

# GOPRO, INC.

## FORM 10-Q (Quarterly Report)

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Address	3000 CLEARVIEW WAY SAN MATEO, CA 94402
Telephone	650-332-7600
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q**

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

For the quarterly period ended **June 30, 2014**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission file number: 001-36514**

**GOPRO, INC.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**77-0629474**

*(I.R.S. Employer  
Identification No.)*

**3000 Clearview Way  
San Mateo, California**

*(Address of principal executive offices)*

**94402**

*(Zip Code)*

**(650) 332-7600**

*(Registrant's telephone number, including area code)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes

No

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

Large accelerated filer

Accelerated filer

Non accelerated filer

Smaller reporting company

*(Do not check if a smaller reporting company)*

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

As of August 1, 2014, there were 20,470,000 shares of the Registrant's Class A common stock outstanding and 105,542,238 shares of the Registrant's Class B common stock outstanding.

**GoPro, Inc.**  
**Index**

	<u>Page No.</u>
<b>PART I. FINANCIAL INFORMATION</b>	
<b>Item 1.</b>	Condensed Consolidated Financial Statements (unaudited):
	Condensed Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013
	Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2014 and June 30, 2013
	Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2014 and June 30, 2013
	Notes to Condensed Consolidated Financial Statements
<b>Item 2.</b>	Management's Discussion and Analysis of Financial Condition and Results of Operations
<b>Item 3.</b>	Quantitative and Qualitative Disclosures About Market Risk
<b>Item 4.</b>	Controls and Procedures
<b>PART II. OTHER INFORMATION</b>	
<b>Item 1.</b>	Legal Proceedings
<b>Item 1A.</b>	Risk Factors
<b>Item 2.</b>	Unregistered Sales of Equity Securities and Use of Proceeds
<b>Item 3.</b>	Defaults Upon Senior Securities
<b>Item 4.</b>	Mine Safety Disclosures
<b>Item 5.</b>	Other Information
<b>Item 6.</b>	Exhibits
	Signatures
	Exhibit Index

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

GoPro, Inc.

Condensed consolidated balance sheets

(unaudited)

	June 30, 2014	December 31, 2013
<i>(In thousands)</i>		
<b>ASSETS</b>		
Current assets:		
Cash	\$ 104,879	\$ 101,410
Accounts receivable, net	49,230	122,669
Inventory, net	80,376	111,994
Prepaid expenses and other current assets	65,409	21,967
Total current assets	299,894	358,040
Property and equipment, net	38,939	32,111
Intangible assets and goodwill	16,805	17,365
Other long-term assets	36,562	32,155
Total assets	<u>\$ 392,200</u>	<u>\$ 439,671</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 54,925	\$ 126,423
Accrued liabilities	78,819	86,391
Deferred revenue	8,158	7,781
Income taxes payable	4,366	19,702
Current portion of long-term debt	66,306	60,297
Total current liabilities	212,574	300,594
Long-term debt, less current portion	41,433	53,315
Other long-term liabilities	13,719	13,930
Total liabilities	<u>267,726</u>	<u>367,839</u>
Commitments and contingencies (Note 10)		
Redeemable convertible preferred stock, \$0.0001 par value; 36,000,000 shares authorized: 30,523,036 shares issued and outstanding as of December 31, 2013 and June 30, 2014, respectively	77,227	77,198
<b>EQUITY</b>		
Stockholders' equity:		
Common stock, \$0.0001 par value, 150,000,000 shares authorized, 81,420,040 shares issued and outstanding as of December 31, 2013	—	8
Class A common stock, \$0.0001 par value, 150,000,000 shares authorized, no shares issued and outstanding	—	—
Class B common stock, \$0.0001 par value, 150,000,000 shares authorized, 86,177,848 shares issued and outstanding as of June 30, 2014	9	—
Additional paid-in capital	75,914	14,510
Accumulated deficit	(28,676)	(19,884)
Total stockholders' equity (deficit)	47,247	(5,366)
Total liabilities and stockholders' equity (deficit)	<u>\$ 392,200</u>	<u>\$ 439,671</u>

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

# GoPro, Inc.

## Condensed consolidated statements of operations

(unaudited)

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	<i>(In thousands, except per share amounts)</i>			
Revenue	\$ 244,605	\$ 177,082	\$ 480,321	\$ 432,139
Cost of revenue	141,736	120,242	280,938	285,870
Gross profit	102,869	56,840	199,383	146,269
<b>Operating expenses:</b>				
Research and development	34,663	16,687	63,402	28,699
Sales and marketing	43,701	39,065	85,042	74,738
General and administrative	41,171	7,044	51,049	14,032
Total operating expenses	119,535	62,796	199,493	117,469
Operating income (loss)	(16,666)	(5,956)	(110)	28,800
Other income (expense), net	(1,536)	(1,697)	(3,161)	(3,391)
Income (loss) before income taxes	(18,202)	(7,653)	(3,271)	25,409
Income tax (benefit) expense	1,639	(2,568)	5,521	7,459
Net income (loss)	<u>\$ (19,841)</u>	<u>\$ (5,085)</u>	<u>\$ (8,792)</u>	<u>\$ 17,950</u>
Less: undistributed earnings allocable to: holders of preferred stock and unvested early exercised options and restricted stock				
	—	—	—	(4,964)
Undistributed net income (loss) attributable to common stockholders— basic	<u>\$ (19,841)</u>	<u>\$ (5,085)</u>	<u>\$ (8,792)</u>	<u>\$ 12,986</u>
Add: adjustments to net income for dilutive securities allocable to: holders of preferred stock and unvested early exercised options and restricted stock				
	—	—	—	680
Undistributed net income (loss) attributable to common stockholders— diluted	<u>\$ (19,841)</u>	<u>\$ (5,085)</u>	<u>\$ (8,792)</u>	<u>\$ 13,666</u>
<b>Net income (loss) per share attributable to common stockholders:</b>				
Basic	<u>\$ (0.24)</u>	<u>\$ (0.06)</u>	<u>\$ (0.11)</u>	<u>\$ 0.16</u>
Diluted	<u>\$ (0.24)</u>	<u>\$ (0.06)</u>	<u>\$ (0.11)</u>	<u>\$ 0.14</u>
<b>Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:</b>				
Basic	82,936	80,902	82,263	80,836
Diluted	82,936	80,902	82,263	98,577

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

# GoPro, Inc.

## Condensed consolidated statements of cash flows

(unaudited)

	Six months ended	
	June 30, 2014	June 30, 2013
<i>(In thousands)</i>		
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (8,792)	\$ 17,950
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,988	5,416
Deferred taxes	(799)	(1,028)
Excess tax benefit from stock-based compensation	(20,836)	(20)
Stock-based compensation	38,230	4,627
Provision for doubtful accounts	246	293
Provision for inventory obsolescence	1,316	2,939
Loss on disposals of fixed assets and other	298	759
Changes in operating assets and liabilities:		
Accounts receivable, net	73,193	26,020
Inventory	30,301	(51,590)
Prepays and other assets	(39,504)	(9,786)
Accounts payable and accrued liabilities	(75,270)	2,607
Deferred revenue	378	(1,427)
Net cash provided by (used in) operating activities	<u>6,749</u>	<u>(3,240)</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(12,657)	(7,872)
Proceeds from sale of property and equipment	288	—
Cash paid for acquisition	(3,200)	—
Net cash used in investing activities	<u>(15,569)</u>	<u>(7,872)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock	1,429	137
Excess tax benefit from stock-based compensation	20,836	20
Payment of debt issuance costs and deferred public offering costs	(3,056)	(232)
Purchase of shares and net exercise of stock options	(920)	—
Issuance of debt	—	15,000
Repayment of debt	(6,000)	(13,000)
Net cash provided by financing activities	<u>12,289</u>	<u>1,925</u>
Net increase (decrease) in cash and cash equivalents	3,469	(9,187)
Cash and cash equivalents at beginning of period	101,410	36,485
Cash and cash equivalents at end of period	<u>\$ 104,879</u>	<u>\$ 27,298</u>
<b>Non-cash investing and financing activities:</b>		
Purchases of property and equipment included in accounts payable and accrued liabilities	\$ 5,803	\$ 2,076
Deferred public offering costs included in accounts payable and accrued liabilities	2,204	366
Exercise of selling stockholder options	1,709	—

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

# GoPro, Inc.

## Notes to condensed consolidated financial statements

(unaudited)

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### 1. Business overview

GoPro, Inc. (GoPro or the Company) was incorporated as Woodman Labs, Inc. in California on February 14, 2004 as an S Corporation. The Company produces mountable and wearable cameras and accessories, which the Company refers to as capture devices. The Company's products are sold globally through retailers, wholesale distributors and on the Company's website. The Company's corporate headquarters are located in San Mateo, California with additional offices in Hong Kong and Shenzhen, China and Munich, Germany.

The Company completed its initial public offering (IPO) of common stock on July 1, 2014 in accordance with the Securities Act of 1933, as amended. The Company sold 8,900,000 shares and certain of its stockholders sold 11,570,000 shares, including 2,670,000 shares for the underwriters' option to purchase additional shares. The shares were sold at an initial public offering price of \$24.00 per share for net proceeds of \$200.8 million to the Company, after deducting underwriting discounts and commissions. See Note 13, Subsequent Events for additional information.

### 2. Basis of presentation and Summary of Significant Accounting Policies

The Company's fiscal year ends on December 31, and its fiscal quarters end on March 31, June 30 and September 30.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary to present fairly the financial position of the Company and its results of operations and cash flow for the interim periods presented have been included. Operating results for the six months ended June 30, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014, for any other interim period or for any other future year.

The condensed consolidated balance sheet at December 31, 2013 has been derived from the audited financial statements at that date, but does not include all of the disclosures required by GAAP. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's prospectus filed with the Securities and Exchange Commission (SEC) on June 26, 2014.

There have been no significant changes in the Company's accounting policies from those disclosed in its prospectus filed with the SEC on June 26, 2014.

