmental laws, ordinances, regulations, and requirements, now in force or which hereafter may be in force, of any lawful governmental body or authorities having jurisdiction over the Leased Premises;

(ii) keep the Leased Premises and every part thereof in a clean, neat, and orderly condition, free of objectionable noise, odors, or nuisances; (iii) in all respects and at all times fully comply with all health and policy regulations; and (iv) not suffer, permit, or commit any waste.

(b) Except with respect to Landlord's obligations hereunder, at all times during the term hereof, Tenant shall, at Tenant's sole cost and expense, comply with all statutes, ordinances, laws, orders, rules, regulations, and requirements of all applicable federal, state, county, municipal and other agencies or authorities, now in effect or which may hereafter become effective, which shall impose any duty upon Landlord or Tenant with respect to the use, occupation or alterations of the Leased Premises (including, without limitation, all applicable requirements of the Americans with Disabilities Act of 1990 and all other applicable laws relating to persons with disabilities, and all rules and regulations which may be promulgated thereunder from time to time and whether relating to barrier removal, providing auxiliary aids and services or otherwise (the "ADA")) and upon request of Landlord shall deliver evidence thereof to Landlord. Notwithstanding the foregoing, Tenant shall only be obligated to comply with laws which require improvements, modifications or alterations to the Leased Premises if and to the extent such compliance obligation is implicated by Tenant's specific or unique use of the Leased Premises or alterations or additions made to the Leased Premises by Tenant, and not such laws as are applicable to all users of office space. Except where the obligation to comply with applicable law is Tenant's obligation hereunder, Landlord shall be responsible for compliance with all laws applicable to the Leased Premises, the Building, the Common Areas and the Property.

6.4 Suitability . Tenant acknowledges that except as expressly set forth in this Lease, neither Landlord nor any other person has made any representation or warranty with respect to the Leased Premises or any other portion of the Building, the Common Areas, or the Improvements and that no representation has been made or relied on with respect to the suitability of the Leased Premises or any other portion of the Building, the Common Areas, or Improvements for the conduct of Tenant's business. Except as expressly provided herein, the Leased Premises, Building, and Improvements (and each and every part thereof) shall be deemed to be in satisfactory condition unless, within sixty (60) days after the Substantial Completion Date, Tenant shall give Landlord written notice specifying, in reasonable detail, the respects in which the Leased Premises, Building, or Improvements are not in satisfactory condition.

6.5 Taxes . Tenant shall pay all taxes, assessments, charges, and fees which during the term hereof may be imposed, assessed, or levied by any governmental or public authority against or upon Tenant's use of the Leased Premises or any personal property or fixture kept or installed therein by Tenant.

6.6 Landlord's Representations and Warranties. Notwithstanding anything in this Lease to the contrary, Landlord represents that, to its knowledge, upon occupancy, the Building will be in compliance with the requirements of the ADA. Landlord further represents that, to its knowledge, the Building is in compliance with all (a) judicial decisions, orders, injunctions, writs, statutes, rulings, rules, regulations, promulgations, directives, permits, certificates or ordinances of any governmental authority in any way applicable to Tenant or the Building, including but not limited to the Rules and Regulations, zoning, environmental and utility conservation matters, (b) requirements imposed on Landlord by any Landlord's mortgagee, (c) insurance requirements, and (d) other documents, instruments or agreements relating to the Building or to which the Building may be bound or encumbered.

In addition, Landlord hereby covenants and agrees that for a period of one (1) year after the Commencement Date (the "Warranty Period"), the Building systems ("Systems") shall be in good working order and condition. At any time prior to the expiration of the Warranty Period, Tenant shall have the right to notify Landlord, in writing (a "Systems Notice"), of any deficiencies in the Systems, which deficiencies shall be promptly repaired or replaced by Landlord, at Landlord's sole cost and expense; provided, however, that if any such deficiencies are as a result of the negligence or misconduct of Tenant or any Tenant Parties or the misuse of the Leased Premises or the Property by Tenant or the Tenant Related Parties, Tenant shall reimburse Landlord for all reasonable costs incurred by Landlord to remedy such deficiencies upon demand as Additional Rent. From and after the expiration of the Warranty Period, repairs and replacements to the Systems shall be governed by Section 4.1 (except for any repairs that are necessary as set forth in a Systems Notice delivered to Landlord prior to the expiration of the Warranty Period).

VII. UTILITIES AND SERVICE

7.1 Obligation of Landlord . During the Term, Landlord agrees to cause to be furnished to the Leased Premises at all times the following utilities and services, the cost and expense of which shall be included in Common Area Expenses except to the extent any such utilities are separately metered or sub-metered and billed directly to Tenant as permitted hereunder:

(a) Electricity, water, gas and sewer service. The electrical service shall provide 4.5 watts per rentable square foot of space within the Leased Premises.

(b) Telephone connection, but not including telephone stations, equipment and service (it being expressly understood and agreed that Tenant shall be responsible for the ordering and installation of telephone lines and equipment which pertain to the Leased Premises).

(c) Heat and air-conditioning to such extent and to such levels as, in Landlord's reasonable judgment, is reasonably required for the comfortable use and occupancy of the Leased Premises subject however to any limitations imposed by any government agency.

(d) Janitorial service in accordance with Exhibit "I".

(e) A card-access security system ("Building Card-Access Security System") with card readers at all exterior Building entries and exits, all elevators, and all fire stairway entries and exits. Landlord shall furnish Tenant, at Landlord's expense, with up to five (5) access cards per 1,000 Rentable Square Feet in the Leased Premises, and at Tenant's expense with such additional keys and access cards as Tenant may request, to unlock or allow access to the Building and each corridor door entering the Leased Premises. Upon the expiration or termination of the Term, Tenant shall surrender all such keys and access cards to Landlord and shall deliver to Landlord the combination to all locks on all safes, cabinets and vaults which will remain in the Leased Premises. In the event Tenant fails to return all access cards, or in the event Tenant requires a replacement access cards, Tenant shall pay an amount equal to \$10.00 for each access card not returned to Landlord or replaced by Landlord.

(f) Exterior security lighting around the Building and in the parking areas, consistent with other Class A Office Building in the Salt Lake Metropolitan area.

(g) Snow removal service.

(h) Landscaping and grounds keeping service.

(i) Access to the Leased Premises, including elevator service twenty-four (24) hours a day.

7.2 Tenant's Obligations . Tenant shall arrange for and shall pay the entire cost and expense of all telephone stations, equipment and use charges, electric light bulbs (but not LED bulbs or other specialty bulbs used in fixtures originally installed in the Leased Premises) and all other materials and services not expressly required to be provided and paid for pursuant to the provisions of Section 7.1 above.

7.3 Additional Limitations .

(a) Tenant will not, without the written consent of Landlord, which shall not be unreasonably withheld, use any apparatus or device on the Leased Premises (including but without limitation thereto, electronic data processing machines or machines using current in excess of 110 volts) which will in any way or to any extent increase the amount of electricity or water usually furnished or

supplied for use on the Leased Premises for the use designated in Section 6.1 above, nor connect with either electrical current (except through existing electrical outlets in the Leased Premises), water pipes, or any apparatus or device, for the purposes of using electric current or water. Without limiting the generality of the foregoing, any uses for utilities which are in excess of normal operating uses for offices, including, without limitation, those relating to supplemental heating or cooling requirements, may, at Landlord's option, be sub-metered and billed separately to Tenant and shall not be included as part of Common Area Expenses.

(b) If Tenant shall require water or electric current in excess of that usually furnished or supplied for use of the Leased Premises, or for purposes other than those designated in Section 6.1 above, Tenant shall first procure the consent of Landlord for the use thereof, which consent Landlord shall not be unreasonably withheld, conditioned or delayed. Landlord may cause a water meter or electric current meter to be installed in the Leased Premises, so as to measure the amount of water and/or electric current consumed for any such use. Tenant shall pay for the cost of such meters and of installation, maintenance and repair thereof. Tenant agrees to pay Landlord promptly upon demand for all such water and electric current consumed as shown by said meters at the rates charged for such service either by the city or county in which the Building is located or by the local public utility, as the case may be, together with any additional expense incurred in keeping account of the water and electric current so consumed.

(c) If and where heat generating machines are used in the Leased Premises which affect the temperature otherwise maintained by the air conditioning system, Landlord reserves the right to install additional or supplementary air conditioning units for the Leased Premises, and the entire cost of installing, operating, maintaining and repairing the same shall be paid by Tenant to Landlord promptly after demand by Landlord.

7.4 Limitation on Landlord's Liability . Except as set forth in this Section 7.4, Landlord shall not be liable for any failure to provide or furnish any of the foregoing utilities or services if such failure was reasonably beyond the control of Landlord and Tenant shall not be entitled to terminate this Lease or to effectuate any abatement or reduction of rent by reason of any such failure. If utilities and services are interrupted for more than three (3) consecutive calendar days as a result of Landlord's or another tenants' acts or omissions (other than a sublessee or assignee of Tenant), and not a result of Tenant's acts or omissions, then Tenant shall have the right to cease payment of Basic Annual Rent and Tenant's Proportionate Share of the Common Area Expenses beginning with the day of interruption pro-rated until such service is reinstated. If such interruption shall continue for sixty (60) consecutive days, Tenant shall have the right, in its sole discretion and in addition to any other remedies available to Tenant, to terminate this Lease by delivering written notice to Landlord at any time prior to the date such utilities

are restored. In no event shall Landlord be liable for loss or injury to persons or property, however, arising or occurring in connection with or attributable to any failure to furnish such utilities or services even if within the control of Landlord, provided, however that Landlord shall use reasonable diligence to promptly restore the same.

7.5 Property Management Personnel. Tenant may give written notice to Landlord of any unsatisfactory performance (in Tenant's reasonable determination) of property management personnel for the Property. Landlord shall have thirty (30) days following such notice in which to correct such performance or such longer period of time as may be reasonably necessary, so long as Landlord promptly commences such correction following such notice and thereafter diligently prosecutes the same to completion. If Landlord fails to correct such performance in accordance with the immediately preceding sentence, Tenant may, by written notice, direct Landlord to replace such non-performing personnel. If Landlord fails to replace such non-performing personnel within thirty (30) days after such second notice, or if Landlord fails to correct unsatisfactory performance of property management personnel for the Property within the applicable notice and cure period on more than two (2) occasions in any twelve (12) month period, then Tenant may, by a third written notice given to Landlord, direct Landlord to utilize a third-party property management company for the Property that is reasonably satisfactory to both Landlord and Tenant.

VIII. MAINTENANCE AND REPAIRS; ALTERATIONS; ACCESS

8.1 Maintenance and Repairs by Landlord . Landlord shall maintain in good order, condition, and repair the Building, the Common Areas, and the Improvements except the Leased Premises and those other portions of the Building leased, rented, or otherwise occupied by persons not affiliated with Landlord. Such maintenance and repair obligations shall include, but shall not be limited to, maintaining and making necessary foundational, roof and structural repairs and repairs to plumbing, sewer, septic, electrical, mechanical and heating, ventilation or air conditioning equipment servicing the Leased Premises. If Landlord is required to repair or replace any damage to the Building, the Common Areas or the Improvements occasioned by the willful misconduct or negligence of Tenant or the Tenant Related Parties (as defined in Section 10.1 below), Landlord shall replace or repair such damage at Tenant's sole cost and expenses, which amounts shall be reimbursed by Tenant within ten (10) days of Landlord's delivery of written demand for the same, provided if the damage is in excess of \$100,000 and is covered by Landlord's insurance, and provided Tenant is not in default beyond all applicable notice and cure periods under its Lease, Landlord agrees to submit such claim on such insurance

8.2 Maintenance and Repairs by Tenant . Tenant, at Tenant's sole cost and expense and without prior demand being made, shall maintain the Leased Premises in good order, condition and repair, and will be responsible for the painting, carpeting, or other interior design work of the Leased Premises beyond the initial construction phase as

specified in Section 2.3 and Exhibit "C" of this Lease and shall maintain all equipment and fixtures installed by Tenant. Tenant shall in a good and workmanlike manner repair or replace any damage to the Leased Premises occasioned by the willful misconduct or negligence of Tenant or the Tenant Related Parties.

8.3 Alterations . Except as set forth on Exhibit "C" attached hereto, Tenant shall not without first obtaining Landlord's written approval: (a) make or cause to be made any alterations, additions, or improvements (collectively, "Alterations"); (b) install or cause to be installed any fixtures, signs, floor coverings, interior or exterior lighting, plumbing fixtures, shades or awnings; or (c) make any other Alterations to the Leased Premises without first obtaining Landlord's written approval. The foregoing notwithstanding, if the proposed Alteration is, in Landlord's judgment, (a) likely to affect the structure of the Building or the electrical, plumbing, life safety or HVAC systems or otherwise adversely impacts the value of the Building, (b) does not comply with applicable laws, (c) affects the exterior of the Leased Premises, (d) violates any existing covenants, conditions or restrictions affecting the Property or violates Landlord's loan documents, or (e) would unreasonably interfere with the normal business operations of other tenants in the Building, if any, such consent may be withheld at the sole and absolute discretion of Landlord; except for the foregoing, Landlord's approval shall not be unreasonably withheld, conditioned or delayed. Tenant shall present to Landlord plans and specifications for such work at the time approval is sought. In the event Landlord consents to the making of any Alterations to the Leased Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense. All such work shall be done only by contractors or mechanics approved by Landlord, which approval shall not be unreasonably withheld. All such work with respect to any Alterations shall be done lien free and in a good and workmanlike manner and diligently prosecuted to completion such that, except as absolutely necessary during the course of such work, the Leased Premises shall at all times be a complete operating unit. Any such Alterations shall be performed and done strictly in accordance with all laws and ordinances relating thereto. In performing the work or any such alterations, additions, or changes, Tenant shall have the same performed in such a manner as not to obstruct access to any portion of the Building. Any Alterations to or of the Leased Premises, including, but not limited to, wallcovering, paneling, and built-in cabinet work, but excepting movable furniture and equipment, shall at once become a part of the realty and shall be surrendered with the Leased Premises unless Landlord otherwise elects at the time permission is granted to Tenant to install such items.

Notwithstanding anything herein to the contrary, with respect to any non-structural alteration which (i) does not affect any Building system or any portion of the Building outside the Leased Premises and (ii) does not cost more than \$25,000 in the aggregate in a twelve (12) month period, the consent of Landlord will not be required, provided Landlord receives at least 10 days advance notice thereof.

8.4 Landlord's Access to Leased Premises . Landlord shall have the right to place, maintain, and repair all utility equipment of any kind in, upon, and under the Leased Premises as may be necessary for the servicing of the Leased Premises and other portions of the Building. Upon providing at least 48 hours' prior notice to Tenant, except in the event of an emergency, in which event no notice will be required, Landlord shall also have the right to enter the Leased Premises at all times to inspect or to exhibit the same to prospective purchasers and mortgagees, and to make such repairs, additions, alterations, or improvements as Landlord may deem desirable. Landlord shall be allowed to take all material upon said Leased Premises that may be required therefor without the same constituting an actual or constructive eviction of Tenant in whole or in part, the rents reserved herein shall in no wise abate while said work is in progress by reason of loss or interruption of Tenant's business or otherwise, and Tenant shall have no claim for damages. During the six (6) month period prior to expiration of this Lease or of any renewal term, Landlord may exhibit the Leased Premises to prospective tenants or lessees and may place upon the Leased Premises reasonable "For Lease" or "For Sale" signs which Tenant shall permit to remain thereon. In connection with any of the foregoing activities of Landlord, Landlord shall use commercially reasonable efforts while conducting such activities to minimize any interference with Tenant's use of the Leased Premises.

IX. ASSIGNMENT

9.1 Definitions. As used in this Lease:

(a) "Pledge" means to pledge, encumber, mortgage, assign (whether as collateral or absolutely) or otherwise grant a lien or security interest in this Lease or any portion of the Leased Premises as security for, or to otherwise assure, performance of any obligation of Tenant or any other person.

(b) "Sublease" means to lease or enter into any other form of agreement with any other person, whether written or oral, which allows that person or any other person to occupy or possess any part of the Leased Premises for any period of time or for any purpose.

(c) "Transfer" means to sell, assign, transfer, exchange or otherwise dispose of or alienate any interest of Tenant in this Lease, whether voluntary or involuntary or by operation of law including, without limitation: (i) any such Transfer by death, incompetency, foreclosure sale, deed in lieu of foreclosure, levy or attachment; (ii) if Tenant is not a human being, any direct or indirect Transfer of fifty percent (50%) or more of any one of the voting, capital or profits interests in Tenant; and (iii) if Tenant is not a human being, any Transfer of this Lease from Tenant by merger, consolidation, transfer of assets, or liquidation or any similar transaction under any law pertaining to corporations, partnerships, limited liability companies or other forms of organizations.

9.2 Transfers, Subleases and Pledges Prohibited . Except with the prior written consent of Landlord in each instance, which shall not be unreasonably withheld conditioned or delayed, and except as permitted in Section 9.5, Tenant shall not Transfer or Pledge this Lease, or Sublease or Pledge all or any part of the Leased Premises, excluding Tenant's personal property. Consent of Landlord to any of the actions described in the previous sentence shall be deemed granted and delivered only if obtained strictly in accordance with and pursuant to the procedure set forth in Section 9.3 of this Lease and is memorialized in a writing signed by Landlord that refers on its face to Section 9.3 of this Lease. Any other purported Transfer, Sublease or Pledge shall be null and void, and shall constitute a default under this Lease which, at the option and election of Landlord exercisable in writing at its sole discretion, shall result in the immediate termination of this Lease; provided, if Landlord does not terminate this Lease, it may exercise any other remedies available to it under this Lease or at law or equity. Consent by Landlord to any Transfer, Sublease or Pledge shall not operate as a waiver of the necessity for consent to any subsequent Transfer, Sublease or Pledge, and the terms of Landlord's written consent shall be binding upon any person holding by, under, or through Tenant. Except as provided in Section 9.5, any Transfer, Sublease or Pledge shall not relieve Tenant from any of its obligations under this Lease, all of which shall continue in full force and effect notwithstanding any assumption or agreement of the person to whom the Transfer, Sublease or Pledge pertains.

9.3 Consent of Landlord Required :

(a) If Tenant proposes to make any Transfer, Sublease or Pledge it shall promptly notify Landlord in writing of the details of the proposed Transfer, Sublease or Pledge, and shall also promptly furnish to Landlord sufficient written information and documentation reasonably required by Landlord to allow Landlord to assess the business to be conducted in the Leased Premises by the person to whom the Transfer, Sublease or Pledge is proposed to be made, the financial condition of such person and the nature of the transaction in which the Transfer, Sublease or Pledge is to occur, provided, that it shall be deemed unreasonable for Landlord to require more than three (3) years of financial information. In the event Landlord fails to disapprove of such Transfer, Sublease or Pledge within ten (10) business days of Landlord's receipt of the information required by this Section 9.3(a), Landlord shall be deemed to have approved of such Transfer, Sublease or Pledge. It shall be deemed reasonable for Landlord to withhold its consent to a Transfer or Sublease for any of the following reasons: (i) a proposed transferee has managerial skills, or an operational, business history or financial capacity inadequate with respect to the obligations under this Lease, as determined by Landlord in its reasonable discretion; and/or (ii) the character and reputation of the proposed transferee or sublessee is not reasonably satisfactory to Landlord; and/or (iii) the occupancy of the Leased Premises by the proposed transferee or sublessee would likely violate a provision of this Lease or any other lease or agreement in effect prior to the date of this Lease concerning the Building or the Property. Tenant shall provide Landlord

with all information reasonably requested for Landlord to accurately evaluate the person to whom the Transfer or Sublease shall be made.

