

Cornerstone OnDemand Inc
Form S-3ASR
August 07, 2018

As filed with the Securities and Exchange Commission on August 7, 2018
Registration No. 333-

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

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CORNERSTONE ONDEMAND, INC.

(Exact name of registrant as specified in its charter)

Delaware

13-4068197

(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

1601 Cloverfield Blvd.

Suite 620 South

Santa Monica, CA 90404

(310) 752-0200

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

Adam Weiss

Chief Administrative Officer & General Counsel

Cornerstone OnDemand, Inc.

1601 Cloverfield Blvd.

Suite 620 South

Santa Monica, CA 90404

(310) 752-0200

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From time to time after the effective date of this Registration Statement
(Approximate date of commencement of proposed sale to the public)

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, check the following box. "

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ý

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

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

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ý

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ``

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
5.75% Convertible Senior Notes due 2021	\$294,000,000	100%	\$294,000,000	\$36,603
Common Stock, par value \$0.0001	8,435,242 ⁽²⁾	—	—	— ⁽³⁾
Total				\$36,603

Equals the aggregate principal amount of 5.75% Convertible Senior Notes due 2021 (the “notes”) being registered. Estimated

(1) solely for the purpose of calculating the registration fee pursuant to Rule 457(o) of the Securities Act of 1933, as amended (the “Securities Act”).

(2) Pursuant to the indenture governing the notes, this value represents the maximum aggregate number of shares of common stock, par value \$0.0001 (“common stock”), issuable upon conversion of the notes registered hereby at a conversion rate corresponding to the maximum conversion rate of 28.6913 shares of our common stock per \$1,000 principal amount of the notes. Pursuant to Rule 416 under the Securities Act, the Registrant is also registering such indeterminate number of additional shares of

common stock as may be issuable from time to time upon conversion of the notes as a result of the anti-dilution provisions thereof.

No additional consideration will be received upon conversion of (3) such notes, and therefore no registration fee is required pursuant to Rule 457(i) under the Securities Act.

PROSPECTUS

Cornerstone OnDemand, Inc.

\$294,000,000

5.75% Convertible Senior Notes due 2021

and any Shares of Common Stock Issuable upon Conversion

On December 8, 2017, we sold \$300 million principal amount of our 5.75% Convertible Senior Notes due 2021 (the “notes”). We sold the notes in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”). This prospectus may be used from time to time by certain recipients of the notes (as further provided for in the section entitled “Selling Securityholders” in this prospectus, the “selling securityholders”) to offer up to \$294,000,000 in aggregate principal amount of the notes and the shares of our common stock, par value \$0.0001 (“common stock”) issuable upon conversion of the notes, in any manner described under the section entitled “Plan of Distribution” in this prospectus. The selling securityholders may sell the notes or any such shares of common stock in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at prices related to such prevailing market prices, at varying prices determined at the time of sale or at privately negotiated prices directly to purchasers or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, concessions or commissions. If the selling securityholders use underwriters, broker-dealers or agents, we will name them and describe their compensation in a supplement to this prospectus as may be required. We will receive no proceeds from any sale by the selling securityholders of the securities offered by this prospectus, but in some cases we have agreed to pay certain registration expenses. Please read this prospectus and any applicable prospectus supplement carefully before you invest.

The notes are not listed on any securities exchange. Our common stock is listed on the Nasdaq Global Select Market (“Nasdaq”) and trades under the symbol “CSOD.” On August 6, 2018, the closing sale price of our common stock on Nasdaq was \$51.00 per share.

Investing in our securities involves risks. You should carefully read and consider the risk factors included in our periodic reports, in any applicable prospectus supplement relating to a specific offering of securities and in any other documents we file with the Securities and Exchange Commission (“SEC”). See the sections entitled “Risk Factors” below on page 9, in our other filings with the SEC and in the applicable prospectus supplement, if any.

Neither the SEC nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 7, 2018.

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ABOUT THIS PROSPECTUS

Neither we nor the selling securityholders or the underwriters, if any, have authorized anyone to provide you with any information or to make any representation other than as may be contained in or incorporated by reference into this prospectus, any prospectus supplement or in any free writing prospectus that we may file with the Securities and Exchange Commission (the “SEC”). We do not, and the selling securityholders or the underwriters, if any, do not, take any responsibility for, and can provide no assurances as to, the reliability of any information that others may provide you. This prospectus and any applicable prospectus supplement or free writing prospectus do not constitute an offer to sell any securities in any jurisdiction where such offer and sale are not permitted. The information contained in or incorporated by reference into this prospectus or any prospectus supplement, free writing prospectus or other offering material is accurate only as of the respective dates of those documents or information, regardless of the time of delivery of the documents or information or the time of any sale of the securities. Neither the delivery of this prospectus or any applicable prospectus supplement nor any distribution of securities pursuant to such documents shall, under any circumstances, create any implication that there has been no change in the information set forth in this prospectus or any applicable prospectus supplement or in our affairs since the date of this prospectus or any applicable prospectus supplement.

This prospectus is part of an “automatic shelf” registration statement that we filed with the SEC as a “well-known seasoned issuer” as defined in Rule 405 of the Securities Act. By using a shelf registration statement, the selling securityholders named in this prospectus may offer and sell the securities described in this prospectus in one or more offerings or resales.

Information about the selling securityholders may change over time. Any changed information given to us by the selling securityholders will be set forth in a prospectus supplement if and when necessary. Further, in some cases, the selling securityholders will also be required to provide a prospectus supplement containing specific information about the terms on which they are offering and selling notes or shares of common stock. If a prospectus supplement is provided and the description of the offering in the prospectus supplement varies from the information in this prospectus, you should rely on the information in the prospectus supplement. You should read this prospectus and any prospectus supplement for a specific offering of securities, together with additional information described in the sections entitled “Where You Can Find More Information” and “Incorporation by Reference” below, before making an investment decision. You should rely only on the information contained in or incorporated by reference into this prospectus, any accompanying prospectus supplement or any free writing prospectus prepared by or on behalf of us to which we have referred you. If there is any inconsistency between this prospectus and the information contained in a prospectus supplement or any free writing prospectus, you should rely on the information in the prospectus supplement or such free writing prospectus prepared by or on behalf of us to which we have referred you.

Unless we state otherwise or the context otherwise requires, references to “Cornerstone,” the “Company,” “us,” “we” or “our” in this prospectus mean Cornerstone OnDemand, Inc. and its consolidated subsidiaries. When we refer to “you” in this section, we mean all purchasers of the securities being offered by this prospectus and any accompanying prospectus supplement, whether they are the holders or only indirect owners of those securities.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 100 F Street NE, Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings, including the Registration Statement and the exhibits and schedules thereto, are also available to the public from the SEC's website at <http://www.sec.gov>. You can also access our SEC filings through our website at investors.cornerstoneondemand.com. Except as expressly set forth below, we are not incorporating by reference the contents of the SEC website or our website into this prospectus or any accompanying prospectus supplement.

INCORPORATION BY REFERENCE

The SEC allows us to “incorporate by reference” into this prospectus the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information that we incorporate by reference is considered to be part of this prospectus and information that we file later with the SEC will automatically update and supersede this information. This means that you must look at all of the SEC filings that we incorporate by reference (including any future filings) to determine if any of the statements in this prospectus or in any documents previously incorporated by reference have been modified or superseded. Any statement contained or incorporated by reference in this prospectus shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or therein, or in any subsequently filed document which also is incorporated by reference herein or therein, modifies or supersedes such earlier statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus. We incorporate by reference into this prospectus the following documents:

our annual report on Form 10-K for the fiscal year ended December 31, 2017 (the “Annual Report”), including the information specifically incorporated by reference into the Annual Report from our definitive proxy statement on Schedule 14A filed on May 8, 2018;

our quarterly reports on Form 10-Q for the fiscal quarters ended March 31, 2018 and June 30, 2018;

our current reports on Form 8-K filed on January 17, 2018 (except for the information furnished pursuant to Item 7.01 of Form 8-K and the furnished exhibit relating to that information), February 13, 2018 (except for the information furnished pursuant to Item 2.02 of Form 8-K and the furnished exhibit relating to that information), March 2, 2018, May 8, 2018 (except for the information furnished pursuant to Items 2.02 and 9.01 of Form 8-K and the furnished exhibits relating to that information), June 6, 2018, and June 20, 2018; and the description of our common stock set forth in our registration statement on Form 8-A, filed with the SEC on March 2, 2011 (including any amendment or report filed for the purpose of updating that description).

In addition to the items listed above, we also incorporate by reference additional documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) after the date of this prospectus through the completion of the offering. We will not, however, incorporate by reference any documents or portions thereof that are not deemed “filed” with the SEC, including any information furnished pursuant to Items 2.02 or 7.01 of our current reports on Form 8-K or certain exhibits furnished pursuant to Item 9.01 of Form 8-K.

You may request a copy of any documents incorporated by reference in this prospectus at no cost, by writing or telephoning us at the following address or telephone number:

Cornerstone OnDemand, Inc.
1601 Cloverfield Blvd.
Santa Monica, CA 90404
(310) 752-0200

Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference in this prospectus and any accompanying prospectus supplement.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and other documents we file with the SEC contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Forward-looking statements are any statements that look to future events and consist of, among other things, statements regarding our business strategies; anticipated future operating results and operating expenses; our ability to attract new clients to enter into subscriptions for our products; our ability to service those clients effectively and induce them to renew and upgrade their deployments of our products; our ability to expand our sales organization to address effectively the new industries, geographies and types of organizations we intend to target; our ability to accurately forecast revenue and appropriately plan our expenses; market acceptance of enhanced products; alternate ways of addressing talent management needs or new technologies generally by us and our competitors; continued acceptance of Software-as-a-Service (“SaaS”) as an effective method for delivering human capital management products and other business management products; the attraction and retention of qualified employees and key personnel; our ability to protect and defend our intellectual property; costs associated with defending intellectual property infringement and other claims; our ability to exploit Big Data to drive increased demand for our products; events in the markets for our products and alternatives to our products, as well as in the United States and global markets generally; future regulatory, judicial and legislative changes in our industry; our ability to successfully integrate our operations with those of recently acquired companies; and changes in the competitive environment in our industry and the markets in which we operate. In addition, forward-looking statements also consist of statements involving trend analyses and statements including such words as “may,” “believe,” “could,” “anticipate,” “would,” “might,” “plan,” “expect,” and similar expressions or the negative of such other comparable terminology. These forward-looking statements represent our estimates and assumptions only as of the date of the document containing the applicable statement, and are based on information available to us as of such date. Other risks, uncertainties and factors, including the risk factors discussed under “Risk Factors” in this prospectus and those discussed in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and our other reports filed from time to time with the SEC, could cause our actual results to differ materially from those projected in any forward-looking statements. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward-looking statements after the distribution of this prospectus, whether as a result of new information, future events, changes in assumptions or otherwise.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and the documents incorporated by reference. This summary does not contain all of the information that you should consider before deciding to invest in the notes or our common stock. You should read this entire prospectus carefully, including the “Risk Factors” beginning on page 9 of this prospectus and our consolidated financial statements and the related notes and other documents incorporated by reference, before you decide to invest in the notes or our common stock.