#### ***Principles of consolidation***

These consolidated financial statements include all the accounts of the Company and its wholly-owned subsidiaries. Unless otherwise specified, references to the Company are references to GoPro, Inc. and its consolidated subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

#### ***Use of estimates***

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the Company's consolidated financial statements and accompanying notes. The Company regularly evaluates estimates and assumptions related to its allowance for doubtful accounts, stock-based compensation, inventory valuation, warranty liabilities, sales returns, web-

# GoPro, Inc.

## Notes to condensed consolidated financial statements

(unaudited)

based sale deliveries at period-end, implied post contract support and marketing allowances, the valuation and useful life evaluation of acquired intangibles, the valuation of deferred income tax assets and uncertain tax positions. The Company bases its estimates and assumptions on historical experience and on various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from management's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

### **Recent accounting pronouncements**

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued a new accounting standard update on revenue from contracts with customers, which supercedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the Codification. The new guidance adheres to the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this principle, the new guidance lists five steps that entities should follow, including identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognizing revenue when the entity satisfies a performance obligation. The new guidance becomes effective for the Company on January 1, 2017, with retrospective application permitted. Early application is not permitted. The Company is currently assessing the impact of this new guidance.

In June 2014, the FASB issued a new accounting standard update on the accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The amendments require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. The new guidance becomes effective for the Company on January 1, 2016, with early adoption is permitted. The Company does not believe the adoption of this guidance will have a material impact on its Condensed Consolidated Financial Statements.

### **Correction of error**

During the preparation of the accompanying condensed consolidated financial statements, the Company determined that within the consolidated statement of cash flows previously disclosed for the quarter ended March 31, 2014, net cash provided by operating activities was understated by \$3.2 million and net cash used for investing activities was understated by the same amount. The Company has properly presented its condensed consolidated statement of cash flows for the six month period ended June 30, 2014 and determined that this revision is not material to prior periods.



**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**3. Balance sheet components**

**Inventory, net.** Inventory, net consisted of the following:

(in thousands)	June 30, 2014	December 31, 2013
Components	\$ 3,754	\$ 8,000
Finished goods	76,622	103,994
Total inventory, net	<u>\$ 80,376</u>	<u>\$ 111,994</u>

**Prepaid expenses and other current assets.** Prepaid expenses and other current assets consisted of the following:

(in thousands)	June 30, 2014	December 31, 2013
Prepaid expenses	\$ 28,239	\$ 3,830
Non-trade receivables	19,963	144
Current deferred tax assets	14,984	15,173
Other current assets	2,223	2,820
Total prepaid expenses and other current assets	<u>\$ 65,409</u>	<u>\$ 21,967</u>

**Property and equipment, net.** Property and equipment, net consisted of the following:

(in thousands)	Useful life (in years)	June 30, 2014	December 31, 2013
Leasehold improvements	3–7	\$ 22,247	\$ 20,111
Computers, software, equipment and furniture	2–7	19,697	11,988
Tooling	1–4	11,317	8,799
Tradeshaw equipment and other	2–5	3,759	3,469
Construction in progress		2,650	2,151
		59,670	46,518
Less: Accumulated depreciation		(20,731)	(14,407)
		<u>\$ 38,939</u>	<u>\$ 32,111</u>

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**Intangible Assets.** Intangible asset balances are presented below:

(in thousands)	June 30, 2014			Weighted average remaining useful life (in years)
	Gross	Accumulated amortization	Net	
Developed technology	\$ 5,330	\$ (2,961)	\$ 2,369	2.7
Other intangible assets	1,160	(819)	341	1.6
	<u>\$ 6,490</u>	<u>\$ (3,780)</u>	<u>\$ 2,710</u>	

(in thousands)	December 31, 2013			Weighted average remaining useful life (in years)
	Gross	Accumulated amortization	Net	
Developed technology	\$ 5,330	\$ (2,517)	\$ 2,813	3.2
Other intangible assets	1,160	(703)	457	2.0
	<u>\$ 6,490</u>	<u>\$ (3,220)</u>	<u>\$ 3,270</u>	

The estimated future amortization expense of acquired intangible assets to be charged to cost of revenue and operating expenses after June 30, 2014, is as follows:

(in thousands)	Cost of revenue	Operating expenses	Total
<b>Years ending December 31,</b>			
2014 (remaining 6 months)	\$ 444	\$ 107	\$ 551
2015	888	197	1,085
2016	888	22	910
2017	149	—	149
	<u>\$ 2,369</u>	<u>\$ 326</u>	<u>\$ 2,695</u>

**Other long-term assets.** Other long-term assets consisted of the following:

(in thousands)	June 30, 2014	December 31, 2013
POP displays	\$ 19,077	\$ 22,379
Deposits	4,999	2,698
Long-term licenses	4,000	4,000
Long-term deferred tax assets and other	2,320	1,683
Deferred public offering costs	6,166	1,395
Total other long-term assets	<u>\$ 36,562</u>	<u>\$ 32,155</u>

Deferred public offering costs consist principally of legal, accounting and other fees incurred through the balance sheet date that are directly related to the Company's IPO and will be recorded against the proceeds received from the sale of the common stock. As of December 31, 2013 and June 30, 2014, \$0.4 million and \$2.2 million, respectively, of deferred public offering costs were included in accounts payable and accrued liabilities.

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**Accrued liabilities.** Accrued liabilities consisted of the following:

<b>(in thousands)</b>	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Accrued payables	\$ 39,778	\$ 49,975
Employee related liabilities	12,571	11,932
Customer deposits	1,736	1,316
Warranty liability	4,512	3,691
Taxes payable	11,211	7,766
Accrued sponsorship expense	2,191	2,909
Accrued sales incentives	3,579	4,909
Sales commissions	1,608	2,454
Other	1,633	1,439
Total accrued liabilities	<u>\$ 78,819</u>	<u>\$ 86,391</u>

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**4. Redeemable convertible preferred stock**

At December 31, 2013 and June 30, 2014, there were 36,000,000 shares of Series A preferred stock authorized and 30,523,036 of Series A preferred stock issued and outstanding. Concurrent with the close of the IPO on July 1, 2014, all shares of Series A preferred stock were converted into Class B common stock. Prior to the conversion to Class B common stock, and after giving effect to the Reclassification (defined in Note 5 below), the Series A preferred stock had the following terms:

***Conversion***

Each share of Series A preferred stock is convertible, at the option of the holder, into shares of Class B common stock at a rate of 1-for-1. The conversion of all outstanding Series A preferred stock will occur in connection with the closing of an initial public offering, provided the aggregate offering price equals or exceeds \$50.0 million .

***Voting rights***

The holders of shares of the Company's Series A preferred stock vote equally with shares of Class B common stock on an as-if converted to common stock basis on all matters, including the election of directors.

***Dividend rights***

The holders of each Series A share are entitled to receive any noncumulative dividends on an equal basis with common stock, when and if declared by the Board of Directors of the Company (Board).

***Redemption rights***

In the event of any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, the Company is required to redeem shares of Series A preferred stock at the original issue price of \$2.53 per share plus any noncumulative dividends declared by the Board. If the holders have not previously exercised the rights granted to them, the Series A preferred stock is redeemable within 365 days after July 1, 2017, subject to a majority vote of the then outstanding Series A preferred shares. As the redemption events described above could occur and are not solely within the Company's control, all shares of preferred stock have been presented outside of permanent equity.

On December 19, 2012, certain Series A stockholders exercised their conversion right and converted 4,211,303 shares of Series A preferred stock to common stock to participate in a common share sale transaction between the Company's principal stockholder and a new investor pursuant to the pre-existing tag-along right. On December 20, 2012, the Series A preferred stock was modified to eliminate an 8% cumulative dividend and to extend the redemption date to July 2017. The 8% cumulative dividend had been accreted using the effective interest method from the time of issue through February 28, 2016, until the 8% cumulative dividend was eliminated on December 20, 2012. The Company recorded preferred stock dividend accretion of \$4.2 million and \$3.4 million in the years ended December 31, 2012 and 2011, respectively. On December 21, 2012, a dividend of \$1.05 per share was declared and paid to holders of common and preferred stock totaling \$117.4 million . The dividend payment to the preferred stockholders represented a settlement of accumulated dividends to date, prepayments of future cumulative dividends and participation in additional dividends paid to common stockholders as contractually provided for. The cash dividend was reflected first as a reduction to preferred stock to the extent that such dividend payments were accreted, with any cash paid in excess of this amount recorded as a reduction of retained earnings until exhausted, then as a reduction of additional paid-in-capital until exhausted, and then as accumulated deficit.

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**5. Common stock and stock-based compensation**

***Common stock***

At December 31, 2013, the Company had 150,000,000 shares of common stock authorized for issuance and 81,420,040 shares issued and outstanding. On June 20, 2014, the Company filed a Restated Certificate of Incorporation to establish two classes of authorized common stock (Reclassification): Class A common stock and Class B common stock. As a result of the Reclassification, all outstanding shares of common stock were converted into shares of Class B common stock. At June 30, 2014, the Company had 150,000,000 shares of Class A common stock authorized and 150,000,000 shares of Class B common stock authorized. At June 30, 2014, 86,177,848 shares of Class B stock were issued and outstanding and no shares of Class A stock were issued and outstanding.

The Company had the following shares of common stock reserved for issuance upon the exercise or vesting of equity instruments:

<b>(in thousands)</b>	<b>June 30, 2014</b>	<b>December 31, 2013</b>
Stock options outstanding	27,294	26,724
Restricted stock units outstanding	3,820	270
Stock options, restricted stock and RSUs available for future grants	13,821	1,306
	<u>44,935</u>	<u>28,300</u>

***Equity incentive plans***

**2010 Equity Incentive Plan**

In August 2010, the Board approved the adoption of the 2010 Equity Incentive Plan (2010 EIP). As amended, the 2010 EIP permitted the Company to grant up to 40,920,000 shares of the Company's common stock. The 2010 EIP provides for the grant of incentive and nonqualified stock options, restricted stock, restricted stock units (RSUs) and stock appreciation rights to employees, non-employee directors and consultants of the Company. All shares that were cancelled, forfeited or expired in accordance with the terms of the 2010 EIP were returned to the plan and became available for grant in conjunction with the issuance of new stock awards. Following the Reclassification, all shares subject to the 2010 EIP were Class B common stock. The 2010 EIP terminated with the establishment of the 2014 Equity Incentive Plan (2014 EIP), and no further grants were issued out of the 2010 EIP following termination, though outstanding awards under the 2010 EIP at the time of the plan's termination remained outstanding in accordance with their terms.