(b) Landlord shall have the absolute right to reject any proposed Transfer, Pledge or Sublease under any of the following circumstances:

(i) If, as a result of the Transfer, Sublease or Pledge, Landlord or the Leased Premises would be subject to compliance with any law, ordinance, regulation or similar governmental requirement to which Landlord or the Leased Premises were not previously subject, or as to which Landlord or the Leased Premises has a variance, exemption or similar right not to comply including, without limitation, that certain act commonly known as the "Americans with Disabilities Act of 1990", and any related rules or regulations, or similar state or local laws relating to persons with disabilities.

(ii) A Transfer, Sublease or Pledge to any other person which is the landlord or sublandlord under any leases or subleases for office space within a ten (10) mile radius of the Leased Premises.

(iii) A Transfer, Sublease or Pledge to any other person which is at that time has an enforceable lease for any other space in the Building or any prospective tenant with whom Landlord has, in the prior six (6) months entered into a letter of intent or responded to a request for proposal, and provided Landlord has space in the Building to accommodate such persons request.

(iv) The person to whom the Transfer, Sublease or Pledge is to be made will not agree in writing to be bound by the terms and conditions of this Lease; provided that this Lease shall not be enforceable against person to whom this Lease or Leased Premises is to be Pledged until after the foreclosure or other realization upon its lien or security interest.

(c) Except as set forth in Section 9.3(b), Landlord's consent shall not be unreasonably withheld, provided that: (i) Tenant promptly provides to Landlord all information requested by Landlord pursuant to Section 9.3(a) and Landlord determines that such information is sufficient to allow Landlord to accurately evaluate the financial condition of the person to whom the Transfer, Sublease or Pledge is to be made; and (ii) Tenant and the person to whom the Transfer, Sublease or Pledge is to be made, agree in writing to all of the rights of Landlord set forth in Section 9.4.

9.4 Landlord's Right in Event of Assignment or Sublease .

(a) If Landlord consents in writing to any Transfer or any Sublease, Landlord may collect rent and other charges and amounts due under this Lease from the person to whom the Transfer was made or under the sublease from any person who entered into the

Sublease, and Landlord shall apply all such amounts collected to the rent and other charges to be paid by Tenant under this Lease. If Landlord consents in writing to any Pledge of this Lease or any portion of the Leased Premises, and the person to whom the Pledge was made forecloses or otherwise realizes upon any interest in this Lease or in any portion of the Leased Premises, Landlord may collect rent and other charges and amounts due under this Lease from such person, and Landlord shall apply the amount collected to the rent and other charges and amounts to be paid by Tenant under this Lease. Such collection, however, shall not constitute consent or waiver of the necessity of written consent to such Transfer, Sublease or Pledge, nor shall such collection constitute the recognition of such person or any other person as the "Tenant" under this Lease or constitute or result in a release of Tenant from the further performance of all of the covenants and obligations pursuant to this Lease, including the obligation to pay rent and other charges and other amounts due under this Lease.

(b) In the event that any rent or additional consideration payable after a Transfer exceed the rents and additional consideration payable under this Lease, Landlord and Tenant shall share equally in the amount of any profits. In the event that the rent and additional consideration payable under a Sublease exceed the rents and other consideration payable under this Lease (prorated to the space being subleased pursuant to the Sublease), Landlord and Tenant shall share equally in the amount of any profits. For the purposes set forth in this Section 9.4(b), the term "profits" shall mean the gross revenue received from the assignee or sublessee during the sublease term or during the assignment less: (i) the gross revenue (exclusive of any such profits) paid to Landlord by Tenant during the period of the sublease term or during the assignment for the space covered by the sublease or assignment ("Sublease Space"); (ii) any improvement allowance or other out of pocket economic expense (space planning allowance, moving expenses, etc.) paid by Tenant to sublessee or assignee; (iii) any broker's commission incurred by Tenant; (iv) reasonable out of pocket attorneys' fees incurred by Tenant; (v) any lease takeover costs; and (vi) costs of advertising and marketing such Sublease Space.

(c) In the event that Tenant shall request that Landlord consent to a Transfer, Sublease or Pledge, Tenant and/or the person to whom the Transfer, Sublease or Pledge was made shall pay to Landlord reasonable legal fees and costs, not to exceed \$2,500.00, incurred in connection with processing of documents reasonably necessary to effect the Transfer, Sublease or Pledge.

9.5 Permitted Transfer or Sublease. Notwithstanding anything in this Lease to the contrary, Tenant shall have the right, without the prior consent of Landlord, to assign this Lease or sublet the whole or any part of the Leased Premises (a "Permitted Transfer") to a corporation or entity (a "Related Entity") which: (i) is Tenant's parent organization, or (ii) is a wholly-owned subsidiary of Tenant or Tenant's parent organization, or (iii) is an organization of which Tenant or Tenant's parent owns in excess of fifty percent (50%) of the outstanding capital stock or has in excess of fifty percent (50%) ownership or

control interest, or (iv) is the result of a consolidation, merger or reorganization with Tenant and/or Tenant's parent organization, or (v) is the transferee of substantially all of Tenant's assets; provided, in the case of a Transfer which is permitted pursuant to clauses (iv) and (v) above, immediately after such Transfer, the "Tenant" shall annual revenue which is not less than ten million and no/100 dollars (\$10,000,000) per year and a tangible net worth that is not less than \$50,000,000.

In connection with a Transfer or Sublease permitted under this Section 9.5(b), Tenant shall (i) give Landlord fifteen (15) days prior written notice of such Transfer or Sublease, and (ii) deliver to Landlord copies of (x) an assignment and assumption of this Lease (in the case of a Transfer of the Lease), which shall be in form and substances satisfactory to Landlord in its reasonable discretion, and (y) the Sublease, which shall be subject and subordinate to this Lease.

Further, except in the case of any Permitted Transfer that is a Sublease, in the event of any Permitted Transfer, Tenant shall be relieved of and released from all liability and obligations under this Lease accruing and/or arising from and after the effective date of such Permitted Transfer so long as immediately following such Permitted Transfer such transferee shall has the financial capability (including a tangible net worth and revenues) which are acceptable to Landlord (as determined by Landlord in its reasonable discretion). A release of Tenant from liability under this Lease, if any, shall be confirmed in a separate agreement signed by Landlord.

X. INDEMNITY AND HAZARDOUS MATERIALS

10.1 Indemnity.

(a) Tenant's Indemnity . Subject to the provisions of Section 11.5 below and to the fullest extent permitted by law, except to the extent caused by the gross negligence or willful misconduct of Landlord, Tenant shall protect, defend, indemnify and hold harmless Landlord and its affiliates against and from any and all claims, demands, actions, losses, damages, orders, judgments, and any and all costs and expenses (including, without limitation, attorneys' fees and costs of litigation), resulting from or incurred by Landlord or any affiliate of Landlord on account of any of the following: (i) the use of the Leased Premises by Tenant or by its agents, contractors and employees, (the "Tenant Related Parties"), (ii) the conduct of its business or profession, or any other activity permitted or suffered by Tenant or the Tenant Related Parties within the Leased Premises; or (iii) any breach by Tenant of this Lease. Tenant shall defend all suits brought upon such claims and pay all costs and expenses incidental thereto. Notwithstanding the foregoing, Landlord shall have the right, at its option, to participate in the defense of any such suit without relieving Tenant of any obligation hereunder.

(b) Landlord's Indemnity. Subject to the provisions of Section 11.2, below, and to the fullest extent permitted by law, Landlord shall protect, defend, indemnify and

hold harmless Tenant and Tenant Related Parties against and from any and all claims, demands, actions, losses, damages, orders, judgments, and any and all costs and expenses (including, without limitation, attorneys' fees and costs of litigation), resulting from or incurred by Tenant or any Tenant Related Parties on account of (i) the gross negligence or willful misconduct of Landlord or its agents, contractors, and employees (the "Landlord Related Parties"), or (ii) any breach or default by Landlord in the performance of its obligations and covenants under this Lease. Landlord shall defend all suits brought upon such claims and pay all costs and expenses incidental thereto. Notwithstanding the foregoing, Tenant shall have the right, at its option and expense, to participate in the defense of any such suit without relieving Landlord of any obligation hereunder.

10.2. Notice . Tenant shall give prompt notice to Landlord in case of fire or accidents in the Leased Premises or in the Building of which the Leased Premises are a part or of defects therein or in any fixtures or equipment.

10.3 Environmental Indemnification .

(a) Tenant Indemnity. In addition to and without limiting the scope of any other indemnities provided under this Lease, Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord) and hold harmless Landlord from and against any and all demands, losses, costs, expenses, damages, bodily injury, wrongful death, property damage, claims, cross-claims, charges, actions, lawsuits, liabilities, obligations, penalties, investigation costs, removal costs, response costs, remediation costs, natural resources damages, governmental administrative actions, and reasonable attorneys' and consultants' fees and expenses arising out of, directly or indirectly, in whole or in part, or relating to (i) the release of Hazardous Materials (as defined in Section 10.4 below) by Tenant or the Tenant Related Parties, (ii) the violation of any Hazardous Materials laws by Tenant or the Tenant Related Parties, or (iii) the use, storage, generation or disposal of Hazardous Materials in, on, about, or from the Property by Tenant or the Tenant Related Parties (the items listed in clauses (i) through and including (iii) being referred to herein individually as a "Tenant Release" and collectively as the "Tenant Releases"), provided, however, that the foregoing shall not prohibit the storage, use or disposal of cleaning materials, ink, toner and other typical office supplies that are stored in reasonable quantities and are transported, stored, used and disposed of in accordance with applicable law.

(b) Landlord's Indemnity. In addition to and without limiting the scope of any other indemnities provided under this Lease, Landlord shall indemnify, defend (with counsel reasonably acceptable to Tenant) and hold harmless Tenant from and against any and all demands, losses, costs, expenses, damages, bodily injury, wrongful death, property damage, claims, cross-claims, charges, action, lawsuits, liabilities, obligations, penalties, investigation costs, removal costs, response costs, remediation costs, natural resources damages, governmental administrative actions, and reasonable attorneys' and consultants' fees and expenses arising out of, directly or indirectly, in whole or in part, or

relating to (i) the release of Hazardous Materials (as defined in Section 10.4, below) by Landlord or the Landlord Related Parties, (ii) the violation of any Hazardous Materials laws by Landlord or the Landlord Related Parties, or (iii) the use, storage, generation or disposal of Hazardous Materials in, on, about, or from the Property by Landlord or the Landlord Related Parties (the items listed in clauses (i) through and including (iii) being referred to herein individually as a “Landlord Release” and collectively as the “Landlord Releases”).

10.4 Definition of Hazardous Materials . The term “Hazardous Materials” shall mean any substance:

(a) which is flammable, explosive, radioactive, toxic, corrosive, infectious, carcinogenic, mutagenic, or otherwise hazardous and which is or becomes regulated by any governmental authority, agency, department, commission, board or instrumentality of the United States, the state in which the Property is located or any political subdivision thereof;

(b) which contains asbestos, organic compounds known as polychlorinated biphenyls; chemicals known to cause cancer or reproductive toxicity or petroleum, including crude oil or any fraction thereof; or which is or becomes defined as a pollutant, contaminant, hazardous waste, hazardous substance, hazardous material or toxic substance under the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§ 6901-6992k; the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §§ 9601-9657; the Hazardous Materials Transportation Authorization Act of 1994, 49 U.S.C. §§ 5101-5127; the Clean Water Act, 33 U.S.C. §§ 1251-1387; the Clear Air Act, 42 U.S.C. §§ 7401-7671q; the Toxic Substances Control Act, 15 U.S.C. §§ 2601-2692; the Safe Drinking Water Act, 42 U.S.C. §§ 300f to 300j-26; the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. §§ 11001-11050; and title 19, chapter 6 of the Utah Code, as any of the same have been or from time to time may be amended; and any similar federal, state and local laws, statutes, ordinances, codes, rules, regulations, orders or decrees relating to environmental conditions, industrial hygiene or Hazardous Materials on the Property, including all interpretations, policies, guidelines and/or directives of the various governmental authorities responsible for administering any of the foregoing, now in effect or hereafter adopted, published and/or promulgated;

(c) the presence of which on the Property requires investigation or remediation under any federal, state, or local statute, regulation, ordinance, order, action, policy, or common law; or

(d) the presence of which on the Property causes or threatens to cause a nuisance on the Property or to adjacent properties or poses or threatens to pose a hazard to the health and safety of persons on or about the Property.

10.5 Use of Hazardous Materials . Tenant shall not, and shall not permit any Tenant Related Parties to use, store, generate, release, or dispose of Hazardous Materials in, on, about, or from the Property in violation of applicable law. Landlord shall not, and shall not permit any Landlord Related Parties to use, store, generate, release, or dispose of Hazardous Materials in, on, about, or from the Property in violation of applicable law.

10.6 Release of Hazardous Materials . If Tenant discovers that any spill, leak, or release of any quantity of any Hazardous Materials has occurred on, in or under the Property, Tenant shall promptly notify Landlord. In the event such release is a Tenant Release, Tenant shall (or shall cause others to) promptly and fully investigate, cleanup, remediate and remove all such Hazardous Materials as may remain and so much of any portion of the environment as shall have become contaminated, all in accordance with applicable government requirements, and shall replace any removed portion of the environment (such as soil) with uncontaminated material of the same character as existed prior to contamination. In the event such release is a Landlord Release, Landlord shall (or shall cause others to) promptly and fully investigate, cleanup, remediate and remove all such Hazardous Materials as may remain and so much of any portion of the environment as shall have become contaminated, all in accordance with applicable government requirements, and shall replace any removed portion of the environment (such as soil) with uncontaminated material of the same character as existed prior to contamination. Within twenty (20) days after any such spill, leak, or release, the party responsible for the remediation of such release shall give the other party a detailed written description of the event and of such responsible parties investigation and remediation efforts to date. Within twenty (20) days after receipt, such responsible party shall provide the other party with a copy of any report or analytical results relating to any such spill, leak, or release. In the event of a release of Hazardous Material in, on, or under the Property by the Tenant Related Parties, Tenant shall not be entitled to an abatement of Rent during any period of abatement, provided, however, that in the event a Landlord Release causes the Leased Premises to be untenable for a period of three (3) consecutive business days, Basic Annual Rent shall be thereafter be abated during the period which the Leased Premises are untenable.

10.7 Release of Landlord . Except as expressly provided herein and except resulting from the gross negligence or willful misconduct of Landlord, Landlord shall not be responsible or liable at any time for any loss or damage to Tenant's personal property or to Tenant's business, including any loss or damage to either the person or property of Tenant or Tenant Related Parties that may be occasioned by or through the acts or omissions of persons occupying adjacent, connecting, or adjoining space. Except as expressly provided in this Lease, Tenant shall store its property in and shall use and enjoy the Leased Premises and all other portions of the Building and Improvements at its own risk, and hereby releases Landlord, to the fullest extent permitted by law, from all claims of every kind resulting in loss of life, personal or bodily injury, or property damage unless resulting from the gross negligence or willful misconduct of Landlord.

XI. INSURANCE

11.1 Insurance on Tenant's Personal Property and Fixtures . At all times during the Term, Tenant shall keep in force at its sole cost and expense with insurance companies acceptable to Landlord, hazard insurance on an [**“all-risk type”**] or equivalent policy form, and shall include fire, theft, extended coverages, vandalism, and malicious mischief. Coverage shall be equal to 100% of the Replacement Cost value of Tenant's contents, fixtures, furnishings, equipment, and all improvements or additions (excluding the initial Tenant Improvements) made by Tenant to the Leased Premises. The deductible under such insurance coverage shall not exceed \$10,000.00. Such policy shall name Landlord as Additional Insured and shall provide that coverage for the Additional Insured is primary and not contributory with other insurance. The policy shall provide that such policy not be cancelled or materially changed without first giving Landlord thirty (30) days written notice.

11.2 Property Coverage . Landlord shall obtain and maintain in force an “all-risk type” or equivalent policy form for the full replacement value of the Building, Landlord's Improvements and personal property owned by Landlord, as the values may exist from time to time, and shall include fire, theft, extended coverages, vandalism, and malicious mischief on the Building during the Term and any extension thereof. Landlord may obtain, at Landlord's discretion, coverage for flood and earthquake if commercially available at reasonable rates. Such insurance shall also include coverage against loss of rental income.

11.3 Automobile. Commercial Automobile Liability insurance with limits of not less than One Million Dollars (\$1,000,000) for any one accident and shall include owned, hired and non-owned automobiles.

11.4 Liability Insurance . During the entire term hereof and at its sole cost and expense, Tenant shall keep in full force and effect with insurance companies acceptable to Landlord a policy of Commercial General Liability Insurance with limits of not less than \$2,000,000 each Occurrence and \$5,000,000 General Aggregate. The policy shall apply to the Leased Premises and all operations of Tenant's business. Such policy shall name Landlord as Additional Insured and shall provide that coverage for the Additional Insured is primary and not contributory with other insurance. The policy shall provide that such policy not be cancelled or materially changed without first giving Landlord thirty (30) days written notice. Tenant shall at all times during the term hereof provide Landlord with evidence of current insurance coverage. All public liability, property damage, and other liability policies shall be written as primary policies, not contributing with coverage which Landlord may carry. All such policies shall contain a provision that Landlord, although named as an insured, shall nevertheless be entitled to recover under said policies for any loss occasioned to it, its servants, agents, and employees by reason of the negligence of Tenant. All such insurance shall specifically

insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons or injury or damage to property contained in Article X.

11.5 Waiver of Subrogation . Landlord and Tenant hereby waive all rights to recover against each other, against any other tenant or occupant of the Building, and against each other's officers, directors, shareholders, partners, joint venturers, employees, agents, customers, invitees or business visitors or of any other tenant or occupant of a Building, for any loss or damage arising from any cause covered by any insurance carried by the waiving party, to the extent that such loss or damage is actually covered.

11.6 Lender . Any mortgage lender interest in any part of the Building or Improvements may, at Landlord's option, be afforded coverage under any policy required to be secured by Tenant hereunder, by use of a mortgagee's endorsement to the policy concerned.

XII. DESTRUCTION

If the Leased Premises shall be partially damaged by any casualty which is insured against under any insurance policy maintained by Landlord, Landlord shall, to the extent of and upon receipt of, the insurance proceeds, repair the portion of Landlord's Improvements (as defined in Exhibit "C") damaged by such casualty if such repairs can be completed within ninety (90) days from the date of casualty. Until such repair is complete, the Basic Annual Rent and Additional Rent shall be abated proportionately as to that portion of the Leased Premises rendered untenable. If the Leased Premises are unable to be repaired within two hundred seventy (270) days from the date of casualty, Landlord or Tenant may either elect to repair the damage or may cancel this Lease by notice of cancellation to the other party within ninety (90) days after such event and thereupon this Lease shall expire, and Tenant shall vacate and surrender the Leased Premises to Landlord. If any of the following occur: (a) the Leased Premises by reason of such occurrence are rendered wholly untenable, (b) the Leased Premises should be damaged as a result of a risk which is not covered by insurance, (c) the Leased Premises should be damaged in whole or in part during the last twelve (12) months of the term or of any renewal hereof, (d) the Leased Premises should be damaged to the extent of fifty percent (50%) or more of the then-monetary value thereof, or (e) the proceeds of such insurance are not sufficient to repair the Leased Premises to the extent required above (including any deficiency as a result of a mortgage lender's election to apply such proceeds to the payment of the mortgage loan), then this Lease shall terminate as of the date of casualty; provided, however, Tenant shall not have the right to terminate this Lease if (i) such Casualty was caused by the negligent acts or omissions or willful misconduct of Tenant or the Tenant Related Parties or (b) as a result of the provisions in clauses (b) or (d) above if Landlord elects from its own proceeds to complete such repairs. Tenant's liability for rent upon the termination of this Lease shall cease as of the date of casualty. In the event Landlord elects to repair any damage, any abatement of rent shall end five (5) days after notice by Landlord to Tenant that the Leased Premises have

been repaired as required herein. If the damage is caused by the negligence of Tenant or its employees, agents, invitees, or concessionaires, there shall be no abatement of rent. Unless this Lease is terminated by Landlord or Tenant as provided herein, Tenant shall repair and refixture the interior of the Leased Premises in a manner and in at least a condition equal to that existing prior to the destruction or casualty and the proceeds of all insurance carried by Tenant on its property and fixtures shall be held in trust by Tenant for the purpose of said repair and replacement.