Cornerstone OnDemand, Inc.

Cornerstone was incorporated on May 24, 1999 in the state of Delaware and began its principal operations in November 1999.

Cornerstone is a leading global provider of learning and human capital management software, delivered as SaaS. We are one of the world’s largest cloud computing companies with approximately 36.7 million users across 3,363 clients in 192 countries and 43 different languages. We help organizations around the globe recruit, train and manage their employees.

Our human capital management platform combines the world’s leading unified talent management solutions with state-of-the-art analytics and HR administration solutions to enable organizations to manage the entire employee lifecycle. Our focus on continuous learning and development helps organizations to empower employees to realize their potential and drive success.

Cornerstone works with clients across all geographies, verticals and market segments. Our clients include multi-national corporations, large domestic and foreign-based enterprises, mid-market companies, public sector organizations, healthcare providers, higher education institutions, non-profit organizations and small businesses. We sell our platform domestically and internationally through both direct and indirect channels, including direct sales teams throughout North and South America, Europe, and Asia-Pacific and distributor relationships with payroll companies, human resource consultancies and global system integrators.

Our enterprise human capital management platform is composed of four product suites:

- Our Recruiting suite helps organizations to source and attract candidates, assess and select applicants, onboard new hires and manage the entire recruiting process;

- Our Learning suite enables clients to manage training and development programs, knowledge sharing and collaboration among employees, track compliance requirements and support career development for employees;

- Our Performance suite provides tools to manage goal setting, performance reviews, competency assessments, development plans, continuous feedback, compensation management and succession planning; and

- Our HR Administration suite supports employee records administration, organizational management, employee and manager self-service, workforce planning and compliance reporting.

Our clients can supplement the product suites with our state-of-the-art analytics capabilities to make more-informed decisions using data from across the platform for talent mobility, engagement and development so that HR and leadership can focus on strategic initiatives to help their organization succeed.

In addition to our enterprise human capital management platform, we offer Cornerstone PiiQ, formerly known as Cornerstone Growth Edition, which is a cloud-based talent management solution with performance and learning products targeted to organizations with 500 or fewer employees.

Our Client Success team supports our clients’ ongoing optimization of their talent processes and use of our platform. In addition, our Cornerstone Edge solutions allow our clients and partners to more easily integrate with a growing marketplace of service providers.

After the initial purchase of our platform, we continue to market and sell to our existing clients, who may renew their subscriptions, add additional products, broaden the deployment of the platform across their organizations and increase usage of the platform over time.

Silver Lake Transaction

On November 8, 2017, we entered into an investment agreement with certain affiliates of Silver Lake Group, L.L.C. (“Silver Lake”), relating to the issuance of the notes, and amended the investment agreement on November 28, 2017 (the “Investment Agreement”). The transaction closed on December 8, 2017. In connection with the closing, we entered into an indenture, dated December 8, 2017, with U.S. Bank National Association, acting as trustee, pursuant to which the notes were issued (the “indenture”).

Pursuant to the terms of the Investment Agreement, Silver Lake became entitled to nominate two individuals to our board of directors (the “board”). As long as Silver Lake or its affiliates beneficially own shares of our common stock (assuming conversion of the notes held by Silver Lake) representing at least 10% of the outstanding shares of our common stock, Silver Lake will maintain the right to nominate two individuals for election to the board, at least one of whom will be a managing director, director, officer, senior-level employee or advisor of Silver Lake or certain of its affiliates. As long as Silver Lake or its affiliates beneficially own shares of our common stock (assuming conversion of the notes held by Silver Lake) representing at least 4% of the outstanding shares of our common stock, Silver Lake will maintain the right to nominate

one individual for election to the board, which individual will be a managing director, director, officer, senior-level employee or advisor of Silver Lake or certain of its affiliates.

In accordance with the terms of the Investment Agreement, Silver Lake nominated, and the board elected, Joseph Osness and Elisa Steele to the board.

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The Notes Issuer	Cornerstone OnDemand, Inc., a Delaware corporation.
The Notes	\$300,000,000 principal amount of our 5.75% Convertible Senior Notes due 2021.
Maturity Date	July 1, 2021, unless earlier converted or repurchased.
Interest and Interest Payment Dates	5.75% per year, accruing from, and including, December 8, 2017 and payable semi-annually in arrears on January 1 and July 1 of each year (beginning on January 1, 2018). We will pay additional interest and/or special interest, if any, at our election as the sole remedy relating to the failure to comply with our reporting obligations as described under “Description of Notes-Events of Default.”
Regular Record Dates	December 15 and June 15 of each year, immediately preceding the applicable interest payment date.
	Holder may convert all or a portion of their notes at any time prior to the close of business on the scheduled trading day immediately preceding the maturity date based on the applicable conversion rate. The initial conversion rate for the notes is 23.8095 shares of common stock per \$1,000 principal amount of notes.
Conversion Rights	Upon conversion, we will deliver for each \$1,000 principal amount of notes converted a number of shares of our common stock equal to the conversion rate (together with a cash payment in lieu of delivering any fractional share). See “Description of Notes-Conversion Rights.” Holders who convert their notes in connection with a make-whole fundamental change, as defined herein, may be entitled to a make-whole premium in the form of an increase in the conversion rate. See “Description of Notes-Conversion Rights-Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change.”
No Redemption	We may not redeem the notes prior to the maturity date and no “sinking fund” is provided for the notes, which means that we are not required to redeem or retire the notes periodically.
Fundamental Change	If we undergo a fundamental change, as defined herein, subject to certain conditions, a holder will have the right, at its option, to require us to repurchase all or part of the principal amount of the notes at a purchase price equal to 100% of the principal amount of the notes to be repurchased plus the sum of the amounts of all remaining scheduled interest payments through and including the maturity date. See “Description of Notes-Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change.”
Limitation on the Incurrence of Indebtedness	The indenture governing the notes limits our ability and the ability of our subsidiaries to incur additional indebtedness unless the consolidated total debt ratio (as defined under “Description of Notes-Limitation on the Incurrence of Indebtedness”) for us and our subsidiaries on the date on which such indebtedness is incurred would have been equal to or less than 2.50 to 1.00 and the consolidated net debt ratio (as defined under “Description of Notes-Limitation on the Incurrence of Indebtedness”) for us and our subsidiaries on the date on which such indebtedness is incurred would have been equal to or less than 2.00 to 1.00; provided that nothing will prohibit us and our subsidiaries from incurring indebtedness in respect of purchase money indebtedness of up to \$10.0 million in the aggregate at any one time outstanding. See “Description of Notes-Limitation on the Incurrence of Indebtedness.”

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The notes are our senior unsecured obligations and rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment to any of our liabilities that are not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries.

Ranking

As of June 30, 2018, we and our subsidiaries had \$553 million aggregate principal amount of indebtedness for borrowed money, all of which was senior unsecured indebtedness under the notes and our 1.50% convertible senior notes due 2018 that matured on July 1, 2018 (the "2018 notes"). On July 2, 2018, the 2018 notes were repaid and are no longer outstanding. As of June 30, 2018, we and our subsidiaries had \$905 of indebtedness and other liabilities (including trade payables, but excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with GAAP) to which the notes would have been structurally subordinated.

Use of Proceeds The selling securityholders will receive all of the proceeds from their sale from time to time under this prospectus and any accompanying prospectus supplement of the notes and the shares of common stock issuable upon conversion of the notes. We will not receive any proceeds from these sales.

Registration Rights We prepared this prospectus in connection with our obligations under the Investment Agreement, which provides the selling securityholders with certain registration rights with respect to the resale of the notes and the shares of common stock issuable upon conversion of the notes, if any. Pursuant to the Investment Agreement, we have agreed to use our reasonable efforts to keep the shelf registration statement of which this prospectus is a part effective until the earliest of such time as all registrable securities have (a) been sold in accordance with the plan of distribution disclosed in this prospectus or (b) otherwise cease to be outstanding.

Transfer Restrictions The notes remain subject to transfer restrictions which, subject to certain exceptions, contractually prohibit the selling securityholders from transferring the economic consequences of ownership of the notes or the shares of common stock to be issued upon conversion of the notes until the earlier of (i) December 8, 2018 and (ii) the consummation of a change in control of us or the entry into a definitive agreement for a transaction that, if consummated, would result in a change in control of us.

Listing The notes are not listed on any securities exchange. Our common stock is listed on the Nasdaq Global Select Market under the symbol “CSOD.”

Risk Factors See “Risk Factors” and other information included or incorporated by reference in this prospectus for a discussion of the factors you should carefully consider before deciding to invest in the notes or the common stock.

U.S. Federal Income Tax Consequences The notes will be treated as being issued with original issue discount (“OID”) for U.S. federal income tax purposes because the price at which the notes were first sold to holders was less than the stated principal amount of the notes by more than a de minimis amount. A holder of a note will be required to include the OID in income as ordinary interest income for U.S. federal income tax purposes as it accrues (which may be in advance of interest being paid on the note), regardless of such holder’s regular method of accounting. Prospective purchasers of the notes should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. tax consequences of the purchase and ownership of the notes, including any possible differing treatments of the notes. See “Material U.S. Federal Income Tax Considerations” for more information.