**2014 Equity Incentive Plan**

In June 2014, the Board approved the adoption of the 2014 EIP, which became effective on June 26, 2014. The 2014 EIP permits the Company to grant up to 13,809,488 shares of the Company's Class A common stock, which includes 339,259 shares of Class B common stock previously reserved but unissued under the 2010 EIP that became available for issuance as Class A common stock under the 2014 EIP. The share reserve may also increase to the extent that outstanding awards under the 2010 EIP expire or terminate unexercised.

The 2014 EIP will terminate in 2024, unless sooner terminated by the board of directors. The 2014 EIP provides for the grant of incentive and nonqualified stock options, restricted stock, RSUs, stock appreciation rights and performance awards to employees, non-employee directors and consultants of the Company. All shares that are cancelled, forfeited or expired are returned to the 2014 EIP and are available for grant in conjunction with the issuance of new stock awards.

The Board oversees the administration of the Company's equity plans and generally determines eligibility, vesting schedules and other terms for awards granted under the plans. Stock options under the 2014 EIP have a maximum contractual term of not more than ten years from the date of grant and are generally exercisable upon vesting. Vesting generally occurs over four years and becomes exercisable at the rate of 25% on the first anniversary of the date of grant and ratably on a monthly basis over the remaining 36 -month period thereafter. Awards that provide for early exercise are subject to repurchase upon the termination of services prior to vesting.

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

The exercise price of stock options must generally be at least 100% of the fair value of the Company's Class A common stock based on the closing price of the shares on the date of grant.

**Employee Stock Purchase Plan**

Concurrent with the effectiveness of the Company's registration statement on Form S-1 on June 26, 2014, the Company's 2014 Employee Stock Purchase Plan (ESPP) became effective. The ESPP allows eligible employees to purchase shares of the Company's Class A common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to any plan limitations. The ESPP generally provides for six -month offering periods, and at the end of each offering period, employees are able to purchase shares at 85% of the lower of the fair market value of the Company's Class A common stock on the first trading day of the offering period or on the last day of the offering period.

**Stock option activity**

A summary of the Company's stock option activity and related information is as follows:

(shares in thousands)	Options outstanding					
	Shares	Weighted-average exercise price	Weighted-average grant date fair value	Total intrinsic value of options exercised (in thousands)	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
<b>Outstanding at December 31, 2013:</b>	26,724	\$ 2.47			7.55	\$ 367,395
Granted	4,635	17.57	\$ 9.35			
Exercised	(3,835)	0.88		\$ 80,108		
Forfeited/Cancelled	(230)	11.58				
<b>Outstanding at June 30, 2014:</b>	<u>27,294</u>	<u>\$ 5.18</u>			7.60	\$ 965,340
Exercisable at December 31, 2013	20,605	\$ 0.84			7.26	\$ 316,812
Vested and expected to vest at December 31, 2013	25,798	\$ 2.32			7.52	\$ 358,624
Exercisable at June 30, 2014	18,594	\$ 1.19			6.90	\$ 731,810
Vested and expected to vest at June 30, 2014	26,076	\$ 4.84			7.54	\$ 931,254

The total fair value of stock options vested was \$1.5 million and \$2.3 million in the three months ended June 30, 2013 and June 30, 2014, respectively, and \$2.5 million and \$4.9 million in the six months ended June 30, 2013 and June 30, 2014, respectively.

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

The following is a further breakdown of the options outstanding and exercisable at June 30, 2014:

(options in thousands)	Options outstanding			Options exercisable	
	Options outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price	Options exercisable	Weighted average exercise price
<b>Range of exercise prices</b>					
\$ 0.18–0.66	8,944	6.62	\$ 0.62	8,736	\$ 0.62
0.76–0.76	8,752	6.97	0.76	8,133	0.76
1.52–2.96	1,795	7.56	1.91	1,031	1.86
8.30–8.30	513	8.30	8.30	218	8.30
13.72–13.72	873	8.65	13.72	294	13.72
15.40–15.40	584	8.94	15.40	171	15.40
15.59–15.59	444	9.15	15.59	1	15.59
16.19–16.19	797	9.39	16.19	—	—
16.22–16.22	1,125	9.59	16.22	—	—
16.39–16.39	651	9.78	16.39	10	16.39
18.40–18.40	2,816	9.93	18.40	—	—
\$ 0.18–18.40	<u>27,294</u>	7.60	\$ 5.18	<u>18,594</u>	\$ 1.19

The amount of unearned stock-based compensation currently estimated to be expensed with respect to unvested employee options at December 31, 2013 and June 30, 2014 was \$22.8 million and \$53.6 million, respectively. As of December 31, 2013 and June 30, 2014, the weighted-average period over which the unearned stock-based compensation is expected to be recognized was 1.0 year and 2.0 years, respectively. If there are any modifications or cancellations of the underlying unvested awards, the Company may be required to accelerate, increase or cancel any remaining unearned stock-based compensation expense. Future stock-based compensation expense will increase to the extent that the Company grants additional equity awards or assumes unvested equity awards in connection with acquisitions.

**Restricted stock**

The Company has granted restricted stock pursuant to the 2010 EIP. Restricted stock are share awards that, upon grant, the holder receives restricted shares of the Company's Class B common stock, subject to repurchase at the original issuance price upon termination of services prior to vesting. These repurchase terms are considered to be a forfeiture provision and do not result in mark-to-market accounting each reporting period. Restricted stock is legally issued and outstanding. However, restricted stock is only deemed outstanding for basic earnings per share computation purposes upon the lapse of the Company's right of repurchase.

**Early exercised stock options subject to repurchase**

The Company has granted options that provide the right to exercise unvested options for shares of restricted stock pursuant to the 2010 EIP. Restricted shares issued upon early exercise of stock options are legally issued and outstanding. However, these restricted shares are only deemed outstanding for basic earnings per share computation purposes upon the lapse of the Company's right of repurchase. Cash received from option holders for exercise of unvested options is treated as a refundable deposit shown as a liability on the accompanying condensed consolidated balance sheets, and reclassified to stockholders' equity (deficit) as the Company's repurchase right lapses.

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

The following table summarizes the activities of the Company's restricted stock and early-exercised stock options subject to repurchase:

<b>(in thousands except for weighted average grant date fair value)</b>	<b>Shares</b>	<b>Weighted- average grant date fair value</b>	<b>Aggregate intrinsic value</b>
Non-vested shares at December 31, 2013	487	\$ 11.03	\$ 7,628
Granted	—		
Vested	(152)		
Non-vested shares at June 30, 2014	<u>335</u>	\$ 12.73	\$ 13,461

The weighted average remaining vesting term for the restricted stock and unvested early-exercised stock options subject to repurchase as of December 31, 2013 and June 30, 2014 was 1.4 years and 1.3 years, respectively. The amount of unearned stock-based compensation currently estimated to be expensed with respect to unvested restricted stock and early-exercised stock options at December 31, 2013 and June 30, 2014 was \$7.4 million and \$7.2 million, respectively. The total fair value of vested restricted stock and early exercised stock options subject to repurchase was \$0.2 million and \$0.5 million in the three months ended June 30, 2013 and June 30, 2014, respectively, and \$0.3 million and \$1.1 million in the six months ended June 30, 2013 and June 30, 2014 respectively.

**Restricted stock units**

RSUs are share awards that, upon vesting, will deliver to the holder shares of the Company's Class A common stock under the 2014 EIP or Class B common stock under the 2010 EIP. Typically, vesting of RSUs is subject to the employee's continuing service to the Company. The cost of these awards is determined using the fair value of the Company's common stock on the date of grant, and compensation is recognized on a straight-line basis over the requisite vesting period. The Company also issues RSUs with both a market condition and a service condition. The Company estimates the fair value of these market-based RSUs using a Monte Carlo valuation model on the date of grant.

The following table summarizes the activities of the Company's RSUs:

<b>(in thousands except for weighted average grant date fair value)</b>	<b>Shares</b>	<b>Weighted- average grant date fair value</b>
Non-vested shares at December 31, 2013	270	\$ 1.52
Granted	5,050	16.66
Vested	(1,500)	18.40
Non-vested shares at June 30, 2014	<u>3,820</u>	14.91

The balance as of June 30, 2014 included 3 million RSUs subject to a market condition. These RSUs were issued to the Chief Executive Officer (CEO) in the second quarter of fiscal 2014 and can be earned ratably over a period of three years, subject to the achievement of certain market condition milestones that were set by the Compensation Committee. The Company estimated the fair value of these shares using a Monte Carlo valuation model with the following weighted-average assumptions:

Dividend yield	None
Expected volatility	50.9%
Risk-free interest rate	2.69%
Expected term (years)	10
Grant date fair value of underlying shares	\$18.40



# GoPro, Inc.

## Notes to condensed consolidated financial statements

(unaudited)

The weighted average remaining vesting term for RSUs as of June 30, 2014 was 3.1 years . The amount of unearned stock-based compensation currently estimated to be expensed with respect to RSUs at December 31, 2013 and June 30, 2014 was \$4.7 million and \$54.7 million , respectively. The total fair value of RSUs vested in the three and six months ended June 30, 2014 was \$27.6 million .