XIII. CONDEMNATION

13.1 Total Condemnation . If the whole of the Leased Premises shall be acquired or taken by Condemnation Proceeding, then this Lease shall cease and terminate as of the date of title vesting in such Condemnation Proceeding.

13.2 Partial Condemnation . If any part of the Leased Premises shall be taken as aforesaid, and such partial taking shall render the remaining portion unsuitable for Tenant's business, then this Lease shall cease and terminate as aforesaid. If the Leased Premises remain suitable for Tenant's business following such partial taking, then this Lease shall continue in effect except that the Basic Annual Rent and Additional Rent including any charges for parking shall be reduced in the same proportion that the portion of the Leased Premises or Common Areas taken bears to the total area initially demised. Landlord shall, upon receipt of the award, make all necessary repairs or alterations to the Building in which the Leased Premises are located, provided that Landlord shall not be required to expend for such work an amount in excess of the amount received by Landlord as damages for the part of the Leased Premises so taken. "Amount received by Landlord" shall mean that part of the award from the Condemnation Proceeding, less any costs or expenses incurred by Landlord in the collection of the award, which is free and clear to Landlord of any collection by mortgage lenders for the value of the diminished fee.

13.3 Landlord's Option to Terminate . If more than twenty percent (20%) of the Building shall be taken as aforesaid, Landlord may, by written notice to Tenant, terminate this Lease. If a portion of the Property or Common Areas is taken such that Tenant cannot, access the Leased Premises, or Landlord cannot provide parking stalls as required by this Lease for a period in excess of one hundred eighty (180) days and Landlord has failed to provide reasonable alternative parking, Tenant may terminate this Lease by delivering written notice to Landlord within thirty (30) days of the date Tenant is given written notice of such taking by Landlord. If this Lease is terminated as provided in this Section, rent shall be paid up to the day that possession is so taken by public authority and Landlord shall make an equitable refund of any rent paid by Tenant in advance.

13.4 Award . Tenant shall not be entitled to and expressly waives all claims to any condemnation award for any taking, whether whole or partial and whether for diminution in value of the leasehold or to the fee. Tenant shall have the right to claim from the condemning party, but not from Landlord, such compensation as may be recoverable by Tenant in its own right for damages to Tenant's business and fixtures to the extent that the same shall not reduce Landlord's award.

13.5 Definition of Condemnation Proceeding . As used in this Lease the term "Condemnation Proceeding" means any action or proceeding in which any interest in the Leased Premises is taken for any public or quasi-public purpose by any lawful authority through exercise of eminent domain or right of condemnation or by purchase or otherwise in lieu thereof.

XIV. LANDLORD'S RIGHTS TO CURE

14.1 General Right . In the event of Landlord's breach, default, or noncompliance hereunder, Tenant shall, before exercising any right or remedy available to it, give Landlord written notice of the claimed breach, default, or noncompliance. If prior to its giving such notice, Tenant has been notified in writing (by way of notice of assignment of rents and leases, or otherwise) of the address of a lender which has furnished any of the financing referred to in Part XV hereof, concurrently with giving the aforesaid notice to Landlord, Tenant shall, by certified mail, return receipt requested, transmit a copy thereof to such lender. For the thirty (30) days following the giving of the notice(s) required by the foregoing portion of this Section (or such longer period of time as may be reasonably required to cure a matter which, due to its nature, cannot reasonably be rectified within thirty (30) days), Landlord shall have the right to cure the breach, default, or noncompliance involved. If Landlord has failed to cure a default within said period, any such lender shall have an additional thirty (30) days within which to cure the same or, if such default cannot be cured within that period, such additional time as may be necessary if within such thirty (30) day period said lender has commenced and is diligently pursuing the actions or remedies necessary to cure the breach default, or noncompliance involved (including, but not limited to, commencement and prosecution of proceedings to foreclose or otherwise exercise its rights under its mortgage or other security instrument, if necessary to effect such cure), in which event this Lease shall not be terminated by Tenant so long as such actions or remedies are being diligently pursued by said lender.

14.2 Mechanic's Liens. Should any mechanic's or other lien be filed against the Leased Premises or any part thereof by reason of Tenant's acts or omissions or because of a claim against Tenant, Tenant shall cause the same to be canceled and discharged of record by bond or otherwise within thirty (30) days after notice by Landlord. If Tenant fails to comply with its obligations in the immediately preceding sentence within such ten (10) day period, Landlord may perform such obligations at

Tenant's expense, in which case all of Landlord's costs and expenses in discharging shall be immediately due and payable by Tenant and shall bear interest at the rate set forth in Section 16.3 hereof. Tenant shall cause any person or entity directly or indirectly supplying work or materials to Tenant to acknowledge and agree, and Landlord hereby notifies any such contractor, that: (a) no agency relationship, whether express or implied, exists between Landlord and any contractor retained by Tenant; (b) all construction contracted for by Tenant is being done for the exclusive benefit of Tenant; and (c) Landlord neither has required nor obligated Tenant to make the improvements done by the contractor.

XV. FINANCING; SUBORDINATION

15.1 Subordination . This Lease is and shall continue to be subordinate to any mortgage, deed of trust, or other security interest now existing or hereafter placed on Landlord's interest in the Property by a mortgage lender (as amended, restated, supplemented, or otherwise modified from time to time, including any refinancing thereof, a "Mortgage"); provided, however, such subordination is subject to the condition upon Landlord delivering an SNDA to Tenant. Landlord shall deliver to Tenant concurrently with the execution of this Lease by Landlord and Tenant, a Subordination, Non Disturbance, and Attornment Agreements ("SNDA") in the form attached hereto as Exhibit "J" together with modifications reasonably requested by Landlord's lenders (the "Lenders"). Tenant's obligation to subordinate its interest in this Lease to future Lenders shall be conditioned upon receiving a similar SNDA. If requested by a holder of the Mortgage, Tenant agrees at any time and from time to time to execute and deliver an SNDA. If elected by the holder of a Mortgage, this Lease shall be superior to such Mortgage, in which case Tenant shall execute and deliver an instrument confirming the same. Tenant shall not subordinate its interests hereunder or in the Leased Premises to any lien or encumbrance other than the Mortgages described in and specified pursuant to this Section 15.1 without the prior written consent of Landlord and of the lender interested under each Mortgage then affecting the Leased Premises. Any such unauthorized subordination by Tenant shall be void and of no force or effect whatsoever.

15.2 Amendment . Tenant recognizes that Landlord's ability from time to time to obtain construction, acquisition, standing, and/or permanent mortgage loan financing for the Building and/or the Leased Premises may in part be dependent upon the acceptability of the terms of this Lease to the lender concerned. Accordingly, Tenant agrees that from time to time it shall, if so requested by Landlord and if doing so will not substantially or adversely affect Tenant's rights or economic interests hereunder, join with Landlord in amending this Lease so as to meet the commercially reasonable needs or requirements of any lender which is considering making or which has made a loan secured by a Mortgage affecting the Leased Premises.

15.3 Attornment . Any sale, assignment, or transfer of Landlord's interest under this Lease or in the Leased Premises including any such disposition resulting from Landlord's default under a Mortgage, shall be subject to this Lease. Upon assumption by the transferee of Landlord's obligations under this Lease from and after the date of such assumption, Tenant shall attorn to Landlord's successor and assigns and shall recognize such successor or assigns as Landlord under this Lease, regardless of any rule of law to the contrary or absence of privity of contract .

15.4 Financial Information . As a condition to Landlord's acceptance of this Lease, Tenant shall provide Tenant's audited financial statements for Tenant's most recently completed fiscal year and a year to date balance sheet and income statement, to verify the financial condition of Tenant, its assignees or subtenants from time to time during the term of the Lease; provided, however, so long as Tenant is a publically traded company, Tenant's obligations under this Section 15.4 shall be deemed satisfied so long as Tenant has made such statement available as required by applicable laws. Tenant shall not be required to provide such information more than two (2) times during any twelve (12) month period. Tenant hereby represents and warrants that such information, taken as a whole, will not contain any untrue statement of material fact, nor will any audited financial statements provided by Tenant omit any material fact necessary to make the statements contained therein not misleading. If required by Landlord's lender or a potential purchaser, Tenant shall cause such financial statements to be certified by Tenant's chief financial officer, solely in his or her capacity as chief financial officer, that such financial statements do not contain any untrue statement of material fact, nor do any audited financial statements provided by Tenant omit any material fact necessary to make the statements contained therein not misleading.

XVI. EVENTS OF DEFAULT; REMEDIES

16.1 Default by Tenant . Upon the occurrence of any of the following events, Landlord shall have the remedies set forth in Section 16.2:

- (a) Tenant fails to pay any installment of Basic Annual Rent or Additional Rent or any other sum due hereunder within five (5) days after such Rent is due after written notice from Landlord of such failure; provided, however, Landlord shall not be required to provide a written notice of such monetary default more than two (2) times in any twelve (12) month period.
- (b) Tenant fails to perform any other term, condition, or covenant to be performed by it pursuant to this Lease within thirty (30) days after written notice that such performance is due shall have been given to Tenant by Landlord or; provided, if cure of any nonmonetary default would reasonably require more than thirty (30) days to complete, if Tenant fails to commence performance within the thirty (30) day period or,

after timely commencing, fails diligently to pursue such cure to completion but in no event to exceed ninety (90) days.

(c) Tenant or any guarantor of this Lease shall become bankrupt or insolvent or file any debtor proceedings or have taken against such party in any court pursuant to state or federal statute, a petition in bankruptcy or insolvency, reorganization, or appointment of a receiver or trustee; or Tenant petitions for or enters into a voluntary arrangement under applicable bankruptcy law; or suffers this Lease to be taken under a writ of execution.

16.2 Remedies. Subject to applicable Utah law, in the event of any default by Tenant hereunder beyond any applicable notice and cure periods, Landlord may at any time, without waiving or limiting any other right or remedy available to it, terminate Tenant's rights under this Lease by written notice, reenter and take possession of the Leased Premises by any lawful means (with or without terminating this Lease), or pursue any other remedy allowed by law. Tenant agrees to pay to Landlord the cost of recovering possession of the Leased Premises, all costs of reletting, and all other actual and reasonable costs and damages arising out of Tenant's default, including attorneys' fees. Notwithstanding any reentry, the liability of Tenant for the rent reserved herein shall not be extinguished for the balance of the Term, and Tenant agrees to compensate Landlord upon demand for any deficiency arising from reletting the Leased Premises at a lesser rent than applies under this Lease.

16.3 Past Due Sums . If Tenant fails to pay within five (5) days from written notice from Landlord, any Basic Annual Rent, Additional Rent, or other sum required to be paid by it hereunder, such unpaid amounts shall bear interest from the due date thereof to the date of payment at a rate of twelve percent (12%) per annum. In addition thereto, Tenant shall pay a sum of five percent (5%) of such unpaid amounts of Basic Annual Rent, Additional Rent, or other sum to be paid by it hereunder as a service fee. Notwithstanding the foregoing, however, Landlord's right concerning such interest and service fee shall be limited by the maximum amount which may properly be charged by Landlord for such purposes under applicable law.

16.4 Default by Landlord. Landlord shall be in default of the performance of its obligations under this Lease if Landlord defaults in the performance or observation of any agreement, liability, or obligation imposed on it by this Lease and Landlord fails to cure such default within thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligations is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently and continuously prosecutes the same to completion (a "Landlord's Default"). Upon the occurrence of a Landlord's Default under this Lease, Tenant, at its option, without further notice or demand, and without limiting its right to receive any late delivery payments in connection

with Landlord's delivery of the Leased Premises as specified above, may: (a) pursue the remedy of specific performance or injunction; (b) seek declaratory relief; (c) pursue an action for actual and direct damages for loss; and (d) unless such Landlord's Default results from Landlord's failure to perform any construction obligations hereunder, but including without limitation repair and maintenance obligations of Landlord, take reasonable measures to cure such Landlord's Default to the extent relating to the repair or maintenance of the Leased Premises on Landlord's account, in which event Landlord shall reimburse Tenant for any actual out-of-pocket reasonable costs or contractual liability incurred by Tenant in connection with such cure (including reasonable attorneys' fees) within thirty (30) days of Landlord's receipt of a written demand, statement or invoice, including reasonable back-up documentation; provided that Tenant shall have the right to withhold from its payments of Basic Annual Rent and Additional Rent any such amounts that remain unreimbursed by Landlord beyond such thirty (30) day period until all such amounts have been fully reimbursed, and any such amounts not paid to Tenant when due shall accrue interest thereafter at the Default Rate.

XVII. PROVISIONS APPLICABLE AT TERMINATION OF LEASE

17.1 Surrender of Leased Premises . At the expiration of this Lease, except for changes made by Tenant that were approved by Landlord and the initial Tenant Improvements, Tenant shall surrender the Leased Premises in the same condition, less reasonable wear and tear, as they were in upon delivery of possession thereto under this Lease and shall deliver all keys to Landlord. Before surrendering the Leased Premises, Tenant shall remove all of its personal property and trade fixtures and such property or the removal thereof shall in no way damage the Leased Premises, and Tenant shall be responsible for all costs, expenses and damages incurred in the removal thereof. If Tenant fails to remove its personal property and fixtures upon the expiration of this Lease, the same shall be deemed abandoned and shall become the property of Landlord.

17.2 Holding Over . Any holding over after the expiration of the term hereof or of any renewal term with the prior written consent of Landlord shall be construed to be a tenancy from month to month except that Basic Annual Rent shall be increased to an amount equal to 125% of the then Basic Annual Rent plus, and in addition to the Basic Annual Rent, all other sums of money as shall become due and payable by Tenant to Landlord under this Lease and on the terms herein specified so far as possible. Such month-to-month tenancy shall be subject to every other term, covenant, and agreement contained in this Lease. Nothing contained in this Section 17.2 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Leased Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. If Landlord has delivered to Tenant notice of a termination of a month-to-month holdover and Tenant continues to holdover thereafter, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure,

including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender, and any lost profits to Landlord resulting therefrom.

XVIII. ATTORNEYS' FEES

In the event that at any time during the Term either Landlord or Tenant institutes any action or proceeding against the other relating to the provisions of this Lease or any default hereunder, then the unsuccessful party in such action or proceeding agrees to reimburse the successful party for the reasonable expenses of such action including reasonable attorneys' fees, incurred therein by the successful party.

XIX. ESTOPPEL CERTIFICATE

19.1 Estoppel Certificate . Each party shall, within fifteen (15) days after the other party's request, execute and deliver to such requesting party a written declaration, in form and substance similar to Exhibit "D", plus such additional other information as the requesting party may reasonably request. Landlord's mortgage lenders and/or purchasers shall be entitled to rely upon such declaration.

19.2 Effect of Failure to Provide Estoppel Certificate . Tenant's failure to furnish any estoppel certificate as required pursuant to Section 19.1 within fifteen (15) days after request therefor shall be conclusively presumed that: (a) this Lease is in full force and effect without modification in accordance with the terms set forth in the request; (b) that there are no unusual breaches or defaults on the part of Landlord; and (c) no more than one (1) month's rent has been paid in advance.

XX. COMMON AREAS

20.1 Definition of Common Areas . "Common Areas" means all areas, space, equipment, and special services provided for the joint or common use and benefit of the tenants or occupants of the Building, the Improvements, and Property or portions thereof, and their employees, agents, servants, patients, customers, and other invitees (collectively referred to herein as "Occupants") including, without limitation, parking, access roads, driveways, retaining walls, landscaped areas, serviceways, loading docks, pedestrian walks; courts, stairs, ramps, and sidewalks; common corridors, rooms and restrooms; air-conditioning, fan, janitorial, electrical, and telephone rooms or closets; and all other areas within the Building which are not specified for exclusive use or occupancy by Landlord or any tenant (whether or not they are leased or occupied).

20.2 License to Use Common Areas . The Common Areas shall be available for the common use of all Occupants. If the amount of such areas shall be changed or diminished, Landlord shall not be subject to any liability nor shall Tenant be entitled to any compensation or diminution or abatement of rent nor shall revocation or diminution of such areas be deemed constructive or actual eviction, provided, however, that such changes or dimishment of the Common Areas shall not materially adversely affect Tenant's rights under this Lease. All Common Areas shall be subject to the exclusive control and management of Landlord. Landlord shall have the right (a) to construct, maintain, and operate lighting and other facilities on all said areas and improvements; (b) to police the same; (c) to change the area, level, location, and arrangement of parking areas and other facilities, provided, Landlord shall not make changes to the parking areas which decreases the stalls below those required under this Lease without Tenant's prior written approval; (d) to close all or any portion of said areas or facilities to such extent as may be legally sufficient to prevent a dedication thereof or the accrual of any right to any person or the public therein; and (e) to close temporarily all or any portion of the parking areas or facilities to discourage non-occupant parking. Landlord shall operate and maintain the Common Areas in such manner as Landlord in its reasonable discretion shall determine, shall have full right and authority to employ and discharge all personnel with respect thereto, and shall have the right, through reasonable rules, regulations, and/or restrictive covenants promulgated by it from time to time, to control the use and operation of the Common Areas in order that the same may occur in a proper and orderly fashion, provided that such rules, regulations and restrictive covenants shall not materially adversely affect Tenant's rights under this Lease.

20.3 Parking . Landlord shall provide an allocation of five (5) parking spaces for each 1,000 rentable square feet of the Leased Premises leased by Tenant in the parking area immediately adjacent to the Building as approximately shown on the preliminary site plan attached Exhibit "A-1". In the event the Leased Premises is contracted during the Term, Tenant's allocation of parking shall be adjusted in accordance with the aforementioned ratio Tenant may utilize any stalls provided by Landlord as visitor stalls for parking of Tenant's visitors. If requested by Tenant, food trucks serving Tenant's occupants may be parked on the Property in areas reasonably designated by Landlord, provided, however, Tenant shall be responsible for any repairs or maintenance required as a result of such food trucks entry onto the Property, and Tenant shall protect, defend, indemnify and hold harmless Landlord and its affiliates against and from any and all claims, demands, actions, losses, damages, orders, judgments, and any and all costs and expenses (including, without limitation, attorneys' fees and costs of litigation), resulting from or incurred by Landlord or any affiliate of Landlord on account of such food truck's entry onto and use of the Property.

20.4 Generator. Tenant may elect, by delivering written notice to Landlord, to increase the capacity of Landlord's life safety generator for the Building (which base generator will be installed by Landlord as part of the Landlord's Improvements) by delivering written notice to Landlord on or before February 1, 2019 in order to provide

for backup electrical power available for Tenant's use. The incremental costs of increasing the capacity of such generator shall be paid by Tenant within ten (10) days of Landlord's written demand (which may be paid through the Tenant Improvement Allowance). All costs incurred to use the generator beyond the life and safety costs of the building (e.g., all of Tenant's backup for electrical power) shall be borne solely by Tenant. The generator, once installed, shall become the property of the Landlord; provided, however, upon the expiration of the term of this Agreement, Tenant may elect to purchase the generator for an amount equal to the costs paid by Landlord for the generator, depreciated over the useful life of the generator.