Ratio of Earnings to Fixed Charges

Our earnings were insufficient to cover fixed charges for each of the periods in the table below and, accordingly, we have not included a ratio of earnings to fixed charges for these periods. The following table sets forth our deficiency of earnings available to cover fixed charges on a historical basis for the periods indicated. The following table is qualified by the more detailed information appearing in the computation table set forth in Exhibit 12.1 to the registration statement of which this prospectus forms a part and the historical consolidated financial statements, including the notes to those consolidated financial statements, incorporated by reference in this prospectus. You should read this table in conjunction with the financial statements and notes incorporated by reference in this prospectus. See “Where You Can Find More Information” and “Incorporated by Reference.”

Year Ended December 31,					Six Months Ended June 30,
2013	2014	2015	2016	2017	2018

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(In thousands)

(Unaudited)

Deficiency of earnings to cover fixed charges \$(40,554) \$(64,044) \$(84,335) \$(65,630) \$(59,589) \$(27,154)

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RISK FACTORS

Investing in the notes or our common stock (collectively, the “Securities”) involves risks. You should carefully consider the risk factors described below as well as those described in Part I, Item 1A, “Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, and any updates to those risk factors or new risk factors contained in our subsequent Quarterly Reports on Form 10-Q, all of which is incorporated by reference into this prospectus, as the same may be amended, supplemented or superseded from time to time by our filings under the Exchange Act, as well as any prospectus supplement relating to a specific offering or resale. Before making any investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus or in any applicable prospectus supplement or free writing prospectus. For more information, see the sections entitled “Where You Can Find More Information” and “Incorporation by Reference” above. These risks could materially affect our business, results of operations or financial condition and affect the value of our Securities. You could lose all or part of your investment. Additionally, the risks and uncertainties discussed in this prospectus or in any document incorporated by reference into this prospectus are not the only risks and uncertainties that we face, and additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business, results of operations or financial condition.

Risks Related to the Notes and our Common Stock

We may issue additional shares of common stock (including upon conversion of the notes) or instruments convertible into shares of common stock, which may materially and adversely affect the market price of our shares of common stock and the trading price of the notes.

We may conduct future offerings of our shares of common stock, or securities convertible into our shares of common stock to fund acquisitions, finance operations or for other purposes. In addition, we may also issue shares of our common stock under our equity awards plans and upon conversion of the notes. The notes do not contain restrictive covenants that would prevent us from offering our shares of common stock or other securities convertible into our shares of common stock in the future. The market price of our shares of common stock or the trading price of the notes could decrease significantly if we conduct such future offerings, if any of our existing stockholders sells a substantial amount of our shares of common stock or if the market perceives that such offerings or sales may occur. Moreover, any additional issuance of our shares of common stock will dilute the ownership interest of our existing stockholders, and may adversely affect the ability of holders of the notes to participate in any appreciation of our shares of common stock.

The notes are effectively subordinated to any secured indebtedness we may incur and are structurally subordinated to all of the obligations of our subsidiaries, including trade payables, which may limit our ability to satisfy our obligations under the notes.

The notes are our senior unsecured obligations and rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment to any of our liabilities that are not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure debt ranking senior in right of payment to the notes will be available to pay obligations on the notes only after the secured debt has been repaid in full from these assets. Except for the limitation described under “Description of Notes- Limitation on the Incurrence of Indebtedness” with respect to the incurrence of additional indebtedness, the indenture governing the notes will not prohibit us or our subsidiaries from incurring additional debt, nor will it prohibit any of our subsidiaries from incurring additional liabilities.

As of June 30, 2018, our total consolidated indebtedness was \$553 million, all of which was unsecured indebtedness under the notes and our 1.50% convertible senior notes due 2018 that matured on July 1, 2018 (the “2018 notes”). On July 2, 2018, the 2018 notes were repaid and are no longer outstanding. As of June 30, 2018, we and our subsidiaries had \$905 million of indebtedness and other liabilities (including trade payables, but excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with GAAP) to which the notes would have been structurally subordinated.

Servicing our debt will require a significant amount of cash, which could adversely affect our business, financial condition and results of operations.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the notes, which represent an aggregate principal amount of \$300 million following the repayment of the 2018 notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to satisfy our obligations under the notes and any future indebtedness we may incur and to make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, refinancing or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance the notes or future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on the notes or future indebtedness.

Recent and future regulatory actions and other events may adversely affect the trading price and liquidity of the notes. Investors in, and potential purchasers of, the notes who employ, or seek to employ, a convertible arbitrage strategy with respect to the notes may be adversely impacted by regulatory developments that may limit or restrict such a strategy. The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a “Limit Up-Limit Down” program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the notes to effect short sales of our common stock, borrow our common stock or enter into swaps on our common stock could adversely affect the trading price and the liquidity of the notes.

The indenture governing the notes contains restrictions that will limit our and our subsidiaries’ ability to incur additional indebtedness.

The indenture governing the notes contains a covenant that, subject to certain exceptions, restricts our and our subsidiaries’ ability to incur additional indebtedness depending upon our and our subsidiaries’ consolidated total debt ratio and consolidated net debt ratio. This covenant limits our operational flexibility and could prevent us from taking advantage of business opportunities as they arise, growing our business or competing effectively. See “Description of Notes-Limitation on the Incurrence of Indebtedness.”

Despite our current debt levels, subject to certain conditions and limitations, we may still incur substantially more debt or take other actions which would intensify the risks discussed above.

Despite our current consolidated debt levels, subject to certain conditions and limitations in the indenture governing the notes, we and our subsidiaries may be able to incur substantial additional debt in the future, some of which may be secured debt. Except for the limitation described under “Description of Notes-Limitation on the Incurrence of Indebtedness” with respect to the incurrence of additional indebtedness, we and our subsidiaries are not restricted under the terms of the indenture governing the notes from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that are not limited by the terms of the indenture governing the notes that could have the effect of diminishing our ability to make payments on the notes when due.

The notes are only protected by a limited set of restrictive covenants.

Except for the limitation described under “Description of Notes-Limitation on the Incurrence of Indebtedness” with respect to the incurrence of indebtedness, the indenture governing the notes does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries. The indenture will not contain any covenants or other provisions to afford protection to holders of the notes in the event of a highly leveraged transaction involving us or in the event of a decline in our credit rating as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders except to the extent described under “Description of Notes-Limitation on the Incurrence of Indebtedness,” “Description of Notes-Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change,” “Description of Notes-Conversion Rights-Adjustment to the Conversion Rate Upon the Occurrence of a Make-whole Fundamental Change” and “Description of Notes-Consolidation, Merger and Sale of Assets.”

Volatility in the market price and trading volume of our common stock could adversely impact the trading price of the notes.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price of our common stock could fluctuate significantly for many reasons, including in response to the risks described in this section, elsewhere in this prospectus or the documents incorporated by reference herein or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance, as well as industry conditions and general financial, economic and political

instability. A decrease in the market price of our common stock would likely adversely impact the trading price of the notes. The market price of our common stock could also be affected by possible sales of our common stock by investors who view the notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving our common stock. This trading activity could, in turn, affect the trading price of the notes.

Holders of notes are not entitled to any rights with respect to our shares of common stock, but may be subject to any changes made with respect to our shares of common stock.

Holders of notes are generally not entitled to any rights with respect to our shares of common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on shares of common stock) prior to the conversion date with respect to any notes they surrender for conversion, but they are subject to all changes affecting our shares of common stock. For example, if an amendment is proposed to our certificate of incorporation or bylaws which requires stockholder approval, and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the conversion date with respect to any notes surrendered for conversion, then the holder surrendering such notes will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes affecting our common stock.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the notes.

Upon the occurrence of a fundamental change, you have the right to require us to repurchase your notes. However, the fundamental change provisions do not afford protection to holders of notes in the event of certain transactions that could adversely affect the notes. For example, transactions such as leveraged recapitalizations, refinancings, restructurings or acquisitions initiated by us may not constitute a fundamental change requiring us to repurchase the notes. In the event of any such transaction, holders of the notes would not have the right to require us to repurchase their notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure, the value of the notes and our shares of common stock or any credit ratings, thereby adversely affecting holders of the notes.

The conversion rate of the notes may not be adjusted for all dilutive events.

The conversion rate of the notes is subject to adjustment for certain events, including, but not limited to, the issuance of certain stock dividends on shares of our common stock, the issuance of certain rights or warrants to holders of shares of our common stock, subdivisions or combinations of shares of our common stock, distributions of capital stock, indebtedness or assets to holders of our common stock, certain cash dividends and certain issuer tender or exchange offers, as described under “Description of Notes-Conversion Rights-Adjustments to the Conversion Rate.” However, the conversion rate will not be adjusted for other events, such as third party tender offers or exchange offers or the issuance of shares of our common stock, or securities convertible into shares of our common stock, in underwritten or private offerings, that may adversely affect the market price of shares of our common stock and the trading price of the notes. An event that adversely affects the value of the notes may occur, and that event may not result in an adjustment to the conversion rate.

The trading price of the notes may be adversely affected by whether an active trading market develops for the notes and other factors.

There is currently no active trading market for the notes. We do not intend to apply for listing of the notes on any securities exchange or for inclusion in any automated dealer quotation system. A market may not develop for the notes or, if developed, may not continue. There can be no assurance as to the liquidity of any market that may develop for the notes. If a market develops, the notes could trade at prices that may be lower than the initial offering price of the notes. The liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for this type of security, by changes in the market price of our shares of common stock, which may be volatile, and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. If an active, liquid market does not develop for the notes, the trading price and liquidity of the notes may be adversely affected.

We may not have the ability to raise the funds necessary to repurchase the notes upon a fundamental change, and our future debt may contain limitations on our ability to repurchase the notes.

Holders of the notes have the right to require us to repurchase their notes upon the occurrence of a fundamental change at a fundamental change repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus the sum of the amounts of all remaining scheduled interest payments through and including the maturity date, as described under “Description of Notes- Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change.” However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of notes surrendered therefor. In addition, our ability to repurchase the notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase notes at a time when the repurchase is required by the indenture would constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the notes.

The increase in the conversion rate for notes converted in connection with a make-whole fundamental change may not adequately compensate holders for any lost value of their notes as a result of such make-whole fundamental change. If a make-whole fundamental change occurs, under certain circumstances, we will increase the conversion rate for the notes by a number of additional shares of our common stock for notes converted in connection with such make-whole

fundamental change. The increase in the conversion rate will be determined based on the date on which the make-whole fundamental change becomes effective and the price paid (or deemed to be paid) per share of our common stock in such transaction, as described below under “Description of Notes-Conversion Rights-Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change.”