### **Sharing of proceeds from sale of securities**

During the development stage of the Company, the founder and CEO entered into a verbal agreement with an employee to share 10% of any proceeds from the sale of equity securities held by the founder and CEO. As a result of the issuance of preferred stock to common stockholders in February 2011, and subsequent sale of these preferred shares by the founder and CEO to third parties, an obligation under this verbal agreement arose. In order to satisfy this obligation and any future obligations that may have arisen out of this verbal agreement, the Company entered into a written agreement and provided the following forms of compensation to the employee:

- In March 2011, the Company paid the employee \$6.1 million in cash, which was recorded as compensation expense within sales and marketing expense. Also in March 2011, the CEO reimbursed the Company for \$6.1 million , which was recorded as a stockholder contribution to additional paid-in capital;
- In June 2011, the Company issued the employee an option to purchase 6,584,427 shares of common stock at an exercise price of \$0.763 per share. The option vested immediately and has a contractual life of 10 years . Stock compensation expense of \$6.8 million was recorded in June 2011 within sales and marketing expense as a result of this grant. Upon exercise of this option by the employee, the founder and CEO will contribute an equal number of common shares back to the Company. In June 2014, the employee exercised the option to purchase 665,443 shares, for which the CEO contributed the same number of shares back to the Company; and
- In December 2011, the Company issued the employee 270,000 RSUs that vest upon a change in control of the Company.

**Stock-based compensation expense.** The following tables set forth the detailed allocation of the stock-based compensation expense (in thousands):

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
<b>Stock-based compensation expense:</b>				
Cost of revenue	\$ 154	\$ 157	\$ 322	\$ 377
Research and development	1,657	556	3,058	997
Sales and marketing	1,654	1,454	3,068	2,658
General and administrative	30,728	365	31,782	595
Total stock-based compensation expense	34,193	2,532	38,230	4,627
Total tax benefit recognized	(11,483)	(203)	(11,825)	(546)
Decrease in net income	<u>\$ 22,710</u>	<u>\$ 2,329</u>	<u>\$ 26,405</u>	<u>\$ 4,081</u>
<b>Stock-based compensation expense by type of award:</b>				
Stock options	\$ 3,487	\$ 2,027	\$ 6,380	\$ 3,650
RSUs	29,313	—	29,493	—
Restricted stock	1,352	505	2,316	977
ESPP	41	—	41	—
Total stock-based compensation expense	34,193	2,532	38,230	4,627
Total tax benefit recognized	(11,483)	(203)	(11,825)	(546)
Decrease in net income	<u>\$ 22,710</u>	<u>\$ 2,329</u>	<u>\$ 26,405</u>	<u>\$ 4,081</u>

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**Stock option valuation assumptions.**

The fair value of the Company's stock options granted to employees, officers and non-employee board members was estimated using the following weighted average assumptions:

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Dividend yield	None	None	None	None
Expected volatility	53.9%	59.8%	53.9% - 56.0%	56.0% - 59.8%
Risk-free interest rate	1.7% - 1.9%	0.8% - 1.6%	1.7% - 2.0%	0.8% - 1.6%
Expected term (years)	5.3 - 6.1	5.3 - 6.1	5.3 - 6.3	5.3 - 6.1
Estimated annual forfeiture rate	6.0%	6.0%	6.0%	6.0%
Weighted average fair value at grant date	\$9.63	\$8.64	\$9.35	\$7.92

**Employee Stock Purchase Plan Shares.**

The fair value of the Company's ESPP shares issued to employees was estimated using the following weighted average assumptions:

	Three months ended June 30, 2014
Dividend yield	None
Expected volatility	45.5%
Risk-free interest rate	0.1%
Expected term (years)	0.6
Weighted average fair value at purchase date	\$7.04

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**6. Income tax (benefit) expense**

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Income tax (benefit) expense	1,639	(2,568)	5,521	7,459
Effective tax rate	(9.0)%	33.6%	(168.8)%	29.4%

Income tax expense for the three months ended June 30, 2014 was \$1.6 million compared to a tax benefit of \$2.6 million for the three months ended June 30, 2013. The tax expense for the three months ended June 30, 2014 was higher than for the three months ended June 30, 2013 primarily due to the impact of losses which could not be benefited in 2014 and foreign withholding taxes.

Income tax expense for the six months ended June 30, 2014 was \$5.5 million compared to \$7.5 million for the six months ended June 30, 2013. The tax expense for the six months ended June 30, 2014 was lower than for the six months ended June 30, 2013 primarily due to lower U.S. pre-tax income.

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**7. Net income (loss) per share attributable to common stockholders**

Basic and diluted net income (loss) per common share is presented in conformity with the two-class method required for participating securities. In June 2014, the Company filed a Restated Certificate of Incorporation which established two classes of authorized common stock: Class A common stock and Class B common stock. As a result, all outstanding shares of common stock were converted into shares of Class B common stock. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to ten votes per share. Each share of Class B common stock is convertible at any time at the option of the stockholder into one share of Class A common stock and has no expiration date. The Class B common stock is also convertible into Class A common stock on the same basis upon any transfer, whether or not for value, except for "Permitted Transfers" as defined in the Company's Restated Certificate of Incorporation. Each share of Class B common stock will convert automatically into one share of Class A common stock upon the date when the outstanding shares of Class B common stock represent less than 10% of the aggregate number of shares of common stock then outstanding.

Basic net income (loss) per share attributable to common stockholders is computed by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding during the period. All participating securities are excluded from basic weighted average common shares outstanding. Diluted net income (loss) per share attributable to common stockholders is computed by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding, including all potentially dilutive common shares, if the effect of each class of potential shares of common stock is dilutive.

The undistributed earnings are allocated based on the contractual participation rights of the Class A and Class B common shares as if the earnings for the year have been distributed. As the liquidation and dividend rights are identical, the undistributed earnings are allocated on a proportionate basis. Further, as the conversion of Class B common stock is assumed in the computation of the diluted net income per share of Class A common stock, the undistributed earnings are equal to net income for that computation. As of June 30, 2014, there were no Class A shares issued and outstanding.

# GoPro, Inc.

## Notes to condensed consolidated financial statements

(unaudited)

The following table presents the calculations of basic and diluted net income (loss) per share attributable to Class B common stockholders:

(in thousands, except per share amounts)	Three months ended		Six months ended	
	2014	2013	2014	2013
<b>Numerator:</b>				
Net income (loss)	\$ (19,841)	\$ (5,085)	\$ (8,792)	\$ 17,950
Less: undistributed earnings allocable to:				
holders of preferred stock	—	—	—	(4,904)
holders of unvested early exercised options and restricted stock	—	—	—	(60)
Undistributed net income (loss) attributable to common stockholders—basic	\$ (19,841)	\$ (5,085)	\$ (8,792)	\$ 12,986
Add: adjustments to net income (loss) for dilutive securities allocable to:				
holders of preferred stock	—	—	—	672
holders of unvested early exercised options and restricted stock	—	—	—	8
Undistributed net income (loss) attributable to common stockholders—diluted	\$ (19,841)	\$ (5,085)	\$ (8,792)	\$ 13,666
<b>Denominator:</b>				
Weighted-average common shares—basic	82,936	80,902	82,263	80,836
Effect of potentially dilutive securities:				
Stock options and RSUs	—	—	—	17,741
Weighted-average common shares—diluted	82,936	80,902	82,263	98,577
Net income per share attributable to common stockholders:				
Distributed earnings—basic	\$ —	\$ —	\$ —	\$ —
Undistributed earnings (loss)—basic	(0.24)	(0.06)	(0.11)	0.16
Basic net income (loss) per share	\$ (0.24)	\$ (0.06)	\$ (0.11)	\$ 0.16
Distributed earnings—diluted	\$ —	\$ —	\$ —	\$ —
Undistributed earnings (loss)—diluted	(0.24)	(0.06)	(0.11)	0.14
Diluted net income (loss) per share	\$ (0.24)	\$ (0.06)	\$ (0.11)	\$ 0.14

The following potentially dilutive shares of common stock subject to options, RSUs, unvested stock awards and redeemable convertible preferred stock were not included in the calculation of diluted shares outstanding as the effect would have been anti-dilutive:

(in thousands)	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Series A redeemable convertible preferred stock	30,523	30,523	30,523	30,523
Stock options and RSUs	29,502	25,296	28,550	762
Unvested stock awards and stock options	370	347	411	378
	60,395	56,166	59,484	31,663

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

## **8. Financing Arrangements**

### ***Credit facility***

On December 21, 2012, the Company entered into a \$170.0 million syndicated senior secured credit facility consisting of a \$120.0 million three-year term loan facility and a \$50.0 million four-year revolving credit facility. The Company received net proceeds of \$127.6 million, net of \$2.4 million of debt issuance and lender costs. The debt issuance and lender costs were allocated between the term loan facility and the revolving credit facility based on the maximum lending commitment amounts. The debt issuance costs allocated to the term loan facility are reported as deferred charges and the lender costs allocated to the term loan facility are included in the carrying value of the term loan as debt discount. The deferred issuance and lender costs allocated to the term loan facility are being amortized to interest expense over the contractual term of the term loan facility using the effective interest method. Costs allocated to the revolving credit facility are deferred and amortized using the straight-line method over the four-year contractual term of the revolving credit facility. Borrowings under the credit facility are collateralized by substantially all of the assets of the Company.

The term loan facility has scheduled quarterly principal repayments due on the last day of each quarter of \$1.5 million per quarter in 2013, \$3.0 million per quarter in 2014 and \$6.0 million for the first three quarters of 2015 with the balance of \$84.0 million due on December 21, 2015. The interest rate is based on the 6-month adjusted LIBOR (London Interbank Offered Rate) plus 2.5%. The initial contractual interest rate is 3.06% and will adjust every six months. The inception date effective interest rate was 3.71%. The Company may prepay the term loan at any time, without penalty. Mandatory additional principal prepayments may be required based on excess cash flows of the Company. The Company's excess cash flows, as defined in the credit facility, for 2013 triggered a contractual principal prepayment obligation of \$48.5 million, which amount has been classified as a current liability as of December 31, 2013 and June 30, 2014. In April 2014, the Company amended the credit facility agreement for its term loan to extend the due date for this contractual principal prepayment from April 2014 to December 2014.