XXI. SIGNS, AWNINGS, AND CANOPIES

Tenant shall have the right to non-exclusive crown building signage on the Building, which signage shall be subject to Landlord's approval, which shall not be unreasonably withheld, conditioned or delayed. Landlord shall not grant any other tenant crown building signage unless said tenant occupies at a minimum of 25,000 square feet of Building, however Landlord may offer another tenant non-crown building signage if it occupies a minimum of 15,000 rentable square feet. Landlord shall provide lobby directory signage at no cost to Tenant. Landlord acknowledges and agrees that signage similar to Tenant's signage on the adjacent existing building is hereby approved by Landlord, but remains subject to continuing governmental approvals. Tenant shall not place or suffer to be placed or maintained on any exterior door, wall, or window of the Leased Premises, or elsewhere in the Building, any sign, awning, marquee, decoration, lettering, attachment, or canopy, or advertising matter or other thing of any kind and will not place or maintain any decoration, lettering, or advertising matter on the glass of any window or door of the exterior of the Leased Premises without first obtaining Landlord's written approval, which approval shall not be unreasonably withheld, conditioned or delayed. Tenant further agrees to maintain such sign, awning, canopy, decoration, lettering, advertising matter, or other things, as may be approved, in good condition and repair at all times. Landlord may, at Tenant's cost, and without liability to Tenant, enter the Leased Premises and remove any item erected in violation of this Section. Landlord may establish rules and regulations governing the size, type, and design of all signs, decorations, etc., and Tenant agrees to abide thereby, provided, however, that such rules and regulations shall not materially adversely affect Tenant's rights under this Lease.

XXII. MISCELLANEOUS PROVISIONS

22.1 No Partnership . Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, or of partnership, or of joint venture between the parties hereto, it being understood and agreed that neither the method of computation of rent nor any other provision contained herein, nor any acts of the parties hereto, shall be deemed to create any relationship between the parties hereto other than the relationship of landlord and tenant.

22.2 Force Majeure . Landlord and Tenant shall be excused for the period of any delay in the performance of any obligations hereunder when prevented from so doing by cause or causes beyond Landlord's or Tenant's control, including, without limitation, labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain any material or service, or acts of God, or the acts or omissions of Landlord or Tenant, as applicable ("Force Majeure Delays").

22.3 No Waiver . Failure of Landlord to insist upon the strict performance of any provision or to exercise any option hereunder shall not be deemed a waiver of such breach. No provision of this Lease shall be deemed to have been waived unless such waiver be in writing signed by Landlord.

22.4 Notice . Any notice, demand, request, or other instrument which may be or is required to be given under this Lease shall be delivered in person or sent by United States certified or registered mail, postage prepaid and shall be addressed (a) if to Landlord, at the place specified for payment of rent, which is set forth in the Lease Summary, and (b) if to Tenant at the address set forth in the Lease Summary. Either party may designate such other address as shall be given by written notice.

22.5 Captions; Attachments; Defined Terms :

(a) The captions to the Section of this Lease are for convenience of reference only and shall not be deemed relevant in resolving questions of construction or interpretation under this Lease.

(b) Exhibits referred to in this Lease, and any addendums and schedules attached to this Lease shall be deemed to be incorporated in this Lease as though part thereof.

22.6 Recording . Tenant may not record this Lease or a memorandum thereof without the written consent of Landlord, which consent shall not be unreasonably withheld. Landlord, at its option and at any time, may file this Lease for record with the Recorder of the County in which the Building is located.

22.7 Partial Invalidity . If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid, the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby and each provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

22.8 Broker's Commissions . Tenant represents and warrants that, except for Colliers International Utah ("Tenant's Broker"), there are no claims for brokerage commissions or finder's fees in connection with this Lease and agrees to indemnify

Landlord against and hold it harmless from all liabilities arising from such claims, including any attorneys' fees connected therewith. Landlord agrees to pay Tenant's Broker a commission pursuant to a separate agreement between Landlord and Tenant's Broker.

22.9 Tenant Defined; Use of Pronouns . The word "Tenant" shall be deemed and taken to mean each and every person or party executing this document as a Tenant herein. If there is more than one person or organization set forth on the signature line as Tenant, their liability hereunder shall be joint and several. If there is more than one Tenant, any notice required or permitted by the terms of this Lease may be given by or to any one thereof, and shall have the same force and effect as if given by or to all thereof. The use of the neuter singular pronoun to refer to Landlord or Tenant shall be deemed a proper reference even though Landlord or Tenant may be an individual, a partnership, a corporation, or a group of two or more individuals or corporations. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one Landlord or Tenant and to corporations, associations, partnerships, or individuals, males or females, shall in all instances be assumed as though in each case fully expressed.

22.10 Provisions Binding, Etc. Except as otherwise expressly set forth herein including, specifically and without limitation, Section 9, all provisions herein shall be binding upon and shall inure to the benefit of the parties, their legal representatives, heirs, successors, and assigns. Each provision to be performed by Tenant shall be construed to be both a covenant and a condition, and if there shall be more than one Tenant, they shall all be bound, jointly and severally, by such provisions. In the event of any sale or assignment (except for purposes of security or collateral) by Landlord of the Building, the Leased Premises or this Lease, Landlord shall, from and after the Commencement Date (irrespective of when such sale or assignment occurs), be entirely relieved of all of its obligations hereunder upon assumption by the transferee of Landlord's obligations under this Lease from and after the date of such transfer. Nothing set forth herein shall require Landlord to obtain Tenant's consent to any assignment, transfer or other encumbrance of any of Landlord's interest in the Property, the Leased Premises, the Improvements or the Common Areas.

22.11 Entire Agreement, Etc. This Lease and the Exhibits, Riders, and/or Addenda, if any, attached hereto, constitute the entire agreement between the parties. Any guaranty attached hereto is an integral part of this Lease and constitutes consideration given to Landlord to enter in this Lease. Any prior conversations or writings are merged herein and extinguished. No subsequent amendment to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed. Submission of this Lease for examination does not constitute an option for the Leased Premises and becomes effective as a lease only upon execution and delivery thereof by Landlord to Tenant. If any provision contained in the rider or addenda is inconsistent with a provision in the body of this Lease, the provision contained in said rider or

addenda shall control. It is hereby agreed that this Lease contains no restrictive covenants or exclusives in favor of Tenant. The captions and Section numbers appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe, or describe the scope or intent of any Section or paragraph.

22.12 Governing Law . The interpretation of this Lease shall be governed by the laws of the State of Utah. Tenant hereby expressly and irrevocably agrees that Landlord may bring any action or claim to enforce the provisions of this Lease in the State of Utah, County of Salt Lake, and Tenant irrevocably consents to personal jurisdiction in the State of Utah for the purposes of any such action or claim. Tenant further irrevocably consents to service of process in accordance with the provisions of the laws of the State of Utah. Nothing herein shall be deemed to preclude or prevent Landlord from bringing any action or claim to enforce the provisions of this Lease in any other appropriate place or forum.

22.13 Recourse by Tenant . Anything in this Lease to the contrary notwithstanding, Tenant agrees that it shall look solely to the estate and property of Landlord in the land, Building and Improvements thereto, and subject to prior rights of any mortgagee, for the collection of any judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms, covenants, and conditions of this Lease to be observed and/or performed by Landlord, and no other assets of Landlord or any of its partners, shareholders, successors, or assigns shall be subject to levy, execution, or other procedures for the satisfaction of Tenant's remedies.

22.14 Rules and Regulations. Tenant and the Tenants Related Parties shall faithfully observe and comply with all of the rules and regulations set forth on the attached Exhibit "G", and Landlord may from time to time reasonably amend, modify or make additions to or deletions from such rules and regulations, provided, such modifications shall not materially adversely affect Tenant's rights under this Lease. Such amendments, modifications, additions and deletions shall be effective on thirty (30) days' prior written notice to Tenant. On any breach of any of such rules and regulations, Landlord may exercise any or all of the remedies provided in this Lease on a default by Tenant under this Lease and may, in addition, exercise any remedies available at law or in equity including the right to enjoin any breach of such rules and regulations. Landlord shall not be responsible to Tenant for the failure of any other tenant or person to observe any such rules and regulations.

22.15 Tenant's Representations and Warranties . Tenant represents and warrants to Landlord as follows:

(a) Tenant is duly organized and validly existing under the laws of the state of its formation and has full power and authority to enter into this Lease, without the consent, joinder or approval of any other person or entity, including, without limitation,

any mortgagee(s). This Lease has been validly executed and delivered by Tenant and constitutes the legal, valid and binding obligations of Tenant, enforceable against Tenant in accordance with its terms.

(b) Tenant is not a party to any agreement or litigation which could adversely affect the ability of Tenant to perform its obligations under this Lease or which would constitute a default on the part of Tenant under this Lease, or otherwise materially adversely affect Landlord's rights or entitlements under this Lease.

22.15 No Construction Against Preparer . This Lease has been prepared by Landlord and its professional advisors and reviewed by Tenant and its professional advisors. Landlord, Tenant and their separate advisors believe that this Lease is the product of their joint efforts, that it expresses their agreement, and that it should not be interpreted in favor of either Landlord or Tenant or against either Landlord or Tenant merely because of their efforts in its preparation.

22.16 Number and Gender . The terms "Landlord" and "Tenant," wherever used herein, shall be applicable to one or more persons or entities, as the case may be, and the singular shall include the plural and the neuter shall include the masculine and feminine and, if there be more than one person or entity with respect to either party, the obligations hereof of such party shall be joint and several.

22.17 Counterparts . This Lease may be executed and delivered in counterparts for the convenience of the parties, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same agreement.

22.18 Waiver of Trial by Jury . Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either against the other, upon any matters whatsoever arising out of or in any way connected with this Lease, Tenant's use or occupancy of the Leased Premises, and/or any claim of injury or damage.

22.19 Merger . If both Landlord's and Tenant's estates in the Leased Premises have both become vested in the same owner, this Lease shall nevertheless not be terminated by application of a doctrine of merger unless agreed in writing by Landlord, Tenant and any holder of a Mortgage.

22.20 No Right to Relocate. Landlord shall have no right to relocate Tenant from the Leased Premises or otherwise within the Property during the Term of this Lease (including any extensions or expansions).

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease on the date first set forth above.

LANDLORD: **BG SCENIC POINT OFFICE 3 L.C.**, a Utah limited liability company by its manager

The Boyer Company, L.C., a Utah limited liability company

By: _____
Name:
Title: Manager

[signatures continue on next page]

TENANT: **HEALTH EQUITY, INC.**, a Delaware corporation

By:

Its:

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

B-1

EXHIBIT "A-1"

SITE PLAN OF PROPERTY

B-1

EXHIBIT "B"

PLANS OF LEASED PREMISES

**EXHIBIT "B" TO BE PROVIDED FOLLOWING COMPLETION OF ARCHITECTURAL CONCEPTUAL
DRAWINGS.**

B-2

EXHIBIT “C”

WORK LETTER

Landlord and Tenant hereby agree as follows:

1. Definitions. Unless otherwise indicated in this Work Letter, all capitalized terms used in this Work Letter shall have the same meaning, scope, and definition assigned to such terms in the Lease. In the event of any conflict between the capitalized terms used in this Work Letter and the provisions contained in the Lease, the provisions in the Lease shall govern and control.

2. Improvements.

(a) The term “Landlord Improvements” means all improvements to be constructed in connection with the core and shell of the Building and all site improvements to the Property other than the Tenant Improvements (defined below), and includes any and all design, preconstruction, construction, and other work provided for, in the Landlord Improvement Plans. The Landlord Improvements shall incorporate building materials and construction standards as described in the Landlord Improvement Plans and shall be performed substantially in accordance with the Landlord Improvement Plans and the Work Schedule.

(b) The term “Tenant Improvements” means all improvements to be constructed by Tenant and includes any and all design, preconstruction, construction, and other work provided for, in the Tenant Improvement Plans. The Tenant Improvements shall incorporate building materials and construction standards as described in the Tenant Improvement Plans and shall be performed substantially in accordance with the Tenant Improvement Plans and the Work Schedule.

(c) The term “Improvements” shall mean, collectively, the Landlord Improvements and the Tenant Improvements.

3. Work Schedule. Attached to this Work Letter as Exhibit “A” is a condensed construction schedule (“Work Schedule”), setting forth, among other things, each of the various time tables, deadlines, and critical milestones (coupled with general work descriptions) to be achieved by Landlord and Tenant, as applicable, in connection with the design, preconstruction, construction, “Substantial Completion” (as defined below), and other specified phases of the Landlord Improvements and the Tenant Improvements. Landlord and Tenant will each keep a more comprehensive and detailed version of the Work Schedule (each, as applicable, a “Work Schedule Detail”), prepared by Landlord’s and Tenant’s contractors and approved by Landlord and Tenant, respectively, which will show each and every time table, deadline, and critical milestone (coupled with general work descriptions) established in order to timely complete the Landlord Improvements

and Tenant Improvements consistent with the dates and deadlines shown in the Work Schedule, and which will become the basis for Landlord and Tenant completing the Landlord Improvements and Tenant Improvements. Landlord and Tenant will permit each other the right to inspect and copy their respective Work Schedule Detail at all times after reasonable prior advance notice. Landlord and Tenant, respectively, will complete the Landlord Improvements and Tenant Improvements in strict conformity with the Work Schedule, as the same may be modified from time-to-time as provided in this Work Letter.

4. Improvement Plans.

(a) By the date shown on the Work Schedule, Landlord shall cause to be prepared and delivered to Tenant a set of schematic improvement plans (the "Schematic Plans") which shall generally be consistent and compatible with the "Base Building" requirements set forth on Exhibit "F" attached to the Lease (the "Base Building Standards") and including the following:

(i) A detailed site plan, prepared by Landlord's engineer or architect, showing the Leased Premises, the Buildings, and the anticipated layout of the Property, and any applicable on-site or off-site areas, improvements, and amenities that are intended for the use and benefit of Tenant, including, but not limited to, all site roadways and access points, parking areas, maintenance and storage facilities, landscaping, generator pads, all Buildings and anticipated entrances and exits to the Leased Premises, Buildings and Property;

(ii) A detailed floor and space plan, prepared by Landlord's engineer or architect, showing the floor plans for all areas in the Buildings, including, but not limited to, the entrance and exit areas, the lobby, stairwells, the restrooms and other applicable areas; and

(iii) Exterior elevations for the Buildings including floor to floor height measurements.

(b) Following the delivery of the Schematic Plans, Landlord shall meet with Tenant to discuss any changes Tenant may reasonably request to the Schematic Plans. Landlord shall make reasonable changes required by Tenant to the Schematic Plans and resubmit such plans to Tenant. By the date shown on the Work Schedule, Tenant shall give its approval of the Schematic Plans.

(c) At such time as Tenant approves the Schematic Plans, Landlord shall commence the preparation of the Landlord Improvement Plans (defined below).

(d) By the date shown on the Work Schedule, Landlord will cause to be prepared and delivered to Tenant the plans related to the Landlord Improvements ("Landlord Improvement Plans"), which Landlord Improvement Plans will incorporate the Schematic Plans and Base Building Standards.

(e) By the date shown on the Work Schedule, Tenant will cause to be prepared and delivered to Landlord the plans related to the Tenant Improvements ("Tenant Improvement

Plans,” which together with the Landlord Improvement Plans are referred to collectively as the “Improvement Plans”). The term Tenant Improvement Plans means and includes the work generally required to prepare the Leased Premises for Tenant’s occupancy which are not included in the Landlord Improvement Plans including the following documents, plans and specifications, drawings, construction standards, and other materials related to the Tenant Improvements:

(i) A detailed floor and space plan for each of floors and lobbies in the Premises, prepared by Tenant’s engineer and/or architect, showing those improvements comprising a portion of the Tenant Improvements to be designed by Tenant and, afterward, performed and constructed by Tenant, pursuant to this Work Letter and the Lease; and

(ii) Other drawings, documents, plans, specifications, cost and expense reports and estimates (to the extent such costs and expenses are to be included within and applied against the Tenant Improvement Allowance), and materials that Landlord may reasonably request or deem appropriate with respect to the construction, build-out, and work to be performed in connection with the Tenant Improvements.

5. Procedures for Review and Approval of Plans.

(a) Within seven (7) days after receipt of a full and complete set of the Landlord Improvement Plans from Landlord, Tenant will either approve or disapprove the Landlord Improvement Plans; provided, Tenant’s approval shall not be unreasonably withheld, conditioned or delayed. If Tenant disapproves of any element of the Landlord Improvement Plans, then Tenant will notify Landlord in writing of any required changes thereto, and Landlord will, to the extent Landlord agrees with Tenant’s changes, incorporate Tenant’s proposed changes into the Landlord Improvement Plans and redeliver it, as revised, to Tenant. If (i) Landlord notifies Tenant that Landlord is unwilling to incorporate some or all of Tenant’s requested changes to the Landlord Improvement Plans, or (ii) Landlord incompletely or inaccurately incorporates the changes into the Landlord Improvement Plans, then Tenant and Landlord and their respective contractors, engineers, and/or architects shall meet and work in good faith to attempt to reach a resolution and agreement on the necessary changes to be incorporated into the Landlord Improvement Plans. Tenant and Landlord will attempt to agree on any and all final changes to be incorporated into the Landlord Improvement Plans within five (5) days of Tenant’s receipt of the revised Landlord Improvement Plans or notice from Landlord that Landlord cannot, after using commercially reasonable efforts, incorporate some or all of Tenant’s requested changes. Once Tenant and Landlord have approved the Landlord Improvement Plans, Tenant and Landlord will execute a Certificate of Approval in the form attached hereto as Exhibit “C”, and thereafter no changes may be made to the Landlord Improvement Plans, except as may be required by applicable law. Once final Landlord Improvement Plans have been prepared and completed, Landlord will deliver to Tenant CAD files of the Landlord Improvement Plans which include all plans and specifications, documents, construction standards, and any other information and materials related to the Landlord Improvement Plans. Once complete, the Landlord Improvement Plans shall be attached to this Work Letter as Exhibit “B”.

(b) Approval of Tenant Improvement Plans. Landlord will contribute \$.15 per rentable square foot toward Tenant’s space planning costs, which contribution is not deducted from the Tenant Improvement Allowance. Within seven (7) days after receipt of a full and complete set of the Tenant Improvement Plans from Tenant, Landlord will either approve or disapprove the

Tenant Improvement Plans; provided, Landlord's approval shall not be unreasonably withheld, conditioned or delayed. If Landlord disapproves of any element of the Tenant Improvement Plans, then Landlord will notify Tenant in writing of any required changes thereto, and Tenant will use commercially reasonable efforts to promptly incorporate Landlord's proposed changes into the Tenant Improvement Plans and redeliver it, as revised, to Landlord. In addition, Landlord shall notify Tenant in writing which, if any, of the Tenant Improvements will need to be restored to their original condition at the expiration of the Lease. If (i) Tenant notifies Landlord that Tenant cannot, after using commercially reasonable efforts, incorporate some or all of Landlord's requested changes to the Tenant Improvement Plans, or (ii) Tenant incompletely or inaccurately incorporates the changes into the Tenant Improvement Plans, then Landlord and Tenant and their respective contractors, engineers, and/or architects shall meet and work in good faith to attempt to reach a resolution and agreement on the necessary changes to be incorporated into the Tenant Improvement Plans. Landlord's approval of the Tenant Improvement Plans shall not be deemed a warranty by Landlord that the Tenant Improvement Plans comply with applicable law or are correctly engineered. Landlord and Tenant will attempt to agree on any and all final changes to be incorporated into the Tenant Improvement Plans within five (5) days of Landlord's receipt of the revised Tenant Improvement Plans or notice from Tenant that Tenant cannot, after using commercially reasonable efforts, incorporate some or all of Landlord's requested changes. Once Landlord and Tenant have approved the Tenant Improvement Plans, Landlord and Tenant will execute a Certificate of Approval in the form attached hereto as Exhibit "C" and thereafter no changes may be made to the Tenant Improvement Plans, except as may be required by applicable law. Once final Tenant Improvement Plans have been prepared and completed, Tenant will deliver to Landlord, at Landlord's expense, two (2) full and complete sets of reproducible drawings, plans and specifications, documents, construction standards, and any other information and materials related to the Tenant Improvement Plans.