The increase in the conversion rate, if any, for notes converted in connection with a make-whole fundamental change may not adequately compensate a holder for the lost value of its notes as a result of such transaction. In addition, if the applicable price in the transaction is greater than \$160.00 per share or less than \$34.85 per share (in each case, subject to adjustment), no increase will be made to the conversion rate. The obligation to increase the conversion rate upon the occurrence of a make-whole fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness and equitable remedies.

The fundamental change and make-whole fundamental change provisions may delay or prevent an otherwise beneficial takeover attempt of us.

The fundamental change repurchase rights, which allow holders to require us to repurchase all or a portion of their notes upon the occurrence of a fundamental change, as defined in “Description of Notes-Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change,” and the provisions requiring an increase to the conversion rate for conversions in connection with a make-whole fundamental change may delay or prevent a takeover of us and the removal of incumbent management that might otherwise be beneficial to investors. See “Description of Notes-Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change” and “Description of Notes-Conversion Rights-Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change.”

The notes may not be rated or may receive a lower rating than anticipated.

We do not intend to seek a rating on the notes. However, if a rating service were to rate the notes, and if such rating service were to lower its rating on the notes below the rating initially assigned to the notes or otherwise announces its intention to put the notes on credit watch, the trading price of the notes could decline.

You may be subject to tax if we make or fail to make certain adjustments to the conversion rate of the notes even though you do not receive a corresponding cash distribution.

The conversion rate of the notes is subject to adjustment in certain circumstances, including the payment of cash dividends. If the conversion rate is adjusted as a result of a distribution that is taxable to our stockholders, such as a cash dividend, you may be deemed to have received a dividend subject to U.S. federal income tax without the receipt of any cash. In addition, a failure to adjust (or to adjust adequately) the conversion rate after an event that increases your proportionate interest in us could be treated as a deemed taxable dividend to you. If a make-whole fundamental change occurs prior to maturity, under some circumstances, we will increase the conversion rate for notes converted in connection with the make-whole fundamental change. Such increase may also be treated as a distribution subject to U.S. federal income tax as a dividend. See “Certain Material U.S. Federal Income Tax Considerations-Consequences to U.S. Holders-Constructive Distributions.”

If you are a non-U.S. holder (as defined under “Certain Material U.S. Federal Income Tax Considerations”), any deemed dividend would be subject to U.S. federal withholding tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty). The amount of any such withholding tax may be set off against any subsequent payment or distribution otherwise payable on the notes (or the issuance of shares of common stock upon a conversion of the notes). See “Certain Material U.S. Federal Income Tax Considerations-Consequences to Non-U.S. Holders-Dividends and Constructive Distributions.”

The notes are currently held in book-entry form and, therefore, holders must rely on the procedures and the relevant clearing systems to exercise their rights and remedies.

The notes are currently held in book-entry form. Unless and until certificated notes are issued in exchange for book-entry interests in the notes, owners of the book-entry interests will not be considered owners or holders of notes. Instead, The Depository Trust Company (“DTC”), or its nominee, is the sole holder of the notes. Payments of principal, interest (including any additional interest and/or special interest), cash amounts due upon conversion, and other amounts owing on or in respect of the notes in global form are made to the paying agent, which makes the payments to DTC. Thereafter, such payments are credited to DTC participants’ accounts that hold book-entry interests in the notes in global form and credited by such participants to indirect participants. Unlike holders of the notes themselves, owners of book-entry interests do not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the notes. Instead, if a holder owns a book-entry interest, such holder is permitted to act only to the extent such holder has received appropriate proxies to do so from DTC or, if applicable, a participant. We cannot assure holders that the procedures implemented for the granting of such proxies will be sufficient to enable holders to vote on any requested actions on a timely basis.

The notes will be treated as being issued with OID for U.S. federal income tax purposes.

The notes will be treated as being issued with OID for U.S. federal income tax purposes because the price at which the notes were first sold to holders was less than the stated principal amount of the notes by more than a de minimis amount. Because the OID is greater than a de minimis amount, a holder of a note will be required to include the OID in income as ordinary interest income for U.S. federal income tax purposes as it accrues (which may be in advance of

interest being paid on the note), regardless of such holder's regular method of accounting. Prospective purchasers of the notes should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. tax consequences of the purchase and ownership of the notes, including any possible differing treatments of the notes. For a fuller discussion see "Certain Material U.S. Federal Income Tax Considerations-Consequences to U.S. Holders-Interest."

The notes may be treated as contingent debt for U.S. federal income tax purposes.

We may be required to make additional payments on the notes in certain circumstances, including upon settlement of the interest make-whole payment described in “Description of Notes-Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change.” Due to a lack of relevant authority regarding certain of these payments, the applicability to the notes of U.S. Treasury Regulations governing contingent payment debt instruments is uncertain. In particular, the effect of the interest make-whole payment on the tax treatment of the notes is unclear. We intend to take the position that the possibility of such payments does not result in the notes being treated as contingent payment debt instruments under the applicable U.S. Treasury Regulations. Our position is not binding on the Internal Revenue Service (“IRS”). If the IRS takes a position contrary to that described above, a U.S. holder (as defined in “Certain Material U.S. Federal Income Tax Considerations”) may be required to accrue interest income based upon a “comparable yield” (which would be higher than the stated interest on the notes), with adjustments to such accruals when any contingent payments are made that differ from the payments based on the comparable yield. In addition, any gain on a sale or other taxable disposition of the notes or upon conversion of the notes would be treated as ordinary income rather than as capital gain. See “Certain Material U.S. Federal Income Tax Considerations.”

USE OF PROCEEDS

The selling securityholders will receive all of the proceeds from their sale from time to time under this prospectus and any accompanying prospectus supplement of the notes or the common stock issuable upon conversion of the notes. We will not receive any proceeds from these sales.

DESCRIPTION OF NOTES

The notes were issued under an indenture (which we refer to as the “indenture”) dated as of December 8, 2017, between us and U.S. Bank National Association, as trustee (which we refer to as the “trustee”). A copy of the indenture is filed as an exhibit to the registration statement of which this prospectus forms a part. The following summary of the terms of the notes and the indenture does not purport to be complete and is subject, and qualified in its entirety by reference, to the detailed provisions of the notes and the indenture. Those documents, and not this description, define a holder’s legal rights as a holder of the notes. The terms of the notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the “TIA”). For purposes of this summary, the terms “Cornerstone,” “we,” “us” and “our” refer only to Cornerstone OnDemand, Inc. and not to any of its subsidiaries, unless we specify otherwise. Unless the context requires otherwise, the term “interest” includes defaulted interest, if any, payable pursuant to the indenture and “additional interest” and “special interest” payable pursuant to the provisions described under “-Events of Default.”

General

On December 8, 2017, we issued \$300 million in aggregate principal amount of our 5.75% convertible senior notes due 2021 (the “notes”) under the indenture. The notes bear interest at a rate of 5.75% per annum, payable semi-annually in arrears on January 1 and July 1 of each year, beginning on January 1, 2018, to holders of record at the close of business on the preceding December 15 and June 15 immediately preceding the January 1 and July 1 interest payment dates, respectively, except as described below.

The notes:

- were issued in minimum denominations of \$1,000 principal amount and integral multiples thereof;
- are our senior unsecured obligations;

- are convertible at any time prior to the close of business on the scheduled trading day immediately preceding the maturity date into shares of our common stock at an initial conversion rate of 23.8095 shares of our common stock per \$1,000 principal amount of notes (which represents an initial conversion price of approximately \$42.00 per share of our common stock);

- include a limitation on our ability and the ability of our subsidiaries to incur additional indebtedness depending on our and our subsidiaries’ consolidated total debt ratio and consolidated net debt ratio, as described under “-Limitation on the Incurrence of Indebtedness;”

- are subject to repurchase by us at the option of the holder upon a fundamental change, as described under “-Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change,” at a repurchase price in cash equal to 100% of the principal amount of the notes to be repurchased, plus the sum of the amounts of all remaining scheduled interest payments through and including the maturity date;

- bear additional interest and/or special interest under the circumstances described under “-Events of Default;” and

- mature on July 1, 2021.

The notes were issued as global securities as described below under “-Form, Denomination and Registration of Notes.” We will make payments in respect of the notes by wire transfer of immediately available funds to The Depository Trust Company (“DTC”), or its nominee as registered owner of the global securities.

A holder may convert notes at the office of the conversion agent, present notes for registration of transfer or exchange at the office of the registrar for the notes and present notes for payment at maturity at the office of the paying agent. We have appointed the trustee as the initial conversion agent, registrar and paying agent for the notes. There is no sinking fund provided for the notes. The indenture does not contain any financial covenants and, except as specified

below under “-Limitation on the Incurrence of Indebtedness,” does not limit our ability to incur additional indebtedness, pay dividends or repurchase our securities. In addition, the indenture does not provide any protection to holders of notes in the event of a highly leveraged transaction or a change in control, except as, and only to the limited extent, described under “-Limitation on the Incurrence of Indebtedness,” “-Conversion Rights-Adjustment to the Conversion Rate Upon the Occurrence of a Make-whole Fundamental Change,” “-Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change,” and “-Consolidation, Merger and Sale of Assets.” If any payment date with respect to the notes falls on a day that is not a business day, we will make the payment on the next succeeding business day. The payment made on the next succeeding business day will be treated as though it had been made on the original payment date, and no interest will accrue on the payment for the additional period of time. The registered holder of a note (including DTC or its nominee in the case of notes issued as global securities) will be treated as its owner for all purposes. Only registered holders will have the rights under the indenture.

Additional Notes

Unless holders of 100% in aggregate principal amount of the outstanding notes consent, we may not increase the principal amount of the notes outstanding under the indenture by issuing additional notes in the future (except for notes authenticated and delivered upon registration of transfer

or exchange or in lieu of other notes in certain limited circumstances).

Ranking

The notes are our senior unsecured obligations and rank:

- senior in right of payment to any of our existing and future indebtedness or other obligations that are expressly subordinated in right of payment to the notes;
- equal in right of payment to any of our existing and future unsecured indebtedness or other obligations that are not so subordinated;
- effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- structurally junior to all existing and future indebtedness and other liabilities (including trade payables) of our subsidiaries.