As of December 31, 2013 and June 30, 2014, \$114.0 million and \$108.0 million of the term loan were outstanding, respectively. The remaining unamortized discount was \$0.4 million and \$0.3 million as of December 31, 2013 and June 30, 2014, respectively. The effective interest rate on the term loan was 3.79% and 4.03% on December 31, 2013 and June 30, 2014, respectively. Concurrent with the close of the IPO on July 1, 2014, the Company repaid, in full, the term loan outstanding of \$108.0 million.

The revolving credit facility, which remains in place, matures on December 21, 2016. Principal can be paid and re-borrowed during the term of the revolving credit facility. The interest rate is based on the 3-month adjusted LIBOR plus 2.5%. The initial interest rate was 2.81% and will adjust quarterly for any balance outstanding. Mandatory additional principal repayments may be required based on excess cash flows of the Company once the term loan facility has been fully repaid. As of December 31, 2013 and June 30, 2014, zero of the revolving credit facility was drawn down. As of December 31, 2013, \$20.0 million of the revolving credit facility was committed to a standby letter of credit. In April 2014, the \$20.0 million standby letter of credit was terminated.

The credit agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to the Company and its restricted subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment of other indebtedness and dividends and other distributions. The credit agreement contains an acceleration clause for certain events related to the Company's financial creditworthiness, including a financial covenant that requires the Company to maintain specific consolidated ratios. As of December 31, 2013 and June 30, 2014, the Company was in compliance with all covenants.

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**9. Related parties**

Beginning in fiscal year 2013, the Company entered into agreements for certain contract manufacturing and engineering services with a company affiliated with one of its investors. In the three and six months ended June 30, 2014, the Company made payments of \$3.0 million and \$11.4 million, respectively, for services rendered. As of December 31, 2013 and June 30, 2014, the Company had accounts payable associated with this vendor of \$3.9 million and \$0.1 million, respectively.

In the second quarter of fiscal year 2013, the Company settled an outstanding legal matter with one of the CEO's family members for \$0.2 million.

In the second quarter of fiscal year 2013, the Company loaned one of its executive officers \$150,000 pursuant to a demand payment loan that did not bear interest, which was fully repaid in March 2014.

In the third quarter of fiscal year 2013, the Company entered into an agreement with a company affiliated with the son of one of the members of the Board to acquire certain naming rights to a sprint kart race track. As consideration for these naming rights, the Company will pay a total of \$0.5 million in installments beginning in October 2013 over the naming rights period. In addition to the fee, the Company will also provide the company with 100 GoPro capture devices at no cost each year during the term of the agreement, which is three years. As of June 30, 2014, the Company has paid \$0.2 million related to this agreement.

In fiscal year 2013 and the first six months of fiscal year 2014, the Company incurred and expensed company related chartered aircraft fees for the use of the CEO's private plane, for which \$0.3 million was accrued as of June 30, 2014.

In May 2014, the Company amended the outstanding stock options granted to the former Chief Financial Officer to facilitate the net exercise of those options and subsequently repurchased 41,154 shares of common stock from the former Chief Financial Officer's estate at a purchase price of \$18.40 per share.

On June 3, 2014, the Company granted to the newly hired President of the Company an option to purchase 2,227,106 shares of common stock. In addition, the Company issued the President 248,749 RSUs and the CEO 4,500,000 RSUs. Of the 4,500,000 RSUs issued to the CEO, 1,500,000 RSUs vested immediately, 1,500,000 RSUs vest over a three-year period with the attainment of a milestone stock price for 30 consecutive days, and 1,500,000 RSUs vest over a 3-year period with the attainment of a second milestone stock price for 30 consecutive days.

In June 2014, the CEO purchased seven automobiles from the Company for a total purchase price of \$0.3 million.

Other related party transactions involving the Company's CEO are discussed in Note 5, "Common stock and stock-based compensation."

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**10. Commitments, contingencies and guarantees**

The following table summarizes the Company's contractual commitments as of June 30, 2014:

<b>(in thousands)</b>	<b>Total</b>	<b>1 year (remaining 6 months fiscal 2014)</b>	<b>2-3 years (fiscal 2015 and 2016)</b>	<b>4-5 years (fiscal 2017 and 2018)</b>	<b>More than 5 years (beyond fiscal 2018)</b>
Term loan principal and interest(1)	\$ 112,340	\$ 57,419	\$ 54,921	\$ —	\$ —
Operating leases(2)	29,459	4,332	13,829	10,705	593
Sponsorship commitments(3)	17,851	4,929	12,621	301	—
Other contractual commitments(4)	3,937	232	3,705	—	—
Capital equipment purchase commitments (5)	12,242	12,242	—	—	—
<b>Total contractual cash obligations</b>	<b>\$ 175,829</b>	<b>\$ 79,154</b>	<b>\$ 85,076</b>	<b>\$ 11,006</b>	<b>\$ 593</b>

- (1) See Note 8, "Financing arrangements." Interest payments were calculated using the applicable rate as of June 30, 2014.
- (2) The Company leases its facilities under long-term operating leases, which expire at various dates through May 2019. The lease agreements frequently include leasehold improvement incentives, escalating lease payments, renewal provisions and other provisions which require the Company to pay taxes, insurance, maintenance costs or defined rent increases.
- (3) The Company sponsors sporting events and athletes as part of its marketing efforts. In many cases, the Company enters into multi-year agreements with event organizers and athletes.
- (4) The Company purchases software licenses and engages outside consultants to assist with upgrading or implementing its financial and IT systems, which require payments over multiple years.
- (5) The Company enters into contracts to acquire equipment for tooling and molds as part of its manufacturing operations. In addition, the Company incurs purchase commitments related to the manufacturing of its POP displays by third parties.

Rent expense was \$0.9 million and \$1.9 million for the three months ended June 30, 2013 and June 30, 2014, respectively, and \$1.6 million and \$3.2 million for the six months ended June 30, 2013 and June 30, 2014, respectively.

**Legal proceedings**

From time to time, the Company is involved in legal proceedings in the ordinary course of business. The Company believes that the outcome of any existing litigation, either individually or in the aggregate, will not have a material impact on the results of operations, financial condition or cash flows of the Company.

**Indemnifications**

In the normal course of business, the Company enters into agreements that contain a variety of representations and warranties and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future, but have not yet been made. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. However, the Company may record charges in the future as a result of these indemnification obligations.



**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**Product warranty**

As of December 31, 2013, \$3.7 million of the Company's warranty liability was recorded as an element of accrued liabilities and \$0.2 million was recorded as an element of other long-term liabilities. As of June 30, 2014, \$4.5 million of the warranty liability was recorded as an element of accrued liabilities and \$0.2 million was recorded as an element of other long-term liabilities.

The following table summarizes the warranty liability activity:

<b>(in thousands)</b>	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Beginning balances	\$ 2,551	\$ 2,695	\$ 3,870	\$ 1,937
Charged to cost of revenue	3,928	1,291	4,200	3,119
Settlements of warranty claims	(1,801)	(1,169)	(3,392)	(2,239)
Ending balances	\$ 4,678	\$ 2,817	\$ 4,678	\$ 2,817

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**11. Employee retirement plan**

The Company has established a 401(k) tax-deferred savings plan (401(k) Plan), which permits participants to make contributions by salary deduction pursuant to Section 401(k) of the Internal Revenue Code. In March 2014, the Company modified its 401(k) Plan to allow the Company to make a matching contribution up to 4% of the employees' 401(k) eligible compensation, which was made retroactive to January 1, 2014.

**12. Concentrations of risk and segment information**

**Segment information**

The Company operates as one operating segment as it only reports financial information on an aggregate and consolidated basis to its CEO, who is the Company's chief operating decision maker.

**Customer concentration**

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of trade receivables. The Company believes that the credit risk in its trade receivables is mitigated by the Company's credit evaluation process, relatively short collection terms and dispersion of its customer base. The Company generally does not require collateral and losses on trade receivables have historically been within management's expectations.

Customers with accounts receivable equal to or greater than 10% of total accounts receivable as of December 31, 2013 and June 30, 2014 were as follows:

	June 30, 2014	December 31, 2013
Customer A	20%	21%
Customer B	12%	14%
Customer C	*	11%

\* Less than 10% of total accounts receivable for the period indicated

In the three and six months ended June 30, 2014, respectively, the Company sold accounts receivables, without recourse, of \$37.9 million and \$69.2 million, respectively, from a retail customer to a third-party banking institution. Factoring fees of \$0.3 million and \$0.6 million in the three and six months ended June 30, 2014, respectively, related to the sale of trade accounts receivable were included in interest expense.

Customers with revenue equal to or greater than 10% of total revenue for the three and six months ended June 30, 2013 and June 30, 2014 were as follows:

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Customer A	17%	15%	15%	14%
Customer B	*	10%	*	*

\* Less than 10% of total revenue for the period indicated

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**Supplier concentration**

The Company relies on third parties for the supply and manufacture of its capture devices. In instances where a supply and manufacture agreement does not exist or suppliers fail to perform their obligations, the Company may be unable to find alternative suppliers or satisfactorily deliver its products to its customers on time, if at all.

The Company also relies on third parties with whom it outsources supply chain activities related to inventory warehousing, order fulfillment, distribution and other direct sales logistics. The Company cannot be sure that these parties will perform their obligations as expected or that any cost savings, or other benefits will be derived from the efforts of these parties. If any of these parties breaches or terminates their agreement with the Company or otherwise fails to perform their obligations in a timely manner, the Company's financial results may be adversely affected.

**Geographic and other information**

Revenue by geographic region, based on ship-to destinations, was as follows:

(in thousands)	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Americas	\$ 152,710	\$ 102,017	\$ 277,876	\$ 235,491
Europe, Middle East and Africa	62,832	58,925	142,939	146,708
Asia and Pacific area countries	29,063	16,140	59,506	49,940
	\$ 244,605	\$ 177,082	\$ 480,321	\$ 432,139

Revenue in the United States, which is included in the Americas geographic region, was \$92.1 million and \$132.7 million for the three months ended June 30, 2013 and June 30, 2014, respectively, and \$207.6 million and \$243.3 million for the six months ended June 30, 2013 and June 30, 2014, respectively.