(c) Other Approvals. Unless otherwise specified herein or agreed to in writing by Landlord and Tenant, all other approvals of plans or other matters contemplated hereunder shall generally follow the same procedures set forth above.

1. Governmental and Third-Party Approvals. Promptly after the Landlord Improvement Plans have been finalized and approved, Landlord will prepare, submit, and use all commercially reasonable efforts necessary in order for Landlord to obtain all applications, submittals, permits, authorizations, plans, and approvals applicable to the Landlord Improvement Plans (such governmental approvals, collectively, the "Approvals"). Landlord shall submit for all Approvals for the Landlord Improvement Plans by the "Landlord Governmental Approval Submittal Deadline" specified in the Work Schedule (as such date may be extended for Tenant Construction Delays). Promptly after the Tenant Improvement Plans have been finalized and approved, Tenant will prepare, submit, and use all commercially reasonable efforts necessary in order for Tenant to obtain all Approvals to the Tenant Improvement Plans.

2. Construction of Improvements by Landlord.

(a) Excluding any portion of the Landlord Improvements which are conditioned on completion of the Tenant Improvements, Landlord shall be responsible for the design and construction of the Landlord Improvements in accordance with the Landlord Improvement Plans and the Work Schedule. Landlord shall enter into a construction contract with a general contractor selected by Landlord (the "General Contractor") for the design, construction, installation, and completion of the Landlord Improvements in accordance with the Landlord Improvement Plans, the Approvals and any applicable Change Orders (as defined below). Landlord shall commence construction of the Landlord Improvements and use commercially reasonable good faith efforts to inspect, oversee, and supervise the design, construction, and completion of the Landlord Improvements to the point that the Building is ready, in all material respects and sufficient for Tenant to obtain required Approvals for the Leased Premises for Tenant to commence work on the Tenant Improvements consistent with the Tenant Improvement Plans, without materials within the Building suffering weather damage by rain, wind, or other weather conditions (and otherwise in dry-in condition), and having the Premises in rough-in condition, as confirmed by Landlord's architect and Tenant's architect, with all HVAC and utilities (electrical, water, sewage) installed in the space and a working elevator accessing the Premises such that Tenant can reasonably construct the Tenant Improvements (such condition, the "Turnover Condition") on or before the "Turnover Condition Deadline" as such date is shown in the Work Schedule, or such earlier date as the parties may mutually agree upon, as such date may be extended for Tenant Construction Delays. The term "Actual Turnover Condition Date," as used herein and in the Lease, shall mean the date on which Landlord delivers the Leased Premises in the Turnover Condition.

(b) From and after the Actual Turnover Condition Date, Landlord, at its sole cost and expense, shall continue to inspect, oversee, and supervise the design, construction, and completion of the Landlord Improvements, consistent with the Landlord Improvement Plans, the Work Schedule and the Work Schedule Detail, for all remaining floors within the Building to allow Landlord to complete the Tenant Improvements consistent with the Tenant Improvement Plans, the Work Schedule and the Work Schedule Detail.

(c) Notwithstanding the provisions of the Work Schedule or this Work Letter to the contrary, in the event Landlord is unable to meet the timelines set forth in this Work Letter or the Work Schedule and such delay is a result of (i) the failure by Tenant to perform its obligations, or meet critical deadlines, under this Work Letter in accordance with the time frames set forth on the Work Schedule, (ii) a request by Tenant for changes, modifications, or alterations to the Landlord Improvement Plans or Tenant Improvement Plans after the Landlord Improvement Plans and Tenant Improvement Plans, as applicable, have been approved by Landlord, including, but not limited to, any Change Orders, (iii) any other delay in the installation by Landlord of the Landlord Improvements caused directly by Tenant or Tenant's agents, servants, contractors, or employees, (iv) any Force Majeure Event (as defined in the Lease), or (v) any delay caused in obtaining necessary Approvals from governmental authorities (an "Approval Delay") despite Landlord's best efforts to obtain such Approvals, subject to Tenant's termination rights if the request for Approvals are not submitted as more particularly set forth in the Lease (collectively, the "Tenant Construction Delays"), the periods set forth in the Work Schedule shall, except as otherwise expressly set forth herein, be increased, at Landlord's option, for each day of a Tenant Construction Delay, except that an Approval

Delay shall not constitute a Tenant Construction Delay for purposes of Landlord meeting the Turnover Condition by the Turnover Condition Deadline. Notwithstanding the above, any time period calculating Tenant Construction Delays shall subtract any days due to any Landlord delay. In addition, notwithstanding anything to the contrary herein, Tenant shall have the right to terminate the Lease if Landlord fails to commence the site work on or before April 1, 2019 (as such date may be extended for Tenant Construction Delays), by delivering written notice to Landlord on or before the date Landlord has commenced such construction.

3. Construction of Improvements by Tenant.

(a) Tenant shall be responsible for the design and construction of the Tenant Improvements in accordance with the Tenant Improvement Plans and the Work Schedule. Tenant shall enter into a construction contract with a general contractor selected by Tenant, subject to Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed (the "Tenant's General Contractor") for the design, construction, installation, and completion of the Tenant Improvements in accordance with the Tenant Improvement Plans, the Approvals and any applicable Change Orders (as defined below). Tenant shall use commercially reasonable, and good faith efforts to inspect, oversee, and supervise the design, construction, and completion of the Tenant Improvements in order to cause the Tenant Improvements to be Substantially Complete (as defined below), on or before the expiration of the Tenant Improvement Construction Period (as defined below), or such earlier date as the parties may mutually agree upon.

(b) Following the Actual Turnover Condition Date or such earlier date as mutually agreed upon by Landlord and Tenant, Tenant and Tenant's General Contractor may access the Leased Premises for the purpose of installing and constructing the Tenant Improvements. In performing the Tenant Improvements, Tenant shall comply with all directions of Landlord or Landlord's General Contractor so as to coordinate Tenant's construction activities with those being pursued by others (whether on the Leased Premises or elsewhere in the Building).

(c) On or after the Actual Turnover Condition Date, Tenant shall commence the construction of the Tenant Improvements as required by Section 8(a) in order to cause the Tenant Improvements to be Substantially Complete (as defined below), on or before the "Substantial Completion and Certificate of Occupancy" date specified in the Work Schedule (the "Tenant Improvement Construction Period"). In performing the Tenant Improvements, Tenant shall comply with all reasonable directions of Landlord or the General Contractor so as to coordinate its construction activities with those being pursued by others (whether on the Leased Premises or elsewhere in the Building).

(d) Tenant shall not be required to pay Rent or Additional Rent during the period in which Tenant has entered the Leased Premises to perform the Tenant Improvements as required by this Section 8. Tenant agrees that Tenant, Tenant's Representative, and employees, officers, authorized agents, contractors, engineers, workmen, inspectors, and any construction management individuals or teams hired by Tenant (collectively, the "Tenant's Agents") will work in harmony with Landlord and not interfere with Landlord and its agents, contractors, and employees during

Landlord's installation and performance of the Landlord Improvements. Tenant shall have the right to use all utilities and services without additional charge during the construction period and Landlord agrees that Landlord shall not restrict the hours of operation of these services for Tenant's use. Landlord shall also provide Tenant and Tenant's contractors with a sufficient number of construction parking spaces during the Tenant Improvement Construction Period. In connection with any entry onto the Leased Premises prior to the Commencement Date, Tenant shall maintain (or cause its contractors to maintain) "Builder's All Risk" insurance in amounts not less than \$1,000,000 per incident and \$2,000,000 in the aggregate covering the construction of the Tenant Improvements, with insurance companies acceptable to Landlord, and Tenant shall protect, defend, indemnify and hold harmless Landlord and its affiliates against and from any and all claims, demands, actions, losses, damages, orders, judgments, and any and all costs and expenses (including, without limitation, attorneys' fees and costs of litigation), resulting from Tenant's entry onto the Leased Premises prior to the Commencement Date (except to the extent arising from the negligence or willful misconduct of Landlord).

4. Tenant Improvement Allowance.

(a) Subject to the provisions of Section 3.2 of the Lease, Landlord shall provide Tenant with a Tenant Improvement Allowance in the amount equal to \$55.00 per usable square foot of the Leased Premises (approximately \$3,712,500) to pay for or reimburse Tenant for the costs and expenses directly and specifically related to the planning, design, construction, and completion of the Tenant Improvements and for all other authorized expenses provided for in this Work Letter and the Lease, including, without limitation, for any Change Orders requested by Tenant and approved by Landlord ("Tenant Improvement Allowance"). From a taxation and accounting standpoint, all of the costs and expenses directly and specifically related to the Tenant Improvements up to the amount of the Tenant Improvement Allowance paid by Landlord shall be allocated solely to Landlord, and any such costs and expenses in excess of the Tenant Improvement Allowance and paid by Tenant shall be allocated solely to Tenant. So long as Tenant has fully built out the Leased Premises in accordance with the Tenant Improvement Plans, any unapplied portion of the Tenant Improvement Allowance may also be used to construct tenant improvements in the two (2) separate buildings which are leased to Tenant by certain affiliates of Landlord, in which event such Tenant Improvement Allowance shall be applied in accordance with the work letters attached to such Leases.

(b) The Tenant Improvement Allowance shall be paid by Landlord to Tenant upon Landlord's receipt of a written request for payment and which shall be subject to the following conditions: (i) all items for which Tenant is seeking payment shall be identified in the request and certified by Tenant as being complete and installed in the Lease Premises; (ii) Tenant's request shall include invoices reflecting the amount of the request for payment; (iii) Tenant's request shall include lien waivers involved with any general or subcontractors involved with the Tenant Improvements, (iv) no default under the Lease by Tenant shall have occurred and be continuing beyond any applicable notice and cure period, and (v) Landlord shall not be obligated to pay Tenant for amounts in excess of the Tenant Improvement Allowance. Provided that the foregoing conditions are satisfied, within thirty (30) days of Landlord's receipt of Tenant's request for payment, Landlord shall pay Tenant the portion of the Tenant Improvement Allowance specified in Tenant's request

for payment. All costs to perform the Tenant Improvements in excess of the Tenant Improvement Allowance shall be the sole responsibility of Tenant.

(c) All costs and expenses directly and specifically related to the Tenant Improvements, including, by way of example only, the Approvals, design fees, contractor fees, construction costs, costs of third-party inspections and testing, project management, temporary power costs, construction security specific to the Leased Premises, and any other costs that are directly attributable and specifically related to the Tenant Improvements, may be included within and applied against the Tenant Improvement Allowance.

5. Change Orders. Any change order (“Change Order”) to the Landlord Improvements and Tenant Improvements and/or any portions of the Improvements applicable to the portions of the Building and the Project that are intended for the use and benefit of Tenant may be initiated by Landlord or Tenant; provided, however, such Change Orders will be subject to Landlord’s and Tenant’s prior written approval, which approval will not be unreasonably withheld, delayed, or conditioned so long as such Change Order (i) is required by applicable law, (ii) does not increase the costs of the Landlord Improvements or Tenant Improvements (unless the party requesting the Change Order agrees to pay for the increase in the costs of construction), or (iii) does not result in significant delays to the Work Schedule. Any delays in the Work Schedule caused directly and specifically by a Change Order initiated or caused by Landlord or Tenant will be the responsibility of the party requesting the Change Order. If Landlord or Tenant fails to approve or disapprove of a written notice of a proposed Change Order within ten (10) business days after the receipt of the request to proceed with the Change Order (together with the support documentation and information specified in this Section 10), the proposed Change Order will be deemed conclusively to have been approved. Upon approval of a Change Order that results in a Tenant Construction Delay then, at the election of Landlord, the applicable time tables, deadlines, and critical milestones provided in the Work Schedule will be extended or advanced by the appropriate number of days and the Work Schedule shall be deemed modified in accordance therewith. Landlord shall provide written notice to Tenant if any Change Order will result in a Tenant Construction Delay. Additionally, upon approval of a Change Order that requires adjustments, modifications, or revisions to the previously approved Landlord Improvement Plans or the Tenant Improvement Plans, then the Landlord Improvement Plans or the Tenant Improvement Plans, as applicable, shall be deemed modified and approved in accordance with the Change Order.

6. Substantial Completion; Site Work Punch List. The Landlord Improvements and the Tenant Improvements, as applicable, will be deemed “Substantially Complete” or have reached “Substantial Completion” for purposes of this Work Letter and the Lease at such time as (i) the Landlord Improvements and the Tenant Improvements, as applicable, are complete, subject only to minor “punch list” items which, individually and in the aggregate, do not materially interfere with or prevent Tenant’s ability to operate the Leased Premises for the uses permitted under the Lease; (ii) with respect to the Landlord’s Improvements, Landlord’s architect and engineer will have certified in writing to Tenant that the Landlord Improvements have been substantially completed in accordance with the final Landlord Improvement Plans, the Approvals, any applicable Change Orders, and all other terms, conditions, and requirements of this Work Letter and the Lease; (iii)

with respect to the Tenant Improvements, Tenant's architect and engineer will have certified in writing to Landlord that the Tenant Improvements have been substantially completed in accordance with the final Tenant Improvement Plans, the Approvals, any applicable Change Orders, and all other terms, conditions, and requirements of this Work Letter and the Lease; (iv) Tenant will have reviewed and inspected the Landlord Improvements and confirmed, in its reasonable discretion, that they are, in fact, substantially complete; and (v) Landlord will have reviewed and inspected the Tenant Improvements and confirmed, in its reasonable discretion, that they are, in fact, substantially complete. Within fifteen (15) days following the Substantial Completion of the Landlord Improvements and the Tenant Improvements, as applicable, Landlord and Tenant will meet and confer and prepare a written punch list setting forth any incomplete and defective items of Improvements which require additional or corrective work by Landlord ("Site Work Punch List"). The Site Work Punch List shall not include, and Tenant shall be responsible for, any damage to the Landlord Improvements caused by Tenant's Agents, including, without limitation, any damage to the Leased Premises or Building caused by moving into the Leased Premises. Landlord will promptly and diligently perform or cause all items of work disclosed in the Site Work Punch List relating to the Landlord Improvements to be fully performed within thirty (30) days of the preparation of the Site Work Punch List, or such additional period as may be required provided Landlord is proceeding to perform such item with commercially reasonable diligence. Tenant will promptly and diligently perform or cause all items of work disclosed in the Site Work Punch List relating to the Tenant Improvements to be fully performed within thirty (30) days of the preparation of the Site Work Punch List, or such additional period as is reasonably provided Tenant is proceeding to perform such item with commercially reasonable diligence.

7. Correction of Landlord Improvements. If Tenant discovers any defects in the Landlord Improvements, except for any defects resulting from the Tenant Improvements or any other Alterations performed by Tenant, Tenant shall notify Landlord in writing of such defects and Landlord shall repair such defects within such time as may reasonably be required to cure the same, but subject to Landlord exercising commercially reasonable due diligence in performing such repairs. The costs incurred by Landlord to repair any such defects shall not be charged as Operating Expenses.

8. Landlord's and Tenant's Representatives. Tenant and Landlord will appoint one or more qualified and readily available representative (as applicable, the "Tenant's Representative" and the "Landlord's Representative") with the power, authority, and discretion to make absolute and timely decisions on Tenant's behalf and Landlord's behalf regarding the approval and finalization of the Landlord Improvement Plans, the Tenant Improvement Plans, the Approvals, any applicable Change Orders, and all other terms, conditions, and requirements of this Work Letter (including without limitation the Work Schedule) and the Lease and to consult and resolve any disputes or disagreements under this Work Letter, and generally to coordinate with the other party and its contractors, engineers, architects, and other consultants who will be providing assistance with the Improvements. As of the Effective Date of this Work Letter, Cordell Eggett has been designated as Tenant's Representative; provided, however, the Tenant's Representative may be changed from time-to-time at Tenant's sole and absolute discretion and, in such an event, Tenant will provide to Landlord in writing the name and contact information of any replacement Tenant's

Representative. As of the Effective Date of this Work Letter, Nate Boyer has been designated as Landlord's Representative; provided, however, the Landlord's Representative may be changed from time-to-time at Landlord's sole and absolute discretion and, in such an event, Landlord will provide to Tenant in writing the name and contact information of any replacement Landlord's Representative.

9. Moving Expenses. Tenant will be responsible for all arrangements and costs related to moving its office equipment, supplies, furniture, fixtures or equipment and other apparatus into the Leased Premises. Tenant shall utilize Landlord-provided elevator blankets, furniture blankets, and appropriate flooring protection measures to limit any damage to the Building while moving into the Leased Premises. Tenant shall promptly repair any damage to the Building (including the Leased Premises) incident to Tenant moving into the Leased Premises.

10. General Provisions.

(a) This Work Letter will be binding upon and inure to the benefit of the executing parties and their respective successors, assigns, heirs, executors, and administrators.

(b) Except as otherwise provided in this Work Letter, in any legal or equitable proceeding regarding any claim or dispute arising under this Work Letter, the prevailing party will be entitled to an award of reasonable attorneys' fees and costs in the amount as may be fixed by the court in those proceedings, in addition to costs of suit and costs on any appeal.

(c) Nothing contained in this Work Letter will be deemed or construed, either by Landlord or Tenant or by any third-party, to create the relationship of principal and agent or create any partnership, joint venture, or other association between Landlord and Tenant.

(d) All notices, requests, and demands to be made under this Work Letter to Landlord or Tenant shall be in writing (at the addresses set forth below) and shall be given by any of the following means: (a) personal service; (b) electronic communication, whether by e-mail, telex, telegram, or facsimile (provided that a hard-copy of such notice is given in any other manner permitted hereunder within three (3) days after the date of such electronic transmission); (c) certified first class mail, return receipt requested; or (d) a nationally recognized overnight service. Such addresses may be changed by notice to Landlord and/or Tenant, as applicable, given in the same manner as provided above. Any notice, demand, or request sent pursuant to either clause (a) or clause (b) hereof shall be deemed received one (1) business day after personal service or one (1) business day after delivery by electronic means, if sent pursuant to clause (c) shall be deemed received three (3) business days following deposit in the mail, and if sent pursuant to clause (d) shall be deemed received one (1) business day following deposit with the overnight service.

To Landlord: BG Scenic Point Office 3, L.C.
101 South 200 East, Suite 200
Salt Lake City, Utah 84111
Attention: President
E-Mail: nboyer@boyercompany.com

With a Copy to: Parr Brown Gee & Loveless
101 South 200 East, Suite 700
Salt Lake City, Utah 84111
Attention: Lamont Richardson, Esq.
E-Mail: lrichardson@parrbrown.com

To Tenant: HealthEquity
15 West Scenic Pointe Drive
Suite 100
Draper, UT 84020
Attn: Controller

With a copy to: Dorsey & Whitney
136 South Main Street, Suite 1000
Salt Lake City, Utah 84101
Attn: Mark B. Durrant
E-mail: durrant.mark@dorsey.com

Any enclosure to a notice, including the Tenant Improvement Plans or Change Orders, and any other documents, materials, or information relating to a document submittal, need only be sent to the parties so indicated for the materials above, with all other notice parties to receive cover letter only.

(e) Each exhibit attached to and referred to in this Work Letter is incorporated into this Work Letter.

(f) This Work Letter, the Lease, and the exhibits, attachments, and any other agreements referenced herein and therein, contain all of the terms and conditions relating to the Improvements to be performed on the Leased Premises, the Building and the Project, and neither Landlord nor Tenant may rely upon oral representations or statements which are not part of the Lease, this Work Letter, and the exhibits, attachments, and any other agreements referenced herein and therein.

(g) The laws of the State of Utah will govern the interpretation, validity, and construction of the terms and conditions of this Work Letter. Under no circumstances, however, will this Section 15(h) be interpreted to apply Utah conflict of laws principles to require the laws of another state to determine the interpretation, validity or construction of this Work Letter.