As of June 30, 2018, we and our subsidiaries had \$553 million aggregate principal amount of indebtedness for borrowed money, all of which was senior unsecured indebtedness under the notes and the 2018 notes. On July 2, 2018, the 2018 notes were repaid and are no longer outstanding. As of June 30, 2018, we and our subsidiaries had \$905 million of indebtedness and other liabilities (including trade payables, but excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with GAAP) to which the notes would have been structurally subordinated.

Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the notes or to make any funds available for payment on the notes, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to us by our subsidiaries may be subject to statutory, contractual or other restrictions, may depend on their earnings or financial condition and are subject to various business considerations. As a result, we may be unable to gain access to the cash flow or assets of our subsidiaries. Except as specified below under “Limitation on the Incurrence of Indebtedness,” the indenture does not limit the amount of additional indebtedness that we can create, incur, assume or guarantee, nor does the indenture limit the amount of indebtedness or other liabilities that our subsidiaries can create, incur, assume or guarantee.

Interest Payments

We will pay interest on the notes at a rate of 5.75% per annum, payable semi-annually in arrears on January 1 and July 1 of each year, beginning on January 1, 2018. Except as described below, we will pay interest that is due on an interest payment date to holders of record at the close of business on the December 15 and June 15 (whether or not a business day) immediately preceding the January 1 and July 1 interest payment dates, respectively. Interest will accrue on the notes from, and including, December 8, 2017 or from, and including, the last date in respect of which interest has been paid or provided for, as the case may be, to, but excluding, the next interest payment date or the maturity date, as the case may be. We will pay interest on the notes on the basis of a 360-day year consisting of twelve 30-day months.

For a description of when and to whom we must pay additional interest and/or special interest, if any, see “-Events of Default.”

Limitation on Incurrence of Indebtedness

The indenture provides that during the period from the initial issuance of the notes to, and including, the maturity date, we will not, nor will we permit any of our subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, “incur” and collectively, an

“incurrence”) with respect to any indebtedness (as defined below) unless (a) the consolidated total debt ratio (as defined below) for the us and our subsidiaries on the date on which such indebtedness is incurred would have been equal to or less than 2.50 to 1.00 and (b) the consolidated net debt ratio (as defined below) for us and our subsidiaries on the date on which such indebtedness is incurred would have been equal to or less than 2.00 to 1.00, in each case, determined on a pro forma basis giving effect to such incurrence and the application of the proceeds thereof provided that, notwithstanding the foregoing, nothing in the corresponding section of the indenture shall prohibit us and our subsidiaries, taken together, from incurring indebtedness in respect of purchase money indebtedness not to exceed in the aggregate \$10.0 million at any one time outstanding.

The following terms are defined as such in the indenture:

“Applicable calculation date” means the applicable date of calculation for (i) the consolidated total debt ratio or (ii) the consolidated net debt ratio.

“Applicable measurement period” means the most recently completed four consecutive fiscal quarters of us ending on or immediately preceding the applicable calculation date for which internal financial statements are available; provided that prior to the first date financial statements have been furnished under the indenture, the applicable measurement period in effect will be the period of four consecutive fiscal quarters for us ended September 30, 2017.

“Cash and cash equivalents” means (i) unrestricted cash and cash equivalents, as defined in accordance with GAAP, and (ii) unrestricted securities

of the following types: commercial paper, certificates of deposit, guaranteed investment contracts and repurchase agreements where the obligor to us is rated A (or equivalent rating) or above by Fitch, S&P or Moody's (or in the case of commercial paper, rated P-1 or higher by Moody's or A-1 or higher by S&P).

“Consolidated adjusted EBITDA” means with reference to any period, consolidated net income for such period plus:

(i) to the extent deducted in determining consolidated net income, depreciation, amortization, interest expense, income taxes, and stock-based compensation expense

any items (regardless of whether any such item is positive or negative), to the extent such items are included as (ii) “adjustments to net income (loss)” in bridging from “GAAP net income (loss)” to “non-GAAP net income (loss)” in the our press release announcing our financial results for such period and

to the extent included in determining consolidated net income, unrealized and realized non-cash gains or losses (iii) resulting from the impact of foreign currency changes on the valuation of assets and liabilities on our balance sheet and minus, to the extent included as income in determining consolidated net income, interest income and any extraordinary and other non-recurring gains of us and our subsidiaries on a consolidated basis.

Consolidated net income will further be adjusted as follows to account for Accounting Standards Codification (“ASC”) 842 and ASC 606: (a) ASC 842: consolidated net income will be determined on the basis of the accounting for lease obligations in place prior to the adoption of ASC 842. (b) ASC 606: (A) for fiscal year 2018 and prior periods, consolidated net income and the related adjustment above shall be the amount pertaining to the standards in place prior to the adoption of ASC 606 included in the footnotes to our consolidated financial statements included in our most recent periodic report that we are required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act, and (B) beginning with the first quarter of fiscal year 2019 and all subsequent periods, the amount of net income and related adjustments above shall be the amount included on the income statement included in our most recent periodic report that we are required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. All the foregoing adjustments shall be made without duplication.

“Consolidated net debt ratio” means, as of any date of determination, the ratio of (i) consolidated total indebtedness of us and our subsidiaries as of the applicable calculation date minus the aggregate amount of securities outstanding as of the applicable calculation date minus all cash and cash equivalents of us and our subsidiaries determined on a consolidated basis to (ii) the consolidated adjusted EBITDA of us and our subsidiaries for the applicable measurement period.

“Consolidated net income” means, with reference to any period, the net income (or loss) of the us and our subsidiaries for such period, on a consolidated basis, provided that there shall be excluded any net income, gain or losses during such period from (i) any change in accounting principles in accordance with GAAP, (ii) any prior period adjustment resulting from any change in accounting principles in accordance with GAAP and (iii) any discontinued operations.

“Consolidated total debt ratio” means, as of any date of determination, the ratio of (i) consolidated total indebtedness of us and our subsidiaries as of the applicable calculation date minus the aggregate amount of notes outstanding as of the applicable calculation date to (ii) the consolidated adjusted EBITDA of us and our subsidiaries for the applicable measurement period.

“Consolidated total indebtedness” means, as at any date of determination, an amount equal to the aggregate principal amount of all outstanding indebtedness of us and our subsidiaries on a consolidated basis consisting of indebtedness for borrowed money, unreimbursed drawings under letters of credit, obligations in respect of financing lease obligations and third-party debt obligations evidenced by promissory notes and similar instruments (and excluding, for

the avoidance of doubt, (i) all undrawn amounts under revolving credit facilities, (ii) performance bonds or any similar instruments and (iii) lease obligations that are not financing lease obligations), in each case determined on a consolidated basis in accordance with GAAP.

“Financing lease obligation” means an obligation that is required to be accounted for as a financing or capital lease (and, for the avoidance of doubt, not an operating lease) on the balance sheet for financial reporting purposes in accordance with GAAP, adjusted for the impact of the adoption of ASC 842 expected to be effective January 1, 2019. At the time any determination thereof is to be made, the amount of the liability in respect of a financing or capital lease would be the amount required to be reflected as a liability on such balance sheet (excluding the footnotes thereto) in accordance with GAAP, before giving effect to the impact of the adoption of ASC 842.

“Fitch” means Fitch Rating Service, Inc. and any successor to its rating agency business.

“GAAP” means generally accepted accounting principles in the United States of America as in effect and, to the extent optional, adopted by us, on December 8, 2017, consistently applied, except as set forth with respect to ASC 842 and ASC 606 in the foregoing definitions of consolidated adjusted EBITDA and financing lease obligation.

“Hedging agreement” means (i) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange

transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Hedging Obligations” means, with respect to any person, the obligations of such person under any hedging agreements.

“Indebtedness” means, with respect to any specified person, any indebtedness of such person (excluding accrued expenses and trade payables, except as provided in clause (e) below), whether or not contingent:

(a) in respect of borrowed money

(b) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof)

(c) in respect of banker’s acceptances

(d) representing financing lease obligations in respect of sale and leaseback transactions

representing the balance of deferred and unpaid purchase price of any property or services with a scheduled due (e) date more than six months after such property is acquired or such services are completed, to the extent that such obligation has become a liability on the balance sheet of such person in accordance with GAAP or

representing the net amount owing under any hedging obligations, if and to the extent any of the preceding items (f) (other than letters of credit and hedging obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP.

The amount of any indebtedness outstanding as of any date will be the principal amount of such indebtedness or, in respect of any indebtedness guaranteed by the specified person, the lesser of (i) the principal amount of such indebtedness of such other person and (ii) the maximum amount of such indebtedness payable under the guarantee. In addition, the term “indebtedness” includes all indebtedness of others secured by a lien on any asset of the specified person (whether or not such indebtedness is assumed by the specified person) and, to the extent not otherwise included, the guarantee by the specified person of any indebtedness of any other person provided that the amount of such indebtedness shall be deemed not to exceed the lesser of the amount secured by such lien and the value of the person’s property securing such lien.

“Lien” means, with respect to any asset, any mortgage, lien (other than statutory liens that are not overdue by 30 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted), pledge, hypothecation, charge, security interest, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction provided that in no event shall an operating lease (as determined prior to the adoption of ASC 842) be deemed to constitute a lien.

“Moody’s” means Moody’s Investors Service, Inc. and any successor to its rating agency business.

“S&P” means Standard & Poor’s Rating Services, a division of McGraw-Hill Financial, Inc., and any successor to its rating agency business.

Conversion Rights

General

Holders of notes may convert their notes at any time prior to the close of business on the scheduled trading day immediately preceding the maturity date in integral multiples of \$1,000 principal amount at the then applicable conversion rate, which is initially 23.8095 shares of our common stock per \$1,000 principal amount of notes (which represents an initial conversion price of approximately \$42.00 per share of our common stock). The conversion rate, and thus the conversion price, will be subject to adjustment as described below. Except as described below, we will not make any payment or other adjustment on conversion with respect to any accrued interest on the notes, and we will not adjust the conversion rate to account for accrued and unpaid interest. Instead, accrued interest will be deemed to be paid by the consideration received by the holder upon conversion. As a result, accrued interest is deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the immediately preceding paragraph, if notes are converted after the close of business on a record date but prior to the open of business on the next interest payment date, holders of such notes at the close of business on the record date will, on the corresponding interest

payment date, receive the full amount of the interest payable on such notes on that interest payment date notwithstanding the conversion. However, a holder who surrenders a note for conversion after the close of business on a record date but prior to the open of business on the next interest payment date must pay to the conversion agent, upon surrender, an amount equal to the full amount of interest payable on the corresponding interest payment date on the note so converted; provided that no such payment need be made to us:

• if the note is surrendered for conversion after the close of business on the record date immediately preceding the maturity date; or
• if we have specified a repurchase date following a fundamental change that is after a record date but on or prior to the next interest payment date, and the note is surrendered for conversion after the close of business on such record date and on or prior to the open of business on such interest payment date.