As of December 31, 2013 and June 30, 2014, long-lived assets, which represent property and equipment, located outside the United States, primarily China, were \$6.0 million and \$10.8 million, respectively.

The Company does not disclose revenue by product category as it does not track sales incentives and other revenue adjustments by product category to report such data.

**GoPro, Inc.**  
**Notes to condensed consolidated financial statements**  
(unaudited)

**13. Subsequent events**

On July 1, 2014, subsequent to the close of the Company's second quarter ended June 30, 2014, the Company completed its IPO of 17,800,000 shares of Class A common stock, at \$24.00 per share, before underwriting discounts and commissions. The Company sold 8,900,000 shares and existing stockholders sold an aggregate of 11,570,000 shares, including 2,670,000 shares as a result of the underwriters' exercise of their option to purchase additional shares. The IPO generated net proceeds to the Company of approximately \$200.8 million, after deducting underwriting discounts and commissions. Offering costs incurred by the Company were approximately \$6.2 million and will be recorded against the proceeds received from the sale of the common stock. The Company did not receive any proceeds from the sale of shares by the selling stockholders.

The outstanding shares of convertible preferred stock converted into shares of the Company's Class B common stock concurrent with the close of the IPO on July 1, 2014. Following the IPO, there were no shares of the Company's convertible preferred stock outstanding.

Concurrent with the close of the IPO, the Company paid off, in full, the term loan balance outstanding of \$108.0 million.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*Statements in this report, which are not historical facts, are forward-looking statements within the meaning of the federal securities laws. These statements may contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" or other wording indicating future results or expectations. Forward-looking statements are subject to significant risks and uncertainties. Our actual results may differ materially from the results discussed in these forward-looking statements. Factors that could cause our actual results to differ materially include, but are not limited to, those referenced in "Risk Factors" in Part II, Item 1A, and elsewhere in this report. Our business, financial condition or results of operations could be materially harmed by any of these or other factors. We undertake no obligation to revise or update any forward-looking statements to reflect any event or circumstance that arises after the date of this report. References in this report to "GoPro," "we," "us," "our" and the "Company" refer to GoPro, Inc. , a Delaware corporation, and its subsidiaries.*

### Overview

GoPro is transforming the way consumers capture, manage, share and enjoy meaningful life experiences. We do this by enabling people to capture compelling, immersive photo and video content of themselves participating in their favorite activities.

We were founded in 2004 to address the limitations of traditional cameras. In 2004, we shipped our first product, a wrist-mounted, waterproof, film-based capture device, and in 2006 we shipped our first digital capture device, the Digital HERO. We introduced our first HD capture device in 2009, the HD HERO, and we introduced our current HERO3+ family of capture devices in late 2013. We also sell mountable and wearable accessories that enable professional quality capture at affordable prices.

We have continued to enhance our product offering by providing software solutions that address the pain points of managing, editing and sharing content. GoPro Studio enables our customers to easily edit and share simple or complex videos. The GoPro App enables customers to easily and wirelessly manage and share content from our HERO capture devices.

Since we launched our first HD camera in 2009, we have experienced rapid growth. In the three months ended June 30, 2013 and June 30, 2014, we generated revenue of \$177.1 million and \$244.6 million, respectively, and in the six months ended June 30, 2013 and June 30, 2014, we generated revenue of \$432.1 million and \$480.3 million, respectively. In the three months ended June 30, 2013 and June 30, 2014, we reported net income (loss) of \$(5.1) million and \$(19.8) million, respectively, and in the six months ended June 30, 2013 and June 30, 2014, we reported net income (loss) of \$18.0 million and \$(8.8) million, respectively. Substantially all of our revenue has been generated from the sale of cameras and accessories.

Our sales strategy initially targeted independent specialty retailers focused on action sports markets, which we believe helped to establish the authenticity of our brand. We now sell our products both directly and through distribution. Our direct channel includes big box, mid-market and independent specialty retailers, as well as our website. We use our distribution channel to sell internationally and into certain specialty markets. As of June 30, 2014, our products were sold to customers in more than 100 countries and through more than 25,000 retail outlets. Sales outside of the United States represented 48% and 46% of our revenue for the three months ended June 30, 2013 and June 30, 2014, respectively, and 52% and 49% of our revenue for the six months ended June 30, 2013 and June 30, 2014, respectively.

We believe consumer demand for compelling content, combined with our self-capture technology and the popularity of social media, create a significant media opportunity for GoPro. GoPro programming, a combination of GoPro originally produced content and "best of" user-generated content, or UGC, has developed a growing audience. To scale this, we have built a team of production professionals who regularly produce content based on inspiring stories from around the world, captured exclusively with our capture devices. In addition, we actively curate and redistribute, with permission, UGC as GoPro-branded content through the GoPro Network, which includes the GoPro Channels on Facebook, Instagram, Twitter, Virgin America, Xbox 360 and YouTube.

We face potential challenges that could limit our ability to take advantage of these opportunities, including the risk that we may not be able to continue to develop and introduce new products and attract new customers. We do not expect to sustain or increase our revenue growth rates. In addition, we rely on a small number of retailer and distributor customers for a significant portion of our revenue. One retailer accounted for 15% and 17% of our revenue for the three months ended June 30, 2013 and June 30, 2014, respectively, and 14% and 15% of our revenue for the six months ended June 30, 2013 and June 30, 2014, respectively.

We rely on contract manufacturers for the production of our cameras and accessories. All of the components that go into the manufacture of our cameras and accessories are sourced from third-party suppliers, and some of these suppliers are the sole source for important components. We utilize third-party logistics providers for product fulfillment.

## Key business metrics

In addition to the measures presented in our consolidated financial statements, we use the following key metrics to evaluate our business, measure our performance, develop financial forecasts and make strategic decisions.

(in thousands)	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
<b>Key business metrics:</b>				
Units shipped	854	653	1,706	1,607
Adjusted EBITDA	\$ 25,724	\$ 2,341	\$ 54,351	\$ 43,264

- **Units shipped.** Units shipped represent the number of individual packaged camera units that are shipped during a reporting period, net of any returns. Packaged camera units include a waterproof housing, a battery, selected mounts and other accessories which vary by model. We monitor units shipped on a daily basis as it is a key indicator of revenue trends for a reporting period. We use units shipped to help optimize our fulfillment operations and shipment allocations in order to better maintain operating efficiencies and improve customer satisfaction.
- **Adjusted EBITDA.** Adjusted EBITDA is a non-GAAP financial measure that we calculate as net income (loss), adjusted after excluding the impact of: provision (benefit) for income taxes, interest income, interest expense, depreciation and amortization, POP display amortization and stock-based compensation. We use adjusted EBITDA as a key measure to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. Accordingly, we believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. Adjusted EBITDA is not prepared in accordance with U.S. Generally Accepted Accounting Principles, or GAAP, and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. You should consider adjusted EBITDA alongside other financial performance measures, including our financial results presented in accordance with GAAP.

The following table presents a reconciliation of net income to adjusted EBITDA:

(in thousands)	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net income (loss)	\$ (19,841)	\$ (5,085)	\$ (8,792)	\$ 17,950
Income tax (benefit) expense	1,639	(2,568)	5,521	7,459
Interest (income) and expense, net	1,390	1,369	2,725	2,701
Depreciation and amortization	4,177	3,207	7,988	5,416
POP display amortization	4,166	2,886	8,679	5,111
Stock-based compensation	34,193	2,532	38,230	4,627
Adjusted EBITDA	\$ 25,724	\$ 2,341	\$ 54,351	\$ 43,264

## Results of Operations

The following table sets forth the components of our consolidated statements of operations for each of the periods presented:

(in thousands)	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Revenue	\$ 244,605	\$ 177,082	\$ 480,321	\$ 432,139
Cost of revenue(1)	141,736	120,242	280,938	285,870
Gross profit	102,869	56,840	199,383	146,269
Operating expenses:				
Research and development(1)	34,663	16,687	63,402	28,699
Sales and marketing(1)	43,701	39,065	85,042	74,738
General and administrative(1)	41,171	7,044	51,049	14,032
Total operating expenses	119,535	62,796	199,493	117,469
Operating income (loss)	(16,666)	(5,956)	(110)	28,800
Other income (expense), net	(1,536)	(1,697)	(3,161)	(3,391)
Income (loss) before income taxes	(18,202)	(7,653)	(3,271)	25,409
Income tax (benefit) expense	1,639	(2,568)	5,521	7,459
Net income (loss)	\$ (19,841)	\$ (5,085)	\$ (8,792)	\$ 17,950

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

Cost of revenue	\$ 154	\$ 157	\$ 322	\$ 377
Research and development	1,657	556	3,058	997
Sales and marketing	1,654	1,454	3,068	2,658
General and administrative	30,728	365	31,782	595
Total stock-based compensation expense	\$ 34,193	\$ 2,532	\$ 38,230	\$ 4,627

The following table sets forth the components of our condensed consolidated statements of operations for each of the periods presented as a percentage of revenue:

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Revenue	100%	100%	100%	100%
Cost of revenue	58%	68%	58%	66%
Gross profit	42%	32%	42%	34%
<b>Operating expenses:</b>				
Research and development	14%	9%	13%	7%
Sales and marketing	18%	22%	18%	17%
General and administrative	17%	4%	11%	3%
Total operating expenses	49%	35%	42%	27%
Operating income (loss)	(7)%	(3)%	0%	7%
Other income (expense), net	—%	(1)%	(1)%	(1)%
Income (loss) before income taxes	(7)%	(4)%	(1)%	6%
Income tax (benefit) expense	1%	(1)%	1%	2%
Net income (loss)	(8)%	(3)%	(2)%	4%

## Revenue

(dollars in millions)	Three months ended				Six months ended			
	June 30, 2014	June 30, 2013	\$ Change	Percent Change	June 30, 2014	June 30, 2013	\$ Change	Percent Change
Revenue	\$ 244.6	\$ 177.1	\$ 67.5	38%	\$ 480.3	\$ 432.1	\$ 48.2	11%

Revenue for the three months ended June 30, 2014 increased 38% to \$244.6 million from \$177.1 million for the three months ended June 30, 2013, primarily due to an increase in units shipped. Units shipped in the three months ended June 30, 2014 increased 31% to 0.9 million from 0.7 million in the three months ended June 30, 2013. Further contributing to the increase in revenue in the three months ended June 30, 2014 was a 5% increase in the average selling price of units shipped. The increase in average selling price in the three months ended June 30, 2014 was primarily driven by a shift in product mix to the HERO3+ Black edition capture devices. Our revenue in the three months ended June 30, 2014 also increased, to a lesser extent, as a result of an increase in accessory unit shipments. Our revenue increased in each of our primary geographical regions of the Americas, Asia Pacific and EMEA (Europe, Middle East and Africa) in the three months ended June 30, 2014 compared to the three months ended June 30, 2013.