(h) This Work Letter may be amended or supplemented only by a written instrument executed by Landlord and Tenant.

(i) Should any of the provisions of this Work Letter prove to be invalid or otherwise ineffective, the other provisions of this Work Letter will remain in full force and effect. There will be substituted for any invalid or ineffective provision a provision which, as far as legally possible, most nearly reflects the intention of Landlord and Tenant.

(j) The captions to the articles, sections, subsections, or other portions of this Work Letter are for convenience only and will in no way affect the manner in which any provision thereof is construed. When a section is referred to in this Work Letter, the reference will be deemed to be to the correspondingly numbered or lettered section of this Work Letter, unless an article, section, or paragraph in another instrument is expressly referenced.

EXHIBIT "A"
TO
WORK LETTER

WORK SCHEDULE

DEADLINES AND CRITICAL MILESTONES TO BE ACHIEVED BY LANDLORD

Except as otherwise expressly set forth in the Work Letter, the following objectives which relate to Landlord's Improvements are subject to extension for Tenant Construction Delays, as applicable:

- Landlord to provide schematic site and building plans including building elevations, floor plans, site plan ("Schematic Plans"): November 1, 2018
- Tenant to provide any feedback on plans by November 8, 2018
- Tenant approves the building core and shell plans: December 5, 2018
- Completion of Landlord Improvement Plans by Landlord: February 1, 2019
- Landlord to apply for building permit (the "Landlord Governmental Approval Submittal Deadline"): February 8, 2019
- Commencement of site work construction by Landlord: February 1, 2019
- Commencement of base building vertical construction by Landlord: March 1, 2019
- Completion of Tenant Improvement Plans by Tenant: April 1, 2019
- Estimated Tenant Improvement Construction Commencement ("Turnover Condition Deadline"): October 1, 2019
- Substantial Completion by Tenant of Landlord's Work: January 2, 2020
- Substantial Completion by Tenant ("Substantial Completion and Certificate of Occupancy"): February 1, 2020
- Outside Turnover Condition Deadline: November 1, 2019

**EXHIBIT "B"
TO
WORK LETTER**

DESCRIPTION OF LANDLORD IMPROVEMENT PLANS

See attached conceptual site plans and floors plans. Landlord Improvement Plans to be attached at the such time as the Landlord Improvement Plans are completed

**EXHIBIT “C”
TO
WORK LETTER**

FORM OF CERTIFICATE OF APPROVAL

RE: Work Letter, dated _____, ____ (“**Work Letter**”), between BG SCENIC POINTE OFFICE 3, L.C., a Utah limited liability company (“**Landlord**”), and HEALTHEQUITY, INC., a Delaware corporation (“**Tenant**”).

To Whom It May Concern:

This Certificate of Approval (as this term is defined in the Work Letter) is being entered into by Landlord and Tenant in order to acknowledge that the [Landlord Improvement Plans][Tenant Improvement Plans] have been reviewed and approved in accordance with the Work Letter and to certify that, following the effective date of this Certificate of Approval, no changes may be made to the [Landlord Improvement Plans][Tenant Improvement Plans], except as otherwise permitted under the Work Letter.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Certificate of Approval to be effective as of the ____ day of _____, ____.

Need signature blocks for both parties

EXHIBIT "D"

**ACKNOWLEDGMENT OF COMMENCEMENT DATE
AND TENANT ESTOPPEL CERTIFICATE**

TO: DATE:

RE: __

—
—
—

Gentlemen:

The undersigned, as Tenant, has been advised that the Lease has been or will be assigned to you as a result of your financing of the above-referenced property, and as an inducement therefor hereby confirms the following:

1. That it has accepted possession and is in full occupancy of the Leased Premises, that the Lease is in full force and effect, that Tenant has received no notice of any default of any of its obligations under the Lease, and that the Lease Commencement Date is _____.
2. That the improvements and space required to be furnished according to the Lease have been completed and paid for in all respects, and that to the best of its knowledge, Landlord has fulfilled all of its duties under the terms, covenants and obligations of the Lease and is not currently in default thereunder.
3. That the Lease has not been modified, altered, or amended, and represents the entire agreement of the parties, except as follows:

4. That no default, and no event which with the giving of notice or passage of time or both would constitute a default has occurred and is continuing. That there are

no offsets, counterclaims or credits against rentals, nor have rentals been prepaid or forgiven, except as provided by the terms of the Lease.

5. That said rental payments commenced or will commence to accrue on _____, and the Lease term expires _____ . The amount of the security deposit and all other deposits paid to Landlord is \$ _____ .
6. That Tenant has no actual notice of a prior assignment, hypothecation or pledge of rents of the Lease, except:

_____.
7. That this letter shall inure to your benefit and to the benefit of your successors and assigns, and shall be binding upon Tenant and Tenant's heirs, personal representatives, successors and assigns. This letter shall not be deemed to alter or modify any of the terms, covenants or obligations of the Lease.

The above statements are made with the understanding that you will rely on them in connection with the purchase of the above-referenced property.

Very truly yours,

Date of Signature: _____ By: _____

EXHIBIT “E”

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement (this “Amendment”) is made and entered into as of this [____] day of [____], by and between **BG SCENIC POINT OFFICE 3, L.C.** (the “Landlord”), and **HEALTH EQUITY, INC.** (the “Tenant”).

RECITALS

WHEREAS, on September __, 2018, Landlord and Tenant entered into that certain Lease Agreement (the “Lease”) pursuant to which Landlord agreed to lease to Tenant, and Tenant agreed to lease from Tenant, the Leased Premises (as defined in the Lease). Capitalized terms used but not defined herein shall have their respective meanings set forth in the Lease.

WHEREAS, in accordance with Section 2.5 of the Lease, Landlord and Tenant agreed to enter into this Amendment.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agrees as follows:

AGREEMENT

1. Amendment to Section 2.2. Section 2.2 of the Lease is hereby deleted in its entirety and replaced with the following:

“2.2 Commencement Date. The Term shall commence on [_____] (the “Commencement Date”).

2. Any and all other terms and provisions of the Lease are hereby amended and modified wherever necessary, and even though not specifically addressed herein, so as to conform to the amendments set forth in the preceding paragraph. Except as expressly modified and amended hereby, all other terms and conditions of the Lease shall continue in full force and effect.

3. This Amendment contains the entire understanding of Tenant and Landlord and supersedes all prior oral or written understandings relating to the subject matter set forth herein.

4. This Amendment may be executed in counterparts each of which shall be deemed an original. An executed counterpart of this Amendment transmitted by facsimile shall be equally as effective as a manually executed counterpart.

5. This Amendment shall inure for the benefit of and shall be binding on each of the parties hereto and their respective successors and/or assigns.

6. Each individual executing this Amendment does hereby represent and warrant to each other person so signing (and to each other entity for which such other person may be signing) that he or she has been duly authorized to deliver this Amendment in the capacity and for the entity set forth where she or he signs.

[SIGNATURE PAGE FOLLOWS]

E-2

IN WITNESS WHEREOF, Landlord and Tenant have entered into this Amendment as of the date first set forth above.

LANDLORD: **BG SCENIC POINT OFFICE 3 L.C.**, a Utah limited liability company, by its manager

The Boyer Company, L.C., a Utah limited liability company

By: _____
Name:
Title: Manager

By:

Its:

TENANT: **HEALTH EQUITY, INC.**, a Delaware corporation

By:

Its:

EXHIBIT “F”

BUILDING STANDARD FINISHES

Landlord shall provide the Base Building at Landlord’s sole cost. Base Building shall generally be defined to include all core and shell elements of the Building, elevator systems and finished elevator cabs, all toilet/washrooms and the building’s main entry lobby(s) and all elevator lobbies, all of which shall be constructed and finished to standards in-line with new Class-A buildings in the Salt Lake City Metropolitan area (specific finishes to be determined and mutually agreed upon between Tenant and Landlord). The Base Building shall include fire exit stairways, electrical risers, telephone risers, plumbing risers, the main fire sprinkler systems (less head drops), the building mechanical/HVAC systems including the main air handling loop and controls sufficient to meet Tenant’s capacity needs, the main electrical service and distribution to all floors of the building, janitorial closets, telephone closets, and electrical closets. It may be designed to accommodate a shipping and receiving area with double man doors on the main level and a concrete walkway from the curb to the doors. The Base Building shall also include the following:

- Architectural, civil, structural, mechanical, and electrical engineering as necessary to provide construction documents for the Base Building. The documents will be prepared by AE Urbia architects along with EA Architecture acting as Tenant’s consultant, and engineers registered in the State of Utah and will be adequate for the purposes of obtaining building permits and defining the scope of work for the project. All costs of architectural associated with the core and shell and Tenant’s core and shell consulting will be borne by the Landlord. Only the architecture work associated with the tenant improvements will be deducted from the Tenant Improvement Allowance.
- The project will be designed in accordance with all applicable codes, regulations, ordinances, standards and design guidelines.
- Fees for all required building permits, impact fees, etc. from state and/or local governing authorities.
- The required utility connection fees from the local governing authorities.
- The following pre-design services are included in the project cost:
 - Geo-technical investigation - Additional bores for building pad areas
 - Phase I Environmental Assessment
 - Site and building as-built survey
- Temporary utilities, signage, and field office will be provided throughout construction.
- Concrete and soil testing, and structural inspection will be provided throughout the course of the project to ensure quality performance of the earthwork, placement of concrete and erection of structural steel and/or concrete as applicable.
- Size: The new building will consist of a 4-story approximately 120,000 RSF building with floor plates of approximately 30,000 RSF, as measured in accordance with the standards set forth in ANSI/BOMA Z65.1-2017 Method A.
- Parking: Minimum of five (5) per 1000 RSF with a minimum of 9’ wide x 18’ long spaces.

- Minimum 9' AFF finished office ceiling height
- Elevators: Provide two (2) 2-Stop Finished Elevators meeting applicable building code requirements. Specified elevators are to be 3500 lb. machine room-less traction with Tenant-approved cab finishes. All elevators shall be equipped with card access system and have finishes on walls and ceiling.
- Restrooms:

The toilet/washrooms rooms shall include the following minimum number of fixtures: Women's to have 6 toilets and 3 wash basins. Men's to have 2 urinals, 4 toilets and 3 wash basins. Toilet rooms shall be to a finished condition with tile walls (on wet walls only) and floor at an allowance of \$4.00/sf for material, vinyl wall covering on other walls (at an allowance of \$1.50/sy), granite or other approved solid surface counter tops, drywall ceilings, floor mounted stainless steel toilet partitions and urinal screens, wall mounted urinals and toilets and with other finishes to be selected by Tenant to match Tenant's Work.

Both restrooms on the main floor of the building will be equipped with a shower room for both men and women. The shower rooms shall have 2 showers and ante-room for changing clothing outside the shower (2 showers for the men's room and 2 showers for the women's room). Tile wainscoting in the ante-room and full tile showers shall be installed. This may either be split 1 shower on the 1st floor and 1 on the 4th floor or both showers on the 1st floor.

- Stairwells: Provide 5' wide concrete-filled pan stairs with metal structure (or equivalent)– paint to match Tenant color palette
- Concrete or Steel Structure
 - a. Assume 80 psf Live Load in Office areas in addition to 20 psf for Furniture and Partition Loads
 - b. Floor Finish & Floor Level requirements typical of industry practices per type of structure, coordinated to accommodate expected finishes. While minor cracking will occur, deflection tolerances should be maintained that ensures on-going spalling of finishes does not occur.
- Exterior Wall Construction:

Glazing – minimum of 60% Surface Area consisting of 1" insulated, thermally-broken, low-E glazing system

Glazing-60%, EIFS -30%, decorative EIFS - 10% (similar to building 2)

Insulation – per applicable Building & Energy Code requirements in the area

Curtainwall Glazing Systems may be utilized in limited areas of the building (i.e. - Lobby, Perimeter Stairwells, etc.) as identified in the design

Architectural screening of rooftop mechanical units should consist with overall skin of the building

The above may be changed subject to Tenant approving the proposed building design. Any exterior walls not finished in glass shall be insulated, sheetrocked and ready for paint.

- Roofing: Landlord shall utilize the best materials and engineering practices available and include a 20-year warranty. The roof shall comply with similar specifications of a Class A building subject to Tenant's reasonable review and approval. Roofing must include walkway pads as necessary to service MEP equipment.
- Mechanical: HVAC base building system to be designed and delivered to accommodate Tenant's required cooling loads. The cooling system can be designed as "Air Cooled" custom package unit or chilled water system with all associated piping to service the facility. The system shall include DDC controls on all units and be zoned to utilize/control half the floor on an after hours operational basis. The base building shell shall include the installation of the high pressure duct loop ready for Tenant Improvements.

The base building design for cooling shall be sized to accommodate a 1 person per 160 square foot average density exclusive of equipment and lighting loads. The estimated delivery tonnages for the office portion shall be approx. 535 tons spread evenly between the building floors based on approximately 1 ton per 300 rsf, excluding any supplemental cooling required of any server room and common areas.

Provide heat and cooling to all base building common areas including lobbies, restrooms, electrical rooms, elevator machine rooms, MDF's, IDF's and janitor closets as required.

Provide exhaust systems as required for all common areas and restrooms.

Acoustical sound attenuation for all base building mechanical systems.

Provide 4 VRF boxes per floor to prevent freezing of sprinkler lines.

- Plumbing
 - o Provide all domestic water (hot and cold), sanitary and venting to all common areas extended to each floor (as necessary) with two points of access for same on each Tenant floor.
 - o Provide hot and cold water for common area restrooms and janitor closets
 - o All roof drains will be routed internally along the exterior wall and connected to an underground storm water system
 - o Provide domestic/potable water service including backflow preventers and pressure reducing valves to the building. Extend water lines to each floor of Tenant's space.
- Fire Protection
 - o The Building shall be equipped throughout with an automatic sprinkler system installed in accordance with Section 903.3.1.1 or 903.3.1.2 of the 2015 International Building Code and an emergency voice/alarm communication system in accordance with Section 907.5.2.2 of the 2015 International Building Code which states "Emergency voice/alarm communication systems required by this code shall be designed and installed in accordance with NFPA 72. The operation of any automatic fire detector, sprinkler waterflow device or manual fire alarm box shall automatically sound an alert tone followed by voice instruction giving approved information and direction for a general and staged evacuation in accordance with the building's fire safety and evacuation plans required by Section 404 of the International Fire Code"

- o Provide all flow and tamper switches required by code or local jurisdiction.
- o Provide fire pump (if required) by local jurisdiction
- Electrical
 - o Electrical load – maximum of 6 watts per rentable square footage connected load for Tenants use - exclusive of the HVAC system. Electrical to include: switchgear, transformers and 480/277v 3 phase panels with 20 amp breakers to accommodate estimated capacity requirements.
 - o Tenant will install an emergency backup generator of approximately 600 KW capacity. Landlord will contribute toward the cost of the generator in an amount equivalent to the cost of a 250 KW generator including installation. Landlord shall provide a concrete pad and enclosure for said generator, as well as the conduits necessary to tie the generator to the electrical systems. The cost of the upgrade of the generator from 250 KW to 600 KW shall be a tenant expense.
 - o Lighting – LED lighting throughout. Tenant anticipates installing combination indirect/direct pendant or suspended fixtures.
 - o Alternative energy efficient electrical systems will be considered based on Return On Investment (ROI) thresholds
 - o Security should include card access readers at all exterior entries and exits in the Shell Building. Tenant shall install the card-access security system at all other areas at Tenants sole cost and expense (Tenant may use Tenant Improvement Allowance for the same). Tenant and Landlord shall cooperate to ensure the entire security system shall be fully integrated and controlled with one access card to all areas of the building.
 - o Minimum of one (1) main electric room located on the first floor of the building to accommodate switch gear and electrical equipment as required to service the building and a minimum of two (2) supplemental Electrical/telephone rooms (IDF's) per floor, (approx. 8'x10'), no greater than 280' apart on each floor. All the electrical rooms to have installed code compliant transformers, distribution panels and subpanels with breakers installed ready for Tenants distribution and use.
 - o Provide a Main Distribution Facility room (MDF), approximate size to be 10x20, located centrally on the 1st floor of the Building to terminate all external telecommunication facilities, conduits and equipment as required of the telecom service providers from MDF to all IDF's.
 - o Provide and install electric car charging stations for 6 cars.
- General Office Core & Shell Condition:
 - o Corridor Walls should have drywall installed, taped, mud and finished to receive prime paint
 - o Common Area Doors & HM Frames should be minimum 3'-0" x 7'-0" and comply with fire rating requirements. All interior doors should be solid core stained to Tenant color palette
 - o Furnish and install fabric roller shades with a 3%-8% opaqueness for all perimeter glazed openings
 - o Furnish and install code required common area signage

- o All common area lobbies, restrooms, and elevator cabs shall have finishes mutually approved by Landlord and Tenant.
 - o Walk-off mats shall be installed in the building main floor vestibule areas.
 - Landscaping for the Building(s) and any exterior common areas shall be included in the Base Building.
 - Provide and install a trash enclosure at a location mutually agreed between Landlord and Tenant.
 - Install two 4" conduits between the original building and the new building to the new building main demarc.
 - Install fiber to the main demarc.
- Install smoker's area with covered roof on the exterior of the building.

EXHIBIT "G"

RULES AND REGULATIONS

The rules and regulations set forth in this Exhibit are a part of the foregoing Lease. Whenever the term "Tenant" is used in these rules and regulations, such term shall be deemed to include Tenant and the Tenant Related Parties. The following rules and regulations may from time to time be modified by Landlord in the manner set forth in the Lease, provided that such modifications shall not materially adversely affect Tenant's rights under the Lease. These rules are in addition to those set forth in any restrictions of record prior to Landlord and Tenant entering into the Lease and Tenant shall be subject to all such rules and regulations set forth in such restrictions of record. The terms capitalized in this Exhibit shall have the same meaning as set forth in the Lease.

1. Tenant shall have the right to non-exclusive use in common with Landlord, other tenants and their occupants of the parking areas, driveways, sidewalks and access points of the Property, subject to reasonable rules and regulations prescribed from time to time by Landlord.
2. Tenant shall not obstruct the sidewalks or use the sidewalks in any way other than as a means of pedestrian passage to and from the offices of Tenant. Tenant shall not obstruct the driveways, parking areas or access to and from the Property or individual tenant parking spaces. Any vehicle so obstructing and belonging to Tenant may be towed by Landlord, at Tenant's sole cost and expense.
3. Tenant shall not bring into, or store, test or use any materials in, the Building which could cause fire or an explosion, fumes, vapor or odor unless explicitly authorized by the terms of the Lease.
4. Tenant shall not do, or permit anything to be done in or about the Leased Premises, or keep or bring anything into the Leased Premises, which will in any way increase the rate of insurance cost for the Property. Unless explicitly provided for in the Lease, Tenant shall not bring, use, store, generate, dispose or allow combustible, flammable or hazardous materials on the Property or the Leased Premises.
5. Tenant shall immediately pay for any damage caused during moving of Tenant's property in or out of the Leased Premises.
6. No repair or maintenance of vehicles, either corporate or private, shall be performed on or about the Property.
7. No outside storage of company or personal property, vehicles or boats in or about the Leased Premises is permitted. This includes, without limitation, transportation and storage items such as automobiles, trucks, trailers, boats, pallets, debris, trash or litter.

8. Except as provided in Section 7.1(e) of the Lease, no additional lock or locks shall be placed by Tenant on any door in the Building, without prior written consent of Landlord, Tenant shall not change any locks. All keys to doors shall be returned to Landlord at the termination of the tenancy, and in the event of loss of keys furnished, Tenant shall pay Landlord the cost of replacement.