We will not issue a fractional share of our common stock upon conversion of a note. Instead, we will pay cash in lieu of fractional shares based on the daily VWAP (as defined below) on the relevant conversion date. A note for which a holder has delivered a fundamental change repurchase notice, as described below, requiring us to repurchase the note, may be surrendered for conversion only if the holder withdraws such repurchase notice in accordance with the indenture, unless we default in the payment of the fundamental change repurchase price.

If a holder converts notes, we will pay any documentary, stamp or similar issue or transfer tax due on any issuance of any shares of our Class A common stock upon the conversion, unless the tax is due because the holder requests any such shares to be issued in a name other than the holder's name, in which case the holder will pay that tax.

Conversion Procedures

To convert its note, a holder of a physical note must:

• complete and manually sign the required conversion notice, or a facsimile thereof, with appropriate notarization or signature guarantee and deliver the completed conversion notice or a facsimile thereof to the conversion agent;
• surrender the note to the conversion agent;
• if required, furnish appropriate endorsements and transfer documents;
• if required, pay all transfer or similar taxes; and
• if required, pay funds equal to interest payable on the next interest payment date.

If a holder holds a beneficial interest in a global note, to convert such note, the holder must comply with the last two requirements listed above and comply with DTC's procedures for converting a beneficial interest in a global note. The date a holder complies with the applicable requirements is the "conversion date" under the indenture.

Settlement Upon Conversion

Upon conversion of a holder's note, we will deliver to such holder a number of shares of our common stock equal to (i) (A) the aggregate principal amount of notes to be converted, divided by (B) \$1,000, multiplied by (ii) the conversion rate in effect on the applicable conversion date, together with a cash payment in lieu of delivering any fractional share of our common stock. Settlement shall occur on the second business day immediately following the relevant conversion date, unless such conversion date occurs on or following June 15, 2021, in which case settlement shall occur on the maturity date.

We will comply with all securities laws regulating the offer and delivery of any of our common stock upon conversion of notes and shall list such shares on each national securities exchange or automated quotation system on which our common stock is listed on the applicable conversion date.

“Closing sale price” on any date means the per share price of our common stock on such date, determined (i) on the basis of the closing sale price per share (or if no closing sale price per share is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in the composite transactions for the relevant stock exchange; or (ii) if our common stock is not listed on a U.S. national securities exchange on the relevant date, the last quoted bid price for our common stock on the relevant date, as reported by OTC Markets Group, Inc. or a similar organization; provided, however, that in the absence of any such report or quotation, the closing sale price shall be the price determined by a nationally recognized independent investment banking firm retained by us for such purpose as most accurately reflecting the per share price that a fully informed buyer, acting on his own accord, would pay to a fully informed seller, acting on his own accord in an arm’s-length transaction, for one share of our common stock. The closing sale price will be determined without reference to after-hours or extended market trading.

The “daily VWAP” means, for each trading day during the relevant period, the per share volume-weighted average price as displayed under the heading “Bloomberg VWAP” on Bloomberg page “CSOD.Q <equity> AQR” (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such trading day (or if such volume-weighted average price is unavailable, the market value of one share of our common stock on such trading day determined, using

a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us). The “daily VWAP” shall be determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours.

“Market disruption event” means, with respect to our common stock or any other security, (i) a failure by the relevant stock exchange to open for trading during its regular trading session or (ii) the occurrence or existence for more than one half-hour period in the aggregate on any “scheduled trading day” (as defined below) for our common stock or such other security of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise) of our common stock or such other security or in any options contracts or future contracts relating to our common stock or such other security, and such suspension or limitation occurs or exists at any time before 1:00 p.m., New York City time, on such day.

“Relevant stock exchange” means The Nasdaq Global Select Market or, if our common stock (or other security for which the closing sale price must be determined) is not then listed on The Nasdaq Global Select Market, the principal other U.S. national securities exchange or market on which our common stock (or such other security) is then listed.

“Scheduled trading day” means a day that is scheduled to be a trading day on the relevant stock exchange. If our common stock is not listed on any U.S. national securities exchange, “scheduled trading day” means a business day.

“Trading day” means a day on which (i) there is no market disruption event, (ii) trading in our common stock generally occurs on the relevant stock exchange or, if our common stock is not then listed on a U.S. national securities exchange, on the principal other market on which our common stock is then traded, and (iii) a closing sale price for our common stock is available on such securities exchange or market; provided that if our common stock (or other security for which a closing sale price must be determined) is not so listed or traded, “trading day” means a business day.

In the case of any conversion of notes other than the SL securities, we will deliver and, if applicable, pay the consideration due in respect of the conversion obligation on the second business day immediately following the relevant conversion date. In the case of any conversion of SL securities, we shall deliver and, if applicable, pay the consideration due in respect of the conversion obligation on the second business day immediately following the relevant conversion date unless otherwise specified in the written notice referred to in the proviso below; provided, however, that the shares of common stock due in respect of the conversion obligation shall be delivered on the day specified in a written notice from the owner(s) (or in the case of global notes, beneficial owner(s)) of the SL securities being converted that is delivered to us on or prior to the first business day immediately following the relevant conversion date, which delivery date (in respect of such shares of common stock) shall be no earlier than the second business day immediately following the relevant conversion date and be no later than the seventh business day immediately following the relevant conversion date (it being understood that if no such notice is delivered to us, then we shall deliver such shares on the second business day immediately following the relevant conversion date).

“SL Securities” means (a) any restricted global notes identified by CUSIP number 21925YAC7 and ISIN number US21925YAC75, (b) any unrestricted global notes identified by CUSIP number 21925YAD5 and ISIN number US21925YAD58, (c) any physical notes held in the name of any member of the Silver Lake Group (as defined below) and (d) any temporary notes issued in exchange for or in lieu of the notes referred to in clauses (a), (b) or (c) in which one or more members of the Silver Lake Group has a beneficial interest.

If a holder converts more than one note at the same time, the conversion obligation with respect to such notes shall be based on the total principal amount of all notes so converted.

Adjustments to the Conversion Rate

The conversion rate is subject to adjustment from time to time, without duplication, upon the occurrence of any of the following events:

(1) In case we shall pay or make a dividend or other distribution on our common stock consisting exclusively of our common stock, the conversion rate shall be increased by multiplying such conversion rate by a fraction of which the

denominator shall be the number of shares of common stock outstanding immediately prior to the open of business on the ex date (as defined below) for such dividend or distribution, and the numerator shall be the number of shares of our common stock outstanding immediately after such dividend or distribution, in the following formula:
where,

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CR_0 = the conversion rate in effect immediately prior to the open of business on the ex date of such dividend or distribution;

CR' = the conversion rate in effect immediately after the open of business on the ex date for such dividend or distribution;

OS_0 = the number of shares of our common stock outstanding immediately prior to the open of business on the ex date for such dividend or distribution; and

OS' = the number of shares of our common stock outstanding immediately after giving effect to such dividend or distribution.

In case we shall effect a share split or share combination, the conversion rate shall be proportionally increased, in the case of a share split, and proportionally reduced, in the case of a share combination, as expressed in the following formula:

where,

CR_0 = the conversion rate in effect immediately prior to the open of business on the effective date of such share split or share combination;

CR' = the conversion rate in effect immediately after the open of business on the effective date of such share split or share combination;

OS_0 = the number of shares of our common stock outstanding immediately prior to the open of business on the effective date of such share split or share combination; and

OS' = the number of shares of our common stock outstanding immediately after giving effect to such share split or share combination.

Any adjustment made under this clause (1) shall become effective immediately after the open of business on the ex date for such dividend or distribution, or immediately after the open of business on the effective date for such share split or share combination, as the case may be. If any dividend or distribution of the type described in this clause (1) is declared but not so paid or made, or any share split or share combination of the type described in this clause (1) is announced but the shares of our common stock are not split or combined, as the case may be, then the conversion rate shall be immediately readjusted, effective as of the date our board of directors or an authorized committee thereof determines not to pay such dividend or distribution, or not to split or combine the shares of our common stock, as the case may be, to the conversion rate that would then be in effect if such dividend or distribution had not been declared or such share split or combination had not been announced.

(2) If we distribute to all or substantially all holders of our common stock any rights, options or warrants entitling them, for a period expiring not more than 45 days immediately following the date of such distribution, to purchase or subscribe for our common stock, at a price per share less than the average of the closing sale prices of our common stock over the 10 consecutive trading day period ending on the trading day immediately preceding the date of announcement for such distribution, the conversion rate will be increased based on the following formula:

where,

CR_0 = the conversion rate in effect immediately prior to the open of business on the ex date for such distribution;

CR' = the conversion rate in effect immediately after the open of business on such ex date;

OS_0 = the number of shares of our common stock outstanding immediately prior to the open of business on such ex date;

X = the total number of shares of our common stock issuable pursuant to such rights, options or warrants; and

Y = the number of shares of our common stock equal to the aggregate price payable to exercise such rights, options or warrants, divided by the average of the closing sale prices of our shares of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement for such distribution.

Any increase made under this clause (2) will be made successively whenever any such rights, options or warrants are distributed and will become effective immediately after the open of business on the ex date for such distribution. To the extent that our common stock is not delivered after expiration of such rights, options or warrants, the conversion rate shall be readjusted, effective as of the date of such expiration, to the conversion rate that would then be in effect had the increase with respect to the distribution of such rights, options or warrants been made on the basis of

delivery of only the number of shares of our common stock actually delivered. If such rights, options or warrants are not so distributed, the conversion rate shall be decreased, effective as of the date our board of directors or an authorized committee thereof determines not to make such distribution, to the conversion rate that would then be in effect if such ex date for such distribution had not occurred.

In determining whether any rights, options or warrants entitle the holders to subscribe for or purchase our common stock at less than such average of the closing sale prices for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement for such distribution, and in determining the aggregate offering price of such common stock, there shall be taken into account any consideration received by us for such rights, options or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by our board of directors or an authorized committee thereof. Except in the case of a readjustment of the conversion rate pursuant to the immediately preceding paragraph, the conversion rate shall not be decreased pursuant to this clause (2).