Revenue for the six months ended June 30, 2014 increased 11% to \$480.3 million from \$432.1 million for the six months ended June 30, 2013, due to an increase in units shipped and their average selling price. Units shipped in the six months ended June 30, 2014 increased 6% to 1.7 million from 1.6 million in the six months ended June 30, 2013. Average selling price of units shipped increased 4% in the six months ended June 30, 2014 compared to the six months ended June 30, 2013. The increase in average selling price in the six months ended June 30, 2014 was primarily driven by a shift in product mix to the HERO3+ Black edition capture devices. Our revenue in the six months ended June 30, 2014 also increased, to a lesser extent, as a result of an increase in accessory unit shipments. Our revenue increased in each of our primary geographical regions of the Americas, Asia Pacific and EMEA in the six months ended June 30, 2014 compared to the six months ended June 30, 2013.



We expect revenue to increase in the three month period ending September 30, 2014 compared to the three months ended September 30, 2013 and June 30, 2014.

**Cost of revenue, gross profit and gross profit margin**

(dollars in millions)	Three months ended				Six months ended			
	June 30, 2014	June 30, 2013	\$ Change	Percent Change	June 30, 2014	June 30, 2013	\$ Change	Percent Change
Cost of revenue	\$ 141.7	\$ 120.2	\$ 21.5	18%	\$ 280.9	\$ 285.9	\$ (5.0)	(2)%
Gross profit	\$ 102.9	\$ 56.8	\$ 46.1	81%	\$ 199.4	\$ 146.3	\$ 53.1	36 %
Gross profit margin	42%	32%			42%	34%		

Gross profit margin increased to 42% in the three months ended June 30, 2014 from 32% in the three months ended June 30, 2013 primarily due to lower product costs for our HERO3+ capture devices introduced in the fourth quarter of 2013 compared to our previous generation HERO3 capture devices, coupled with a 5% increase in average selling prices of units shipped. In addition, reserves for unused purchase commitments declined from the three months ended June 30, 2013, which contributed to an increase of three percentage points in gross margin.

Gross profit margin increased to 42% in the six months ended June 30, 2014 from 34% in the six months ended June 30, 2013 primarily due to lower product costs for our HERO3+ capture devices compared to our previous generation HERO3 capture devices, coupled with a 4% increase in average selling prices of units shipped. This was partially offset by increased sales of lower margin LCD BacPac and Battery BacPac accessories.

We expect gross profit margin to fluctuate over time based on product mix, changes in product costs related to the release of different capture device models and changes in average selling price. We expect our gross margin percentage to increase in the three month period ending September 30, 2014 compared to the three months ended September 30, 2013 and to decrease compared to the three months ended June 30, 2014.

## Research and Development

(dollars in millions)	Three months ended				Six months ended			
	June 30, 2014	June 30, 2013	\$ Change	Percent Change	June 30, 2014	June 30, 2013	\$ Change	Percent Change
Research and development	\$ 34.7	\$ 16.7	\$ 18.0	108%	\$ 63.4	\$ 28.7	\$ 34.7	121%
% of revenue	14%	9%			13%	7%		

Research and development expense increased \$18.0 million, or 108%, for the three months ended June 30, 2014 compared to the three months ended June 30, 2013, due primarily to a \$8.5 million increase in personnel related costs associated with increased headcount to support our broadened product portfolio, a \$4.5 million increase in consulting and outside professional service costs, a \$2.3 million increase in facility and information technology support costs and a \$2.0 million increase in equipment costs.

Research and development expense increased \$34.7 million, or 121%, for the six months ended June 30, 2014 compared to the six months ended June 30, 2013, due primarily to a \$16.8 million increase in personnel related costs associated with an increase in headcount, a \$9.6 million increase in consulting and outside professional service costs, a \$3.7 million increase in facility and information technology support costs and a \$3.1 million increase in equipment costs.

We expect our research and development expense for the period ending September 30, 2014 to increase in absolute dollars as we continue to make significant investments in developing new products, applications, functionality and other offerings. We expect research and development expense to increase in the three month period ending September 30, 2014 compared to the three months ended September 30, 2013 and June 30, 2014.

## Sales and Marketing

(dollars in millions)	Three months ended				Six months ended			
	June 30, 2014	June 30, 2013	\$ Change	Percent Change	June 30, 2014	June 30, 2013	\$ Change	Percent Change
Sales and marketing	\$ 43.7	\$ 39.1	\$ 4.6	12%	\$ 85.0	\$ 74.7	\$ 10.3	14%
% of revenue	18%	22%			18%	17%		

Sales and marketing expense increased \$4.6 million, or 12%, for the three months ended June 30, 2014 compared to the three months ended June 30, 2013, due primarily to a \$4.1 million increase in personnel related costs associated with an increase in headcount, a \$1.0 million increase in facility and information technology support costs, a \$0.8 million increase in consulting and outside professional service costs and a \$0.8 million increase in sales commissions and other selling expense, partially offset by a \$1.0 million decrease in advertising and promotional activity costs and a \$0.4 million decrease in equipment costs.

Sales and marketing expense increased \$10.3 million, or 14%, for the six months ended June 30, 2014 compared to the six months ended June 30, 2013, due primarily to a \$7.9 million increase in personnel related costs associated with an increase in headcount and a \$1.8 million increase in facility and information technology support costs.

We expect our sales and marketing expense for the period ending September 30, 2014 to increase in absolute dollars as we continue to actively promote our products. We expect sales and marketing expense to increase in the three month period ending September 30, 2014 compared to the three months ended September 30, 2013 and June 30, 2014.

## General and Administrative

(dollars in millions)	Three months ended				Six months ended			
	June 30, 2014	June 30, 2013	\$ Change	Percent Change	June 30, 2014	June 30, 2013	\$ Change	Percent Change
General and administrative	\$ 41.2	\$ 7.0	\$ 34.2	489%	\$ 51.0	\$ 14.0	\$ 37.0	264%
% of revenue	17%	4%			11%	3%		

General and administrative expense increased \$34.2 million, or 489%, for the three months ended June 30, 2014 compared to the three months ended June 30, 2013, due primarily to a \$30.4 million increase in stock-based compensation, a \$2.9 million increase in personnel related costs associated with an increase in headcount, a \$0.5 million increase in consulting and outside professional service costs and a \$0.2 million increase in facility and information technology support costs. Of the total increase in stock-based compensation, \$27.6 million was attributable to the issuance of 4.5 million RSUs to our CEO during the quarter, of which 1.5 million RSUs immediately vested during the quarter.

General and administrative expense increased \$37.0 million, or 264%, for the six months ended June 30, 2014 compared to the six months ended June 30, 2013, due primarily to a \$31.2 million increase in stock-based compensation, a \$4.8 million increase in personnel related costs associated with an increase in headcount, a \$0.5 million increase in consulting and outside professional service costs and a \$0.5 million increase in facility and information technology support costs.

We expect our general and administrative expense, when excluding stock-based compensation, to increase in absolute dollars due to the anticipated growth of our business and the required infrastructure to support our growth. Including stock-based compensation, we expect general and administrative expense to increase in the three month period ending September 30, 2014 compared to the three months ended September 30, 2013 and to decrease compared to the three months ended June 30, 2014.

## Other income (expense), net

(dollars in millions)	Three months ended				Six months ended			
	June 30, 2014	June 30, 2013	\$ Change	Percent Change	June 30, 2014	June 30, 2013	\$ Change	Percent Change
Interest expense	\$ (1.4)	\$ (1.4)	\$ —	0 %	\$ (2.7)	\$ (2.7)	\$ —	0 %
Other income (expense), net	(0.1)	(0.3)	0.2	(67)%	(0.5)	(0.7)	0.2	(29)%
Total other income (expense), net	\$ (1.5)	\$ (1.7)	\$ 0.2	(12)%	\$ (3.2)	\$ (3.4)	\$ 0.2	(6)%

Interest expense for the three and six months ended June 30, 2014 remained relatively flat compared to the three and six months ended June 30, 2013.

## Provision for Income Taxes

(dollars in millions)	Three months ended				Six months ended			
	June 30, 2014	June 30, 2013	\$ Change	Percent Change	June 30, 2014	June 30, 2013	\$ Change	Percent Change
Income tax (benefit) expense	\$ 1.6	\$ (2.6)	\$ 4.2	(162)%	\$ 5.5	\$ 7.5	\$ (2.0)	(27)%
Effective tax rate	(9.0)%	33.6%			(168.8)%	29.4%		

Income tax expense for the three months ended June 30, 2014 was \$1.6 million compared to a tax benefit of \$2.6 million for the three months ended June 30, 2013. The tax expense for the three months ended June 30, 2014 was higher than for the three months ended June 30, 2013 primarily due to the impact of losses which could not be benefited in 2014 and foreign withholding taxes.

Income tax expense for the six months ended June 30, 2014 was \$5.5 million compared to \$7.5 million for the six months ended June 30, 2013. The tax expense for the six months ended June 30, 2014 was lower than for the six months ended June 30, 2013 primarily due to lower U.S. pre-tax income.

## Liquidity and Capital Resources

As of June 30, 2014, our principal sources of liquidity were our cash balances totaling \$104.9 million and \$50.0 million available under our revolving credit facility.

**Cash Flows.** The following table sets forth the major components of our consolidated statements of cash flows data for the periods presented:

(dollars in thousands)	Six months ended		
	June 30, 2014	June 30, 2013	Percent Change
Net cash provided by (used in) operating activities	\$ 6,749	\$ (3,240)	308%
Net cash used in investing activities	(15,569)	(7,872)	(98)%
Net cash provided by financing activities	12,289	1,925	538%
Net increase (decrease) in cash and cash equivalents	\$ 3,469	\$ (9,187)	138%

### **Cash flows from operating activities**

Cash flows from operating activities consist of net income adjusted for certain non-cash items, including depreciation and amortization, deferred income taxes, stock-based compensation expense and excess tax benefits from stock-based compensation, as well as the effect of changes in working capital and other activities.

Cash provided by operating activities of \$6.7 million in the six months ended June 30, 2014 increased from cash used in operating activities of \$3.2 million in the six months ended June 30, 2013, due primarily to a \$23.3 million increase in cash flows from operating assets and liabilities and a \$13.5 million increase in non-cash expense items, primarily consisting of stock-based compensation expense, partially offset by a \$26.7 million decrease in net income. Changes in cash flows related to operating assets and liabilities primarily consisted of an \$81.9 million increase in cash due to utilization of inventory in the six months ended June 30, 2014 compared to an increase in inventory in the six months ended June 30, 2013, a \$47.2 million increase in cash due to timing of accounts receivable collections and the factoring of certain receivables in the six months ended June 30, 2014, partially offset by an \$77.9 million decrease in cash due to the timing of payments associated with our accounts payable and accrued liabilities and a \$29.7 million decrease in cash due to increased expenditures for prepaid expenses and other assets.

### **Cash flows from investing activities**

Cash used in investing activities of \$15.6 million in the six months ended June 30, 2014 increased from cash used for investing activities of \$7.9 million in the six months ended June 30, 2013 due primarily to \$4.8 million of increased capital expenditures and a payment of \$3.2 million related to the acquisition of General Things, Inc.

### **Cash flows from financing activities**

Our financing activities provided cash of \$12.3 million in the six months ended June 30, 2014. Cash flow provided by financing activities in the six months ended June 30, 2014 consisted primarily of a \$20.8 million excess tax benefit related to stock-based compensation and proceeds from issuance of stock of \$1.4 million, partially offset by repayments of our long-term debt of \$6.0 million and payments of deferred IPO costs of \$3.1 million.

Our financing activities provided cash of \$1.9 million in the six months ended June 30, 2013. Cash flow provided by financing activities in the six months ended June 30, 2013 consisted primarily of borrowings under the revolving credit facility of \$15.0 million, partially offset by repayments of long-term debt and repayments of our revolving credit facility of \$13.0 million.

### **Credit facility**

As of June 30, 2014, we had a \$120.0 million term loan with scheduled quarterly principal repayments, due on the last day of each quarter, of \$1.5 million per quarter in 2013, \$3.0 million per quarter in 2014 and \$6.0 million per quarter for the first three quarters of 2015, with the remaining balance due on December 21, 2015. Our excess cash flow, as defined in the credit facility, triggered a contractual principal prepayment obligation of \$48.5 million,

which amount has been classified as a current liability as of December 31, 2013 and June 30, 2014. Concurrent with the close of our IPO on July 1, 2014, we paid off, in full, the term loan outstanding of \$108.0 million. See Note 13, "Subsequent Events," of the Notes to Condensed Consolidated Financial Statements of this Form 10-Q.

Our \$50.0 million revolving credit facility, which is still outstanding, matures on December 21, 2016, and we can repay and re-borrow principal amounts under and during the term of our revolving credit facility. Of the \$50.0 million available under our revolving credit facility, as of December 31, 2013, \$20.0 million was committed to a standby letter of credit, and there was no balance outstanding. In April 2014, the \$20.0 million standby letter of credit was terminated. See Note 8, "Financing Arrangements," of the Notes to Condensed Consolidated Financial Statements of this Form 10-Q.

Our short term liquidity could be impacted in part by our ability to maintain compliance with covenants in the credit agreement. As of December 31, 2013 and June 30, 2014, we were in compliance with all financial covenants.

### **Contractual Obligations and Off-Balance Sheet Arrangements**

Our contractual obligations and off-balance sheet arrangements at June 30, 2014, and the effect those contractual obligations are expected to have on our liquidity and cash flow over the next five years are presented in textual and tabular format in Note 10, "Commitments, Contingencies and Guarantees," of the Notes to Condensed Consolidated Financial Statements of this Form 10-Q.

## **Critical Accounting Policies**

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates, assumptions and judgments that can significantly impact the amounts we report as assets, liabilities, revenue, costs and expenses and the related disclosures. We base our estimates on historical experience and other assumptions that we believe are reasonable under the circumstances. Our actual results could differ significantly from these estimates. We believe that our accounting policies are critical to understanding our historical and future performance as these policies involve a greater degree of judgment and complexity.

There were no significant changes to our critical accounting policies during the three months ended June 30, 2014. For information about critical accounting policies, see the discussion of critical accounting policies in the final prospectus filed with the U.S. Securities and Exchange Commission on June 26, 2014 in connection with our initial public offering.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risks in the ordinary course of our business. These risks primarily include foreign currency and interest rate risks as follows:

#### ***Foreign currency risk***

To date, all of our product sales and inventory purchases have been denominated in U.S. dollars. We therefore have not had any foreign currency risk associated with these two activities. The functional currency of all of our entities is the U.S. dollar. Our operations outside of the United States incur a portion of their operating expenses in foreign currencies, principally the Hong Kong Dollar. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates. However, we believe that the exposure to foreign currency fluctuation from operating expenses is immaterial at this time as the related costs do not constitute a significant portion of our total expenses. As we grow our operations, our exposure to foreign currency risk could become more significant. To date, we have not entered into any foreign currency exchange contracts and currently do not expect to enter into foreign currency exchange contracts for trading or speculative purposes.

#### ***Interest rate risk***

We had cash totaling \$101.4 million and \$104.9 million at December 31, 2013 and June 30, 2014, respectively. Our cash consists of cash in bank accounts. The primary objectives of our investment activities are to preserve principal and provide liquidity without significantly increasing risk. Our cash is held for working capital purposes. We do not enter into investments for trading or speculative purposes.

We had outstanding term debt of \$114.0 million and \$108.0 million at December 31, 2013 and June 30, 2014, respectively. The interest rate is based on the six-month adjusted LIBOR plus 2.5%. The initial contractual interest rate is 3.06% and adjusts every six months. The term loan had scheduled quarterly principal repayments due on the last day of each quarter of \$1.5 million per quarter in 2013, and provided for payments of \$3.0 million per quarter in 2014 and \$6.0 million for the first three quarters of 2015, with the remaining balance due on December 21, 2015. Our excess cash flows for 2013 triggered a contractual principal prepayment obligation of \$48.5 million, which amount has been classified as a current liability as of December 31, 2013 and June 30, 2014. In April 2014, we amended our credit facility to extend the due date for this contractual principal prepayment from April 2014 to December 2014. A hypothetical 50 basis point increase in the LIBOR rate as of June 30, 2014, applied to our outstanding debt balance as of June 30, 2014, would have resulted in an approximately \$0.6 million increase in our interest expense and an increase of 7% in our net loss for the six months ended June 30, 2014.



## Item 4. Controls and Procedures

***Evaluation of Disclosure Controls and Procedures.*** Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of June 30, 2014. Based on their evaluation as of June 30, 2014, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act) were effective at the reasonable assurance level to ensure that the information required to be disclosed by us in this Quarterly Report on Form 10-Q was (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and regulations and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the quarter ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

For a discussion of legal proceedings, see Note 10, "Commitments, Contingencies and Guarantees," in the Notes to Condensed Consolidated Financial Statements of this Form 10-Q. There have been no material developments in the legal proceeding described in "Business - Legal proceedings" in the final prospectus that we filed with the Securities and Exchange Commission on June 26, 2014 in connection with our initial public offering.

### Item 1A. Risk Factors

The risks described in "Risk Factors," in the final prospectus that we filed with the Securities and Exchange Commission on June 26, 2014 in connection with our initial public offering could materially and adversely affect our business, financial condition and results of operations. These risk factors do not identify all risks that we face - our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations.

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

### **Unregistered Sales of Equity Securities**

From April 1, 2014 to June 25, 2014 (the date of the filing of our registration statement on Form S-8), we granted options to purchase 3,603,915 shares of our Class B common stock, after giving effect to the Reclassification and net of expirations, forfeitures and cancellations, under our 2010 Equity Incentive Plan to a total of 74 employees, directors, consultants and other service providers, with exercise prices ranging from \$16.39 to \$18.40 per share. During this period, 3,409,697 shares were issued pursuant to option exercises, at a weighted average exercise price of approximately \$0.83 per share, for aggregate consideration of \$2.8 million, which includes 2,476,548 shares issued pursuant to option exercises by the selling stockholders in connection with the IPO. In addition, in June 2014, we granted an aggregate of 4,750,379 restricted stock units to two employees and a director under our 2010 Equity Incentive Plan. Of these restricted stock units, 1,500,000 have settled to date. The offers, sales and issuances of these securities were deemed to be exempt from registration under the Securities Act in reliance upon either (1) Rule 701 promulgated under the Securities Act as transactions pursuant to benefit plans and contracts relating to compensation in compliance with Rule 701 or (2) Section 4(2) of the Securities Act as transactions by an issuer not involving any public offering. The recipients of such securities in each of these transactions represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof. Appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us.

### **Use of Proceeds from Public Offering of Common Stock**

On June 25, 2014, the Securities and Exchange Commission declared our registration statement on Form S-1 (File No. 333-196083) effective for our IPO, and the offering commenced the following day. The offering did not terminate before all the securities registered in the registration statement were sold. J.P. Morgan Securities LLC, Citigroup Global Markets Inc. and Barclays Capital Inc. acted as joint book-running managers of the offering and Allen & Company LLC, Stifel, Nicolaus & Company, Incorporated, Robert W. Baird & Co. Incorporated, MCS Capital