9. The Leased Premises shall not be used for lodging or sleeping purposes. No immoral or unlawful purpose is allowed on the Property or in or about the Leased Premises. Vending machines for the use of Tenant's employees only are permitted. Tenant may have delivered for use on the Leased Premises ice, drinking water, food, beverage, towel or other similar services.

10. Landlord shall have the right to control and operate the common areas of the Property, as well as the facilities and areas furnished for the common use of the tenants in such manner as Landlord deems best for the benefit of the tenants and the Property generally, considered as a first class institutional facility.

11. No animals or birds of any kind shall be brought into or kept in or about the Leased Premises, except for guide dogs for vision or hearing impaired persons and other certified service animals.

12. Bicycles are permitted within the Building in areas designated from time to time by Landlord for such purposes.

13. Canvassing, soliciting, distribution of handbills or any other written materials or peddling on or about the Property are prohibited, and Tenant shall cooperate to prevent the same.

14. Tenant shall not throw any substance, debris, litter or trash of any kind out of the windows or doors of the Building, and will use only designated areas for proper disposal of these materials.

15. Waterclosets and urinals shall not be used for any purpose other than those for which they are constructed, and no sweepings, rubbish, ashes, newspaper, coffee grounds or any other substances of any kind shall be thrown into them.

16. Waste and excessive or unusual use of water is prohibited without the prior written consent of Landlord.

17. Tenant shall not penetrate the walls or roof of the Building and shall not attach any equipment or antenna to the roof or exterior of the Building without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall not step onto the roof of the Building for any reason. No television, radio or other audiovisual medium shall be played in such manner as to cause a nuisance to other tenants or persons using the common areas.

18. Landlord shall not be responsible for lost, stolen or damaged personal property, equipment, money, merchandise or any article from the Leased Premises or the common areas regardless of whether or not the theft, loss or damage occurs when the Leased Premises are locked.

19.Landlord reserves the right to expel from the Property anyone who in Landlord's reasonable judgment is intoxicated or under the influence of alcohol, drugs or other substance, or who is in violation of the rules and regulations of the Property.

20.Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name or street address of the Building or the Property.

21.These rules and regulations are in addition to, and shall not be construed to in any way modify, alter or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease.

22.Landlord may, from time to time, waive any one or more of these rules and regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such rules and regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing them against any or all of the tenants of the Property.

23.The use of the Leased Premises for business activities is to be conducted within the interior of Tenant's space to the greatest extent possible. Extensive business activities outside Tenant's space is not permitted without the prior written consent of Landlord.

24.If a Tenant is in violation of these rules and regulations and has not corrected such violation within ten (10) days after written notice Landlord may, without forfeiting any other rights or recourses permitted under the Lease, correct the violation at Tenant's expense to include levying a \$25.00 administrative charge per violation for coordinating and managing the correction of the violation. Costs associated with Landlord's reasonable actions to correct the violation including the administrative charge will be considered additional rent as defined in the Lease.

EXHIBIT “H”
Definition of Fair Market Value

Fair Market Value (“FMV”) shall be defined as the then fair market NNN value of the Leased Premises as of the date of commencement of the renewal term, determined in accordance with the provisions set forth below. The FMV of the Leased Premises shall mean the NNN rental that would be agreed to by a landlord and a new tenant, each of whom is willing, but neither of whom is compelled, to enter into the lease transaction. The FMV shall be determined on the basis of the assumptions that the FMV shall be projected to the commencement date of the applicable renewal term. The FMV shall not take into account any existing tenant improvements, but shall take into account the following factors:

- i. Rental for comparable premises in comparable existing and/or newly constructed (as applicable) buildings (taking into consideration, but not limited to, use, location and/or floor level within the applicable building, definition of net gross area, building load factor/efficiency, quality, age, and location of the applicable buildings), or any special uses or rights afforded to the Tenant under the Lease in connection with the Leased Premises;
- ii. The rentable area of the Leased Premises being leased;
- iii. The length of the pertinent renewal term;
- iv. Tenant improvement allowance, rent credit, moving allowance, space planning, or similar inducements;
- v. The quality of credit worthiness of Tenant; and
- vi. The extent to which commissions are due or payable by Landlord as a result of Tenant’s exercising its option to renew this Lease.

If Landlord and Tenant are unable to agree upon the FMV within 30 days after the date of Tenant’s notice of intent to renew (“Negotiation Period”), either party may elect, by written notice delivered to the other party, to determine the FMV by appraiser opinion of value as follows. The determination of FMV shall be determined by three independent MAI appraisers licensed in the State of Utah and selected one by the Tenant, one by the Landlord and the third appraiser being selected by the two appraisers selected by Landlord and Tenant. The appraisers shall have a minimum experience of 10 years in the Salt Lake City office market. The appraisers selected by Tenant and Landlord shall present his/her opinion of FMV within 30 days following the Negotiation Period. In the event the two opinions of FMV are within 5% of each other in overall value than the average value will be used to determine the final terms of the lease renewal. In the event the two opinions differ by more than 5% then the third agent shall review the opinions of value of the other original two appraisers and shall prepare a final opinion of value based on his or her assessment of the market that shall be binding on both parties. The third agent shall not be bound to pick one or the other of the opinions but may determine its opinion unrelated to the other two. The cost of the appraiser panel shall be shared equally by Landlord and Tenant.

EXHIBIT "I" **Janitorial Services**

Landlord will contract with a competent janitorial service to provide the following:

Five Days per Week:

Empty Trash and replace liners as needed.

Clean trash cans as needed.

Clean entry door glass.

Dust desks, telephones and other desk accessories, files, and counters.

Remove beverage rings and spills from desk tops.

Clean restrooms, which consist of the following tasks:

(i) Empty trash; (ii) Replace liners; (iii) Clean all horizontal surfaces with disinfectant strength germicidal cleansers (iv) Clean and sanitize sinks, toilet bowls in and out, both sides of toilet seats, urinals; (i) Clean and refill dispensers; (vi) Clean chrome and metal fittings; (vii) Clean mirrors and frames; (viii) Clean and polish brightwork; (ix) Spot clean splash areas; (x) Spot clean walls, partitions and doors to remove smudges; (xi) Damp mop floors, using disinfectant cleaner.

Clean stairways and corridors leading to stairways, which consist of the following tasks:

(i) Remove trash; (ii) Mop floors and/or vacuum carpet; (iii) Clean glass in doors, door jams, thresholds, baseboards, steps, step fronts, handrails, I-beams; (iv) Wash walls as needed.

Clean elevators, which consist of the following tasks:

(i) Vacuum daily; (ii) Keep elevator thresholds clean; (iii) Clean light covers as needed; (iv) Clean metal around buttons as needed; (v) Clean walls and doors as needed; (vi) Clean and maintain floors as needed.

Spot wash area around light switches, doors and door frames.

Clean area around light switches, doors and door frames.

Clean drinking fountain tops, sides and fronts.

Dust, mop, damp mop, and maintain hard surface floors.

Vacuum carpets and entry mats.

Spot clean carpets to remove adhesive material, minor spots, and minor stains.

Properly position furniture.

Report any damage or unusual occurrences.

Clean janitor closet and properly store all chemicals and cleaning equipment.

Perform security procedures, which includes the following tasks: (i) Check and lock windows and doors, (ii) Leave on designated lights

Services Once per Week:

Dust ledges and sills, picture frames and wall hangings, open area of bookshelves.

Clean outside of flowerpots and furnishings.

Completely clean out and sanitize all refrigerators.

Mop boards/base trim.

Knock down cobwebs.

Vacuum and edge all carpet.

Services Once per Month:

Dust chair legs and rungs, blinds, and sides of desks and files.
Dust all light fixtures.
Vacuum drapes as they hang on rod (do not remove drapes).
Damp mop stairwells.
Dust all desktops.
Dust all horizontal surfaces, shelves, molding, and air ducts.
Clean coat racks, chairs, cupboard fronts, bookcases, tables, files, countertops, etc.
Completely clean out and sanitize all freezers.
Clean lights, vents, directional signs and glass on doors.
High dusting, which includes dusting light fixtures, air vents and grills.

Window Cleaning:

Bi-annual service on inside and outside windows (May, October).
Clean all exterior windows and door glass inside and out.
Wipe sills clean and dry.
Knock down cobwebs from around windows and frames

Extra Cleaning Costs to the Tenant:

For special cleaning services required by Tenant and not covered in the Lease, Tenant will have the right to solicit desired extraordinary services from the existing cleaning contractor at its own expense, i.e., day porter service, cleaning of upholstery, carpet cleaning, vinyl floor stripping, waxing and polishing, cleaning of artwork and displays, etc. Tenant required cleaning will be paid by Tenant as the Tenant requests this service.

Miscellaneous

The main lobby area and entryways into the building will be maintained in keeping with a "Class A" Office Building on a daily basis (Monday through Friday). Landscaping areas will be maintained and manicured as is appropriate for the particular growing season.

EXHIBIT "J"

FORM OF SNDA

SUBORDINATION OF LEASE AND/OR NON-DISTURBANCE AND ATTORNMENT

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

[
]
[
]
[
]
[
]

(Space Above For Recorder's Use)

**SUBORDINATION AGREEMENT, ACKNOWLEDGMENT OF LEASE ASSIGNMENT, ESTOPPEL, ATTORNMENT
AND NON-DISTURBANCE AGREEMENT**

(Lease to Security Instrument)

NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS SUBORDINATION AGREEMENT, ACKNOWLEDGMENT OF LEASE ASSIGNMENT, ESTOPPEL, ATTORNMENT AND NON-DISTURBANCE AGREEMENT ("**Agreement**") is made [] by and between [], owner(s) of the real property hereinafter described (the "**Mortgagor**"), [] ("**Tenant**") and [] (collectively with its successors or assigns, "**Lender**").

RECITALS

A. Pursuant to the terms and provisions of a lease dated [] ("**Lease**"), Mortgagor granted to Tenant a leasehold estate in and to a portion of the property described on Exhibit A attached hereto and incorporated herein by this reference (which property, together with all improvements now or hereafter located on the property, is defined as the "**Property**").

B. Mortgagor has executed, or proposes to execute, that certain [] ("**Security Instrument**") securing, among other things, that certain [] in the principal sum of

[_____], in favor of Lender (“**Loan**”). The Security Instrument is to be recorded concurrently herewith.

C. As a condition to Lender making the Loan secured by the Security Instrument, Lender requires that the Security Instrument be unconditionally and at all times remain a lien on the Property, prior and superior to all the rights of Tenant under the Lease and that the Tenant specifically and unconditionally subordinate the Lease to the lien of the Security Instrument.

D. Mortgagor and Tenant have agreed to the subordination, attornment and other agreements herein in favor of Lender.

NOW THEREFORE, for valuable consideration and to induce Lender to make the Loan, Mortgagor and Tenant hereby agree for the benefit of Lender as follows:

1. **SUBORDINATION**. Mortgagor and Tenant hereby agree that:

1.1 **Prior Lien**. The Security Instrument securing the Note in favor of Lender, and any modifications, renewals or extensions thereof (including, without limitation, any modifications, renewals or extensions with respect to any additional advances made subject to the Security Instrument), shall unconditionally be and at all times remain a lien on the Property prior and superior to the Lease;

1.2 **Subordination**. Lender would not make the Loan without this agreement to subordinate; and

1.3 **Whole Agreement**. This Agreement shall be the whole agreement and only agreement with regard to the subordination of the Lease to the lien of the Security Instrument and shall supersede and cancel, but only insofar as would affect the priority between the Security Instrument and the Lease, any prior agreements as to such subordination, including, without limitation, those provisions, if any, contained in the Lease which provide for the subordination of the Lease to a deed or deeds of trust or to a mortgage or mortgages.

AND FURTHER, Tenant individually declares, agrees and acknowledges for the benefit of Lender, that:

1.4 **Use of Proceeds**. Lender, in making disbursements pursuant to the Note, the Security Instrument or any loan agreements with respect to the Property, is under no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses such proceeds, and any application or use of such proceeds

for purposes other than those provided for in such agreement or agreements shall not defeat this agreement to subordinate in whole or in part; and

1.5 **Waiver, Relinquishment and Subordination.** Tenant intentionally and unconditionally waives, relinquishes and subordinates all of Tenant's right, title and interest in and to the Property to the lien of the Security Instrument and understands that in reliance upon, and in consideration of, this waiver, relinquishment and subordination, specific loans and advances are being and will be made by Lender and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination.

2. **ASSIGNMENT.** Tenant acknowledges and consents to the assignment of the Lease by Mortgagor in favor of Lender.

3. **ESTOPPEL.** Tenant acknowledges and represents that:

3.1 **Entire Agreement.** The Lease constitutes the entire agreement between Mortgagor and Tenant with respect to the Property and Tenant claims no rights with respect to the Property other than as set forth in the Lease;

3.2 **No Prepaid Rent.** No deposits or prepayments of rent have been made in connection with the Lease, except as follows (if none, state "None"): _____

3.3 **No Default.** To the best of Tenant's knowledge, as of the date hereof: (i) there exists no breach, default, or event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default under the Lease; and (ii) there are no existing claims, defenses or offsets against rental due or to become due under the Lease;

3.4 **Lease Effective.** The Lease has been duly executed and delivered by Tenant and, subject to the terms and conditions thereof, the Lease is in full force and effect, the obligations of Tenant thereunder are valid and binding and there have been no [further] amendments, modifications or additions to the Lease, written or oral; and

3.5 **No Broker Liens.** Neither Tenant nor Mortgagor has incurred any fee or commission with any real estate broker which would give rise to any lien right under state or local law, except as follows (if none, state "None"): _____

4. **ADDITIONAL AGREEMENTS.** Tenant covenants and agrees that, during all such times as Lender is the Beneficiary under the Security Instrument:

4.1 **Modification, Termination and Cancellation.** Tenant will not consent to any modification, amendment, termination or cancellation of the Lease (in whole or in part) without Lender's prior written consent and will not make any payment to Mortgagor in consideration of any modification, termination or cancellation of the Lease (in whole or in part) without Lender's prior written consent;

4.2 **Notice of Default.** Tenant will notify Lender in writing concurrently with any notice given to Mortgagor of any default by Mortgagor under the Lease, and Tenant agrees that Lender has the right (but not the obligation) to cure any breach or default specified in such notice within the time periods set forth below and Tenant will not declare a default of the Lease, as to Lender, if Lender cures such default within thirty (30) days from and after the expiration of the time period provided in the Lease for the cure thereof by Mortgagor; provided, however, that if such default cannot with diligence be cured by Lender within such thirty (30) day period, the commencement of action by Lender within such thirty (30) day period to remedy the same shall be deemed sufficient so long as Lender pursues such cure with diligence;

4.3 **No Advance Rents.** Tenant will make no payments or prepayments of rent more than one (1) month in advance of the time when the same become due under the Lease;

4.4 **Assignment of Rents.** Upon receipt by Tenant of written notice from Lender that Lender has elected to terminate the license granted to Mortgagor to collect rents, as provided in the Security Instrument, and directing the payment of rents by Tenant to Lender, Tenant shall comply with such direction to pay and shall not be required to determine whether Mortgagor is in default under the Loan and/or the Security Instrument.

4.5 **Insurance and Condemnation Proceeds.** In the event there is any conflict between the terms in the Security Instrument and the Lease regarding the use of insurance proceeds or condemnation proceeds with respect to the Property, the provisions of the Security Instrument shall control.

5. **ATTORNMENT.** In the event of a foreclosure under the Security Instrument, Tenant agrees for the benefit of Lender (including for this purpose any transferee of Lender or any transferee of Mortgagor's title in and to the Property by Lender's exercise of the remedy of sale by foreclosure under the Security Instrument) as follows:

5.1 **Payment of Rent.** Tenant shall pay to Lender all rental payments required to be made by Tenant pursuant to the terms of the Lease for the duration of the term of the Lease;

5.2 **Continuation of Performance.** Tenant shall be bound to Lender in accordance with all of the provisions of the Lease for the balance of the term thereof, and Tenant hereby attorns to Lender as its landlord, such attornment to be effective and self-operative without the execution

of any further instrument immediately upon Lender succeeding to Mortgagor's interest in the Lease and giving written notice thereof to Tenant;

5.3 **No Offset.** Lender shall not be liable for, nor subject to, any offsets or defenses which Tenant may have by reason of any act or omission of Mortgagor under the Lease, nor for the return of any sums which Tenant may have paid to Mortgagor under the Lease as and for security deposits, advance rentals or otherwise, except to the extent that such sums are actually delivered by Mortgagor to Lender; and

5.4 **Subsequent Transfer.** If Lender, by succeeding to the interest of Mortgagor under the Lease, should become obligated to perform the covenants of Mortgagor thereunder, then, upon any further transfer of Mortgagor's interest by Lender, all of such obligations shall terminate as to Lender.

5.5 **Limitation on Lender's Liability.** Tenant agrees to look solely to Lender's interest in the Property and the rent, income or proceeds derived therefrom for the recovery of any judgment against Lender, and in no event shall Lender or any of its affiliates, officers, directors, shareholders, partners, agents, representatives or employees ever be personally liable for any such obligation, liability or judgment.

5.6 **No Representation, Warranties or Indemnities.** Lender shall not be liable with respect to any representations, warranties or indemnities from Mortgagor, whether pursuant to the Lease or otherwise, including, but not limited to, any representation, warranty or indemnity related to the use of the Property, compliance with zoning, landlord's title, landlord's authority, habitability or fitness for purposes or commercial suitability, or hazardous wastes, hazardous substances, toxic materials or similar phraseology relating to the environmental condition of the Property or any portion thereof.

6. **NON-DISTURBANCE.** In the event of a foreclosure under the Security Instrument, so long as there shall then exist no Default (as defined in the Lease) on the part of Tenant under the Lease, Lender agrees for itself and its successors and assigns that the leasehold interest of Tenant under the Lease shall not be extinguished or terminated by reason of such foreclosure, but rather the Lease shall continue in full force and effect and Lender shall recognize and accept Tenant as tenant under the Lease subject to the terms and provisions of the Lease except as modified by this Agreement; provided, however, that Tenant and Lender agree that the following provisions of the Lease (if any) shall not be binding on Lender nor its successors and assigns: any option to purchase with respect to the Property; any right of first refusal with respect to the Property, including without limitation, any right of first refusal associated with leasing the Property; any provision regarding the use of insurance proceeds or condemnation proceeds with respect to the Property which is inconsistent with the terms of the Security Instrument; any right of Tenant to expand the leased premises; and any provision relating to the construction or tenant allowance obligations of the landlord.

7. **MISCELLANEOUS.**

7.1 **Remedies Cumulative.** All rights of Lender herein to collect rents on behalf of Mortgagor under the Lease are cumulative and shall be in addition to any and all other rights and remedies provided by law and by other agreements between Lender and Mortgagor or others.

7.2 **NOTICES.** All notices, demands, or other communications under this Agreement and the other Loan Documents shall be in writing and shall be delivered to the appropriate party at the address set forth below (subject to change from time to time by written notice to all other parties to this Agreement). All notices, demands or other communications shall be considered as properly given if delivered personally or sent by first class United States Postal Service mail, postage prepaid, or by Overnight Express Mail or by overnight commercial courier service, charges prepaid, except that notice of Default may be sent by certified mail, return receipt requested, charges prepaid. Notices so sent shall be effective three (3) Business Days after mailing, if mailed by first class mail, and otherwise upon delivery or refusal; provided, however, that non-receipt of any communication as the result of any change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication. For purposes of notice, the address of the parties shall be:

Mortgagor:	[[[Attention: []
Tenant:	[[[Attention: []
Lender:	[[[Attention: []
With a copy to:	[[[Attention: []

Any party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of thirty (30) days' notice to the other party in the manner set forth hereinabove.

7.3 **Heirs, Successors and Assigns.** Except as otherwise expressly provided under the terms and conditions herein, the terms of this Agreement shall bind and inure to the benefit of the heirs, executors, administrators, nominees, successors and assigns of the parties hereto.