(3) If we distribute shares of our capital stock, evidences of our indebtedness or other of our assets, securities or property of ours or rights, options or warrants to acquire our capital stock or other securities, to all or substantially all holders of our common stock, but excluding:

- (i) dividends or distributions as to which an adjustment was effected pursuant to the clauses (1) or (2) above;
 - (ii) dividends or distributions paid exclusively in cash as to which an adjustment was effected pursuant to clause (4) below;
 - (iii) distributions of reference property in a transaction described in the section “-Change in the Conversion Right Upon Certain Reclassifications, Business Combinations and Asset Sales” below;
 - (iv) rights issued pursuant to a rights plan adopted by us (i.e., a poison pill), except to the extent provided by the indenture; and
 - (v) spin-offs to which the provisions set forth in the latter portion of this paragraph shall apply,
- (any of such shares of capital stock, indebtedness or other assets, securities or property or rights, options or warrants to acquire our capital stock or other securities, the “distributed property”), then, in each such case, the conversion rate will be increased based on the following formula:

where,

CR_0 = the conversion rate in effect immediately prior to the open of business on the ex date for such distribution;

CR' = the conversion rate in effect immediately after the open of business on the ex date for such distribution;

SP_0 = the average of the closing sale prices of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the ex date for such distribution; and

FMV = the fair market value (as determined by our board of directors or an authorized committee thereof) of the distributed property distributable with respect to each outstanding share of our common stock as of the open of business on the ex date for such distribution.

If our board of directors or an authorized committee thereof determines “FMV” for purposes of this clause (3) by reference to the actual or when issued trading market for any notes, it must in doing so consider the prices in such market over the same period used in computing the closing sale prices of our common stock over the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the ex date for such distribution.

Notwithstanding the foregoing, if “FMV” (as defined above) for purposes of this clause (3) is equal to or greater than the “ SP' ” (as defined above), in lieu of the foregoing increase, provision shall be made for each holder of a note to receive, for each \$1,000 principal amount of notes it holds, at the same time and upon the same terms as holders of our

common stock, the amount and kind of distributed property that such holder would have received if such holder owned a number of shares of our common stock equal to the conversion rate in effect on the ex date for such distribution.

Any increase made under the portion of this clause (3) above shall become effective immediately after the open of business on the ex date for such distribution. If such distribution is not so paid or made, the conversion rate shall be decreased, effective as of the date our board of directors or an authorized committee thereof determines not to make such distribution, to the conversion rate that would then be in effect if such dividend or distribution had not been declared.

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on our common stock of capital stock of any class or series, or similar equity interests, of or relating to one or more of our subsidiaries or other business units where such capital stock or similar equity interest is listed or quoted (or will be listed or quoted upon consummation of the transaction) on a U.S. national securities exchange, which we refer to as a “spin-off,” the conversion rate will be increased based on the following formula:

where,

CR_0 = the conversion rate in effect immediately prior to the open of business on the ex date for the spin-off;

CR' = the conversion rate in effect immediately after the open of business on ex date of the spin-off;

FMV_0 = the average of the closing sale prices of the capital stock or similar equity interest distributed to holders of our common stock applicable to one share of our common stock over the 10 consecutive trading days immediately following, and including, the ex date for the spin-off (the "valuation period"); and

MP_0 = the average of the closing sale prices of our common stock over the valuation period.

The increase to the conversion rate under the preceding paragraph shall be determined on the last trading day of the valuation period, but will be given effect immediately after the open of business on the ex date for such spin-off. For purposes of determining the conversion rate in respect of any conversions during the 10 trading days commencing on the ex-date for such spin-off, references within the portion of this clause (3) related to spin-offs to 10 consecutive trading days shall be deemed replaced with such lesser number of trading days as have elapsed from, and including, the ex date of such spin-off to, but excluding, the relevant conversion date.

Except in the case of a readjustment of the conversion rate pursuant to the last sentence of either the fourth paragraph of this clause (3), the conversion rate shall not be decreased pursuant to this clause (3).

(4) If any cash dividend or distribution is made to all or substantially all holders of our common stock, the conversion rate will be increased based on the following formula:

where,

CR_0 = the conversion rate in effect immediately prior to the open of business on the ex date for such dividend or distribution;

CR' = the conversion rate in effect immediately after the open of business on the ex date for such dividend or distribution;

SP_0 = the average of the closing sale prices of our common stock over the 10 consecutive trading day period immediately preceding the ex date for such dividend or distribution (or, if we declare such dividend or distribution less than 11 trading days prior to the ex date for such dividend or distribution the reference to 10 consecutive trading days shall be replaced with a smaller number of consecutive trading days that shall have occurred after, and not including, such declaration date and prior to, but not including, the ex date for such dividend or distribution); and

C = the amount in cash per share of our common stock we distribute to holders of our common stock.

Any adjustment made under this clause (4) shall become effective immediately after the open of business on the ex date for such dividend or distribution.

Notwithstanding the foregoing, if "C" (as defined above) is equal to or greater than "SR" (as defined above), in lieu of the foregoing increase, provision shall be made for each holder of a note to receive, for each \$1,000 principal amount of notes it holds, at the same time and upon the same terms as holders of our common stock, the amount of cash such holder would have received as if such holder owned a number of shares of our common stock equal to the conversion rate on the ex date for such cash dividend or distribution. If such dividend or distribution is not so paid, the conversion rate shall be decreased, effective as of the date our board of directors or an authorized committee thereof determines not to pay such dividend or distribution, to the conversion rate that would then be in effect if such dividend or distribution had not been declared.

Except in the case of a readjustment of the conversion rate pursuant to the last sentence of the immediately preceding paragraph, the conversion rate shall not be decreased pursuant to this clause (4).

(5) If we or any of our subsidiaries make a payment in respect of a tender offer or exchange offer for our common stock, if the cash and value of any other consideration included in the payment per share of our common stock exceeds the average of the closing sale prices of our common stock over the 10 consecutive trading-day period commencing on, and including, the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the conversion rate will be increased based on the following formula:

where,

CR_0 = the conversion rate in effect immediately prior to the close of business on the last trading day of the 10 consecutive trading day period commencing on, and including, the trading day next succeeding the date such tender or exchange offer expires;

CR' = the conversion rate in effect immediately after the close of business on the last trading day of the 10 consecutive trading day period commencing on, and including, the trading day next succeeding the date such tender or exchange offer expires;

AC = the aggregate value of all cash and any other consideration (as determined by our board of directors or an authorized committee thereof) paid or payable for shares of our common stock purchased in such tender or exchange offer;

OS_0 = the number of shares of our common stock outstanding immediately prior to the time such tender or exchange offer expires (prior to giving effect to such tender offer or exchange offer);

OS' = the number of shares of our common stock outstanding immediately after the time such tender or exchange offer expires (after giving effect to such tender offer or exchange offer); and

SP' = the average of the closing sale prices of our common stock over the 10 consecutive trading day period commencing on, and including, the trading day next succeeding the date such tender or exchange offer expires.

The increase to the conversion rate under this clause (5) will occur at the close of business on the 10th trading day immediately following, and including, the trading day next succeeding the date such tender or exchange offer expires; provided that, for purposes of determining the conversion rate, in respect of any conversion during the 10 trading days immediately following, but excluding, the date that any such tender or exchange offer expires, references within this clause (5) to 10 consecutive trading days shall be deemed to be replaced with such lesser number of consecutive trading days as have elapsed between the date such tender or exchange offer expires and the relevant conversion date.

If we are, or one of our subsidiaries is, obligated to purchase our common stock pursuant to any such tender or exchange offer but we are, or such subsidiary is, permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the conversion rate shall be immediately decreased to the conversion rate that would be in effect if such tender or exchange offer had not been made.

Except in the case of a readjustment of the conversion rate pursuant to the last sentence of the immediately preceding paragraph, the conversion rate shall not be decreased pursuant to this clause (5).

The "ex date" is the first date on which our common shares trade on the relevant stock exchange, regular way, without the right to receive the issuance, dividend or distribution in question from us or, if applicable, from the seller of our common stock on the relevant stock exchange (in the form of due bills or otherwise) as determined by the relevant stock exchange.

The indenture does not require us to adjust the conversion rate for any of the transactions described in the paragraphs above (other than for share splits or share combinations) if we make provision for each holder of the notes to participate in the transaction, at the same time and upon the same terms as holders of our common stock participate, without conversion, as if such holder held a number of shares of our common stock equal to the conversion rate in effect on the ex date or effective date, as the case may be, of such transaction (without giving effect to any adjustment pursuant to the paragraphs above on account of such transaction), multiplied by the principal amount (expressed in thousands) of notes held by such holder. If we issue rights, options or warrants that are only exercisable upon the occurrence of certain triggering events, then:

we will not adjust the conversion rate pursuant to the paragraphs above until the earliest of these triggering events occurs; and

we will readjust the conversion rate to the extent any of these rights, options or warrants are not exercised before they expire.

We will not adjust the conversion rate pursuant to the paragraphs above unless the adjustment would result in a change of at least 1% in the then effective conversion rate. However, we will carry forward any adjustments that we would otherwise have had to make and make such carried forward adjustments with respect to the conversion rate when the cumulative effect of all adjustments not yet made will result in a change of one percent (1%) or more of the conversion rate as last adjusted (or, if never adjusted, the initial conversion rate) and (ii) notwithstanding the foregoing, all such deferred adjustments that have not yet been made shall be made (including any adjustments that are less than one percent (1%) of the conversion rate as last adjusted (or, if never adjusted, the initial conversion rate)) (1) on the effective date of any fundamental change or make-whole fundamental change and (2) on the conversion date.

Adjustments to the conversion rate will be calculated to the nearest 1/10,000th of a share.

To the extent permitted by applicable law and the rules of the relevant stock exchange, we may, from time to time, increase the conversion rate by any amount for a period of at least 25 trading days or any longer period permitted or required by law, if our board of directors or an authorized committee thereof has made a determination, which determination shall be conclusive, that such increase is in our best interests. Such conversion

rate increase shall be irrevocable during this period. We will give notice of such increase to the trustee and the conversion agent and cause such notice, which will include the amount of the increase and the period during which the increase will be in effect, to be sent to each holder of notes at least 15 days prior to the day on which such increase commences. In addition, we may, but are not obligated to, increase the conversion rate as we consider to be advisable in order to avoid or diminish any income tax to any holders of our common stock (or rights to purchase common stock) resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes or any other reason.