7.4 **Headings.** All article, section or other headings appearing in this Agreement are for convenience of reference only and shall be disregarded in construing this Agreement.

7.5 **Counterparts.** To facilitate execution, this document may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single document. It shall not be necessary in making proof of this document to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

7.6 **Exhibits, Schedules and Riders.** All exhibits, schedules, riders and other items attached hereto are incorporated into this Agreement by such attachment for all purposes.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT HERETO.

“MORTGAGOR”

[SIGNATURE BLOCK FOR PROPERTY MORTGAGOR(S)]

“TENANT”

[SIGNATURE BLOCK FOR TENANT]

“LENDER”

[SIGNATURE BLOCK FOR LENDER]

[IF DOCUMENT TO BE RECORDED, ALL SIGNATURES MUST BE ACKNOWLEDGED - ADD APPROPRIATE NOTARY ACKNOWLEDGEMENT]

EXHIBIT A - DESCRIPTION OF PROPERTY [TO BE ATTACHED]

THIRD AMENDMENT TO AMENDED AND RESTATED LEASE AGREEMENT

THIS THIRD AMENDMENT TO AMENDED AND RESTATED LEASE AGREEMENT (this “**Amendment**”) is entered into as of this [] day of September, 2018 (the “**Effective Date**”), by and between BG SCENIC POINT OFFICE 1, L.C., a Utah limited liability company (the “**Landlord**”), and HEALTHEQUITY, INC., a Delaware corporation (the “**Tenant**”).

RECITALS:

A. Landlord and Tenant entered into that certain Amended and Restated Lease Agreement dated May 15, 2015, which was amended by that certain First Amendment to Amended and Restated Lease Agreement dated effective September 16, 2016, as further amended by that certain Second Amendment to Amended and Restated Lease Agreement dated May 31, 2017 (collectively, the “**Original Lease**”).

B. On or around the date hereof, Tenant is entering into a lease with BG Scenic Point Office 3, L.C., a Utah limited liability company (the “**Adjacent Lease**”).

C. As a condition to entering into the Adjacent Lease, Tenant and Landlord have agreed to enter into this Amendment to the Original Lease on the terms more specifically set forth herein.

AGREEMENT:

NOW, THEREFORE, for the foregoing purposes, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Recitals; Defined Terms. The Recitals set forth above are incorporated herein and into the Lease by reference. Capitalized terms used but not defined herein shall have their meanings set forth in the Lease.

2. Term; Basic Annual Rent. The initial term of the Original Lease is hereby extended to the date which is 130 months after the commencement date of the Adjacent Lease (the “**Adjacent Lease Expiration Date**”), so that the initial term of the Adjacent Lease and the Original Lease expire on the same date. The expiration of the initial Term of the Original Lease as extended pursuant to this paragraph is currently expected to be January 1, 2031. Once the Adjacent Lease Commencement Date has been established, Landlord and Tenant will enter into an amendment to the Original Lease setting for the actual expiration of the initial Term of the Original Lease. Landlord and Tenant acknowledge and agree that the Basic Annual Rent during the extension term above shall be as set forth in the Original Lease, subject to the annual increases at the Escalation Rate.

3. Additional Tenant Improvement Allowance. Landlord hereby provided Tenant an additional tenant Improvement allowance to Tenant in the amount of \$3.00 per usable square foot of the Leased Premises per each year the initial Term of the Lease is extended pursuant to Section 2 above (the “**Additional Tenant Improvement Allowance**”); provided, any partial years for which the initial Term is extended will be prorated over a twelve (12) month period for such partial calendar year. Assuming the initial Term is extended for three (3) years, the Additional Tenant Improvement Allowance would equal \$866,817 (96,313 usable feet x \$3.00 x 3 (years)). The Additional Tenant Improvement Allowance will be made available to Tenant for purposes of performing Alterations or additional Tenant Improvements to the Leased Premises or used interchangeably to offset construction costs for the premises described in the Adjacent Lease. Such Tenant Improvement Allowance shall be made available to Tenant on a work in progress basis and otherwise on the terms set forth in Exhibit “C” to the Original Lease (or to Tenant under the Adjacent Lease in accordance with the terms of Exhibit “C” to the Adjacent Lease).

4. Miscellaneous.

(a) Headings. The captions and headings of the various sections of this Amendment are for convenience only and are not to be construed as defining or as limiting in any way the scope or intent of the provisions hereof. Wherever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and the masculine, feminine and neuter shall be freely interchangeable.

(b) Entire Amendment. This Amendment contains all amendments between the Landlord and Tenant with respect to the matters set forth herein, and no amendment not contained herein shall be recognized by Landlord and Tenant. In the event of any amendment or modification of this Amendment, the amendment or modification shall be in writing signed by Landlord and Tenant in order to be binding upon Landlord and Tenant. This Amendment is only for the benefit of Landlord and Tenant, and no third party shall be entitled to rely on the provisions of this Amendment. In the event of a conflict between the provisions of this Amendment and the Lease, the provisions of this Amendment shall control.

(c) Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original. An

executed counterpart of this Amendment transmitted by facsimile shall be equally as effective as a manually executed counterpart.

(d) Authority. Each individual executing this Amendment does thereby represent and warrant to each other person so signing (and to each other entity for which such other person may be signing) that he or she has been duly authorized to deliver this Amendment in the capacity and for the entity set forth where she or he signs.

{Signature Page Follows}

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date first above written.

LANDLORD: **BG SCENIC POINT OFFICE 1, L.C.**, a Utah limited liability company, by its manager

The Boyer Company, L.C., a Utah limited liability company

By: _____
Name:
Title: Manager

TENANT: **HEALTH EQUITY, INC.**, a Delaware corporation

By:
Its:

FOURTH AMENDMENT TO LEASE AGREEMENT

THIS FOURTH AMENDMENT TO LEASE AGREEMENT (this “**Amendment**”) is entered into as of this [] day of September, 2018 (the “**Effective Date**”), by and between BG SCENIC POINT OFFICE 2, L.C., a Utah limited liability company (the “**Landlord**”), and HEALTHEQUITY, INC., a Delaware corporation (the “**Tenant**”).

RECITALS:

A. Landlord and Tenant entered into that certain Lease Agreement dated May 15, 2015, which was amended by that certain First Amendment to Lease Agreement dated November 3, 2015, as amended by that certain Second Amendment to Lease Agreement dated September 16, 2016, and as further amended by that certain Third Amendment to Lease Agreement dated [effective January 1, 2018] (collectively, the “**Original Lease**”).

B. On or around the date hereof, Tenant is entering into a lease with BG Scenic Point Office 3, L.C., a Utah limited liability company (the “**Adjacent Lease**”).

C. As a condition to entering into the Adjacent Lease, Tenant and Landlord have agreed to enter into this Amendment to the Original Lease on the terms more specifically set forth herein.

AGREEMENT:

NOW, THEREFORE, for the foregoing purposes, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Recitals; Defined Terms. The Recitals set forth above are incorporated herein and into the Lease by reference. Capitalized terms used but not defined herein shall have their meanings set forth in the Lease.

2. Term; Basic Annual Rent. The initial term of the Original Lease is hereby extended to the date which is 130 months after the commencement date of the Adjacent Lease (the “**Adjacent Lease Expiration Date**”), so that the initial term of the Adjacent Lease and the Original Lease expire on the same date. The expiration of the initial Term of the Original Lease as extended pursuant to this paragraph is currently expected to be January 1, 2031. Once the Adjacent Lease Commencement Date has been established, Landlord and Tenant will enter into an amendment to the Original Lease setting for the actual expiration of the initial Term of the Original Lease. Landlord and Tenant acknowledge and agree that the Basic Annual Rent during the extension term above shall be as set forth in the Original Lease, subject to the annual increases at the Escalation Rate.

3. Additional Tenant Improvement Allowance. Landlord hereby shall provide Tenant an additional tenant improvement allowance to Tenant in the amount of \$3.00 per usable square foot of the Leased Premises per each year the initial Term of the Lease is extended pursuant to Section 2 above (the “**Additional Tenant Improvement Allowance**”); provided, any partial years for which the initial Term is extended will be prorated over a twelve (12) month period for such partial calendar year. Assuming the initial Term is extended for three (3) years, the Additional Tenant Improvement Allowance would equal \$613,026 (68,114 usable feet x \$3.00 x 3 (years)). The Additional Tenant Improvement Allowance will be made available to Tenant for purposes of performing Alterations or additional Tenant Improvements to the Leased Premises or used interchangeably to offset construction costs for the premises described in the Adjacent Lease. Such Tenant Improvement Allowance shall be made available to Tenant on a work in progress basis and otherwise on the terms set forth in Exhibit “C” to the Original Lease (or to Tenant under the Adjacent Lease in accordance with the terms of Exhibit “C” to the Adjacent Lease).

4. Miscellaneous.

(a) Headings. The captions and headings of the various sections of this Amendment are for convenience only and are not to be construed as defining or as limiting in any way the scope or intent of the provisions hereof. Wherever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and the masculine, feminine and neuter shall be freely interchangeable.

(b) Entire Amendment. This Amendment contains all amendments between the Landlord and Tenant with respect to the matters set forth herein, and no amendment not contained herein shall be recognized by Landlord and Tenant. In the event of any amendment or modification of this Amendment, the amendment or modification shall be in writing signed by Landlord and Tenant in order to be binding upon Landlord and Tenant. This Amendment is only for the benefit of Landlord and Tenant, and no third party shall be entitled to rely on the provisions of this Amendment. In the event of a conflict between the provisions of this Amendment and the Lease, the provisions of this Amendment shall control.

(c) Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original. An

executed counterpart of this Amendment transmitted by facsimile shall be equally as effective as a manually executed counterpart.

(d) Authority. Each individual executing this Amendment does thereby represent and warrant to each other person so signing (and to each other entity for which such other person may be signing) that he or she has been duly authorized to deliver this Amendment in the capacity and for the entity set forth where she or he signs.

{Signature Page Follows}

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date first above written.

LANDLORD: **BG SCENIC POINT OFFICE 2, L.C.**, a Utah limited liability company, by its manager

The Boyer Company, L.C., a Utah limited liability company

By: _____
Name:
Title: Manager

TENANT: **HEALTH EQUITY, INC.**, a Delaware corporation

By:
Its:

ATTACHMENT I

HEALTH EQUITY, INC. 2014 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Restricted Stock Unit Grant Notice (the “*Grant Notice*”) and this Restricted Stock Unit Award Agreement (this “*Agreement*”), HealthEquity, Inc. (the “*Company*”) has granted you a Restricted Stock Unit Award (this “*Award*”) under its 2014 Equity Incentive Plan (the “*Plan*”) for the number of Restricted Stock Units indicated in the Grant Notice.

If there is any conflict between the terms in this Agreement and the Plan, the terms of the Plan will control. Capitalized terms not explicitly defined in this Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your Restricted Stock Unit Award, in addition to those set forth in the Grant Notice and the Plan, are as follows:

1. GRANT OF THE AWARD. This Award represents the right to be issued on a future date one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by or on behalf of the Company for your benefit (the “*Account*”) the number of Restricted Stock Units subject to the Award. This Award was granted in consideration of your services to the Company.

2. VESTING. Subject to the limitations contained herein, your Award will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Continuous Service. Upon such termination of your Continuous Service, the Restricted Stock Units credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such underlying shares of Common Stock.

3. NUMBER OF SHARES. The number of Restricted Stock Units subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan. Any additional Restricted Stock Units, shares, cash or other property that becomes subject to the Award pursuant to this Section 3, 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 Award. Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 3. Any fraction of a share will be rounded down to the nearest whole share.

4. SECURITIES LAW COMPLIANCE. You may not be issued any shares of Common Stock under your Award unless the shares of Common Stock underlying the Restricted Stock Units are then registered under the Securities Act or, if not registered, the Company has determined that such issuance of the shares would be exempt from the registration requirements of the Securities Act. The issuance of shares of Common Stock must also comply with all other applicable laws and regulations governing the Award, and you shall not receive such Common Stock if the Company determines that such receipt would not be in material compliance with such laws and regulations.

5. TRANSFER RESTRICTIONS. Prior to the time that shares of Common Stock have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of this Award or the shares issuable in respect of your Award, except as expressly provided in this Section 5. For example, you may not use shares that may be issued in respect of your Restricted Stock Units as security for a loan. The restrictions on transfer set forth herein will lapse upon delivery to you of shares in respect of your vested Restricted Stock Units.

a. Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Common Stock or other consideration hereunder, pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

b. Beneficiary Designation. Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company, designate a third party who, on your death, will thereafter be entitled to receive the shares issuable in respect of your Award. In the absence of such a designation, your executor or administrator of your estate will be entitled to receive any Common Stock or other consideration that vested but was not issued before your death.

6. DATE OF ISSUANCE.

a. In the event one or more Restricted Stock Units vest, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests as soon as administratively possible following the applicable vesting date(s) (subject to any adjustment under Section 3 above). The issuance date determined by this paragraph is referred to as the “*Original Issuance Date*”.

b. If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day.

c. The form of delivery (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

7. DIVIDENDS. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment.

8. RESTRICTIVE LEGENDS. The shares of Common Stock issued under your Award shall be endorsed with appropriate legends as determined by the Company.

9. AWARD NOT A SERVICE CONTRACT. This Agreement is not an employment or service contract, and nothing in this Agreement will be deemed to create in any way whatsoever any obligation on your part to continue in the service of the Company or an Affiliate, or of the Company or an Affiliate to continue your service. In addition, nothing in this Agreement will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as an employee, Director of or Consultant for the Company or an Affiliate.

10. WITHHOLDING OBLIGATIONS.

a. On or before the time you receive a distribution of the shares of Common Stock underlying your Award, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the “*Withholding Taxes*”) measured based on the Fair Market Value of such shares of Common Stock as of the trading day immediately preceding the day shares of Common Stock are vested. In satisfaction of such Withholding Taxes and in accordance with the Sell to Cover Election included in the Grant Notice, you have irrevocably elected to sell the portion of the shares of Common Stock to be delivered underlying your Award necessary so as to satisfy the Withholding Taxes and shall execute any letter of instruction or agreement required by E*Trade Securities LLC or any other stock plan service provider or brokerage firm designated by the Company for such purposes (the “*Agent*”) to cause the Agent to irrevocably commit to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company and/or its Affiliates.

Notwithstanding any other provision of this Agreement, the Company shall not be obligated to deliver any new certificate representing shares of Common Stock to you or to your legal representative or enter such shares of Common Stock in book entry form unless and until you or your legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes, including payroll taxes, applicable to your taxable income resulting from the grant or vesting of the Restricted Stock Units or the issuance of shares of Common Stock. In accordance with your Sell to Cover Election pursuant to the Grant Notice, you hereby acknowledge and agree:

1) You hereby irrevocably appoint the Agent as your agent and authorize the Agent to (A) sell on the open market at the then prevailing market price(s), on your behalf, as soon as practicable on or after the shares of Common Stock are issued upon the vesting of the Restricted Stock Units, that number (rounded up to the next whole number) of shares of Common Stock so issued necessary to generate proceeds to cover (x) any tax withholding obligations incurred with respect to such vesting or issuance and (y) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto and (B) apply any remaining funds to your brokerage account.

2) You hereby authorize the Company and the Agent to cooperate and communicate with one another to determine the number of shares of Common Stock that must be sold pursuant to subsection (1) above.

3) You understand that the Agent may effect sales as provided in subsection (1) above in one or more sales and that the average price for executions resulting from bunched orders will be assigned to your account. In addition, you acknowledge that it may not be possible to sell shares of Common Stock as provided by subsection (1) above due to (A) a legal or contractual restriction applicable to you or the Agent, (B) a market disruption, or (C) rules governing order execution priority on the national exchange where the shares of Common Stock may be traded. In the event of the Agent's inability to sell shares of Common Stock, you will continue to be responsible for the timely payment to the Company and/or its Affiliates of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld, including but not limited to those amounts specified in subsection (1) above.

4) You acknowledge that regardless of any other term or condition of this Section 10(a), the Agent will not be liable to you for (A) special, indirect, punitive, exemplary, or consequential damages, or incidental losses or damages of any kind, or (B) any failure to perform or for any delay in performance that results from a cause or circumstance that is beyond its reasonable control.

5) You hereby agree to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this Section 10(a). The Agent is a third-party beneficiary of this Section 10(a).

6) This Section 10(a) shall terminate no earlier than the date on which all tax withholding obligations arising in connection with the vesting of the Award have been satisfied.

b. Notwithstanding the foregoing, in the event that your Sell to Cover Election cannot be effected in such manner that would be consistent with maintaining an affirmative defense under Rule 10b5-1 or consistent with applicable local law (as determined by the Company in its sole discretion), then such transactions shall not occur and the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your Award by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company; (ii) causing you to tender a cash payment; or (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 6) equal to the amount of such Withholding Taxes; provided, however, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and provided, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Company's Compensation Committee.

c. Unless the tax withholding obligations of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to you any shares of Common Stock.

d. In the event the Company's obligation to withhold arises prior to the delivery to you of shares of Common Stock or it is determined after the delivery of shares of Common Stock to you that the amount of the Company's withholding obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

11. TAX CONSEQUENCES. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your Award or your other compensation.

12. NOTICES. Any notices provided for in your Award or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such 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.

13. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of a vested Award, you shall be considered a general, unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Agreement.

14. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your Award and those of the Plan, the provisions of the Plan will control. In addition, your Award (and any compensation paid or shares issued under your Award) is subject to recoupment in accordance with The Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law.

15. OTHER DOCUMENTS. You hereby acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy permitting certain individuals to sell shares only during certain "open window" periods under, and as otherwise permitted by, the Company's insider trading policy, in effect from time to time.

16. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of this Award will not be included as compensation, earnings, salaries, or other similar terms used when calculating your 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.

17. VOTING RIGHTS. You will not have voting or any other rights as a stockholder of the Company with respect to the shares of Common Stock to be issued pursuant to this Award until such shares are issued to you. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Award, 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 you and the Company or any other person.

18. SEVERABILITY. If all or 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 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.

19. MISCELLANEOUS.

- a. The rights and obligations of the Company under your Award will be transferable to any one or more persons or entities, and all covenants and agreements hereunder will inure to the benefit of, and be enforceable by, the Company's successors and assigns.
- b. You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.
- c. You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.
- d. This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.
- e. All obligations of the Company under the Plan and this Agreement will be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

* * *

This Restricted Stock Unit Award Agreement will be deemed to be signed by you upon the signing by you of the Restricted Stock Unit Grant Notice to which it is attached.

ATTACHMENT II
EQUITY INCENTIVE PLAN
(SEE ATTACHED)

**Certification of Principal Financial Officer
pursuant to
Exchange Act Rules 13a-14(a) and 15d-14(a),
as adopted pursuant to
Section 302 of Sarbanes-Oxley Act of 2002**

I, Darcy Mott, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of HealthEquity, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 6, 2018

By: /s/ Darcy Mott

Name: Darcy Mott

Title: Executive Vice President and Chief Financial Officer
 (Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Jon Kessler, the Chief Executive Officer (Principal Executive Officer) of HealthEquity, Inc. (the "Company"), hereby certify that, to my knowledge:

1. Our Quarterly Report on Form 10-Q for the quarter ended October 31, 2018 (the "Report"), of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 6, 2018

By: /s/ Jon Kessler

Name: _____
Jon Kessler

Title: *Chief Executive Officer*
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Darcy Mott, Executive Vice President and Chief Financial Officer (Principal Financial Officer) of HealthEquity, Inc. (the "Company"), hereby certify that, to my knowledge:

1. Our Quarterly Report on Form 10-Q for the quarter ended October 31, 2018 (the "Report"), of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 6, 2018

By: /s/ Darcy Mott

Name: _____
Darcy Mott

Title: *Executive Vice President and Chief
Financial Officer
(Principal Financial Officer)*