To the extent that we adopt a rights plan (i.e., a poison pill) and such plan is in effect upon conversion of the notes, we shall make provision such that each holder will receive, in addition to, and concurrently with the delivery of, any shares of our common stock otherwise due upon conversion, the rights under such rights plan or future rights plan in respect of such shares of our common stock, unless the rights have separated from our common stock before the time of conversion, in which case the conversion rate will be adjusted at the time of separation as if we had distributed to all holders of our common stock, distributed property as described in clause (3) above under this “-Conversion Rights-Adjustments to the Conversion Rate” section, subject to readjustment in the event of the expiration, termination or redemption of such rights.

Events That Will Not Result in Adjustment

The conversion rate will not be adjusted for any transaction or event other than for any transaction or event described above under “-Conversion Rights-Adjustments to the Conversion Rate” and below under “-Conversion Rights-Adjustment to the Conversion Rate Upon the Occurrence of a Make-whole Fundamental Change.” Without limiting the foregoing, the conversion rate will not be adjusted:

upon the issuance of any common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in shares of our common stock under any plan;

upon the issuance of any shares of our common stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of, or assumed by, us or any of our subsidiaries (or the issuance of any shares of our common stock pursuant to any such options or other rights);

upon the issuance of any common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the immediately preceding paragraph and outstanding as of the date the notes were first issued;

for accrued and unpaid interest, if any;

repurchases of our common stock that are not tender offers or exchange offers of the nature described in clause (5) of “-Conversion Rights-Adjustments to the Conversion Rate,” including structured or derivative transactions such as accelerated share repurchase transactions or similar forward derivatives;

solely for a change in the par value of our common stock; or

for the issuance of shares of our common stock or securities convertible into or exchangeable for shares of our common stock or the right to purchase shares of our common stock or such convertible or exchangeable securities, except as described under “-Conversion Rights-Adjustments to the Conversion Rate.”

Change in the Conversion Right Upon Certain Reclassifications, Business Combinations and Asset Sales

If we:

reclassify our common stock (other than a change as a result of a subdivision or combination of our common stock to which adjustments described in clause (1) under “-Conversion Rights-Adjustments to the Conversion Rate” apply);

are party to a consolidation, merger or binding share exchange; or

sell, transfer, lease, convey or otherwise dispose of all or substantially all of our and our subsidiaries’ consolidated property or assets, taken as a whole;

in each case, pursuant to which our common stock would be converted into or exchanged for, or would constitute solely the right to receive, cash, securities or other property (any such event, a “merger event”), each \$1,000 principal amount of converted notes will, from and after the effective time of such merger event, be convertible into the same kind, type and proportions of consideration that a holder of a number of shares of our common stock equal to the conversion rate in effect immediately prior to such merger event would have received in such merger event (which we refer to as the “reference property”) and, prior to or at the effective time of such merger event, we or the successor or purchasing person, as the case may be, will execute with the trustee a supplemental indenture providing for such change in the right to convert the notes; provided, however, that at and after the effective time of the merger event (A) any amount payable in cash for fractional shares of our common stock upon conversion of the notes in accordance with the indenture shall continue to be payable in cash, (B) any common stock that we would

have been required to deliver upon conversion of the notes in accordance with the indenture shall instead be deliverable in the amount and type of reference property that a holder of that number of shares of our common stock would have received in such merger event and (C) the daily VWAP shall be calculated based on a unit of reference property.

If the merger event causes our common stock to be converted into, or exchanged for, the right to receive more than a single type of consideration determined based in whole or in part upon any form of stockholder election, then (i) the reference property into which the notes will be convertible will be deemed to be the weighted average of the types and amounts of consideration received by the holders of our common stock that affirmatively make such an election and (ii) the unit of reference property for purposes of the immediately preceding paragraph shall refer to the consideration referred to in clause (i) attributable to one share of our common stock. We will notify the holders, the trustee and the conversion agent (if other than the trustee) of such weighted average as soon as reasonably practicable after such determination is made.

If the holders receive only cash in such merger event, then for all conversions that occur after the effective date of such merger event (A) the consideration due upon conversion of each \$1,000 principal amount of notes shall be solely cash in an amount equal to the conversion rate in effect on the conversion date (as may be increased pursuant to the indenture), multiplied by the price paid per share of our common stock in such merger event and (B) we shall satisfy our conversion obligation by paying cash to converting holders on the second business day immediately following the relevant conversion date. We have agreed in the indenture not to consummate any such transaction unless its terms are consistent with the foregoing.

If the reference property in respect of any such merger event includes shares of stock or other securities and assets of a corporation other than the successor or purchasing corporation, as the case may be, in such merger event, such supplemental indenture shall also be executed by such other corporation and shall contain such additional provisions to protect the interests of the holders as our board of directors or an authorized committee thereof shall reasonably consider necessary by reason of the foregoing, including to the extent practicable the provisions providing for conversion rights.

A change in the conversion right such as this could substantially lessen or eliminate the value of the conversion right. For example, if a third party acquires us in a cash merger, each note would be convertible solely into cash and would no longer be potentially convertible into securities whose value could increase depending on our future financial performance, prospects and other factors. There is no precise, established definition of the phrase “all or substantially all of our and our subsidiaries’ consolidated property or assets, taken as a whole” under applicable law. Accordingly, there may be uncertainty as to whether the provisions above would apply to a sale, transfer, lease, conveyance or other disposition of less than all of our and our subsidiaries consolidated property or assets.

Adjustment to the Conversion Rate Upon the Occurrence of a Make-whole Fundamental Change

If, prior to the maturity date, a make-whole fundamental change (as defined below) occurs, then, as described below under “-The Increase in the Conversion Rate,” we will increase the conversion rate applicable to notes that are surrendered for conversion at any time from, and including, the effective date of the make-whole fundamental change (A) if such make-whole fundamental change does not also constitute a fundamental change, to, and including, the close of business on the date that is thirty (30) business days after the later of (i) the actual effective date of the make-whole fundamental change and (ii) the date we send to holders of the notes the relevant notice of the effective date of any make-whole fundamental change, as described below or (B) if the make-whole fundamental change also constitutes a “fundamental change,” as described under “-Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change,” to, and including, the close of business on the business day immediately preceding the fundamental change repurchase date corresponding to such fundamental change (provided that the repurchase notice

has not been delivered by the holder or has been withdrawn). We refer to this period as the “make-whole conversion period.”

A “make-whole fundamental change” means an event described in the definition of “fundamental change” set forth below under “-Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change” after giving effect to any exceptions to or exclusions from such definition (including, without limitation, the exception described in the paragraph following clauses (a) through (d) of the definition of “change in control”), but without regard to the exclusion set forth in clause (c) of the definition of “change in control.” We will send to each holder (with a copy to the trustee and the conversion agent) written notice of the effective date of any make-whole fundamental change within 10 days after such effective date. We will indicate in such notice, among other things, the last day of the make-whole conversion period.

The Increase in the Conversion Rate

In connection with the make-whole fundamental change, we will increase the conversion rate by reference to the table below, based on the date when the make-whole fundamental change becomes effective, which we refer to as the “effective date,” and the “applicable price.” If the make-whole fundamental change is a transaction or series of related transactions described in clause (c) of the “change in control” definition set forth under “-Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change” and the consideration (excluding cash payments for fractional shares or pursuant to statutory appraisal rights) for our common stock in the make-whole fundamental change consists solely of cash, then the “applicable price” will be the cash amount paid per share of our common stock in the make-whole fundamental change. In all other cases, the “applicable price” will be the average of the closing sale prices per share of our common stock for the five consecutive trading days immediately preceding, but excluding, the relevant effective date. Our board of directors or an authorized committee thereof will make appropriate adjustments, in its good faith determination, to account for any adjustment to the conversion rate that becomes effective, or any event requiring an adjustment to the conversion rate in accordance with the indenture where the ex date of the event occurs, at any time during those five consecutive trading days.

Subject to the provisions set forth under “-Conversion Rights-Change in the Conversion Right Upon Certain Reclassifications, Business Combinations and Asset Sales,” upon surrender of notes for conversion in connection with a make-whole fundamental change, we shall, at our option, satisfy the related conversion obligation by physical settlement, cash settlement or combination settlement in accordance with the indenture. However, if the consideration for our common shares in any make-whole fundamental change described in the third paragraph of the change in control definition set forth under “-Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change” is composed entirely of cash, for any conversion of notes following the effective date of such make-whole fundamental change, the conversion obligation will be calculated based solely on the applicable price for the transaction and will be deemed to be an amount equal to, per \$1,000 principal amount of converted notes, the conversion rate (including any adjustment as described in this section), multiplied by such applicable price. In such event, the conversion obligation will be determined and shall be paid to holders in cash on the second business day following the conversion date. The following table sets forth the number of additional shares per \$1,000 principal amount of notes that will be added to the conversion rate applicable to the notes that are converted during the make-whole conversion period. The increased conversion rate will be used to determine the number of shares of common due upon conversion, as described under “-Conversion Rights-Settlement Upon Conversion” above. If an event occurs (other than a make-whole fundamental change as described in this paragraph) that requires an adjustment to the conversion rate, then, on the date and at the time on which such adjustment is so required to be made, each applicable price set forth in the table below under the column titled “Applicable Price” shall be deemed to be adjusted so that such applicable price, at and after such time, shall be equal to the product of:

the applicable price as in effect immediately before such adjustment to such applicable price; and

a fraction, the numerator of which is the conversion rate in effect immediately before such adjustment to the conversion rate and the denominator of which is the conversion rate to be in effect immediately after such adjustment to the conversion rate.

In addition, we will adjust the number of additional shares in the table below at the same time, in the same manner in which, and for the same events for which, we must adjust the conversion rate as described under “-Conversion Rights-Adjustments to the Conversion Rate.”

	Applicable Price												
Effective Date	\$34.85	\$37.50	\$40.00	\$42.00	\$45.00	\$50.00	\$60.00	\$70.00	\$80.00	\$100.00	\$120.00	\$140.00	\$160.00
December 1, 2017	4.8818	04.3552	03.9450	03.6643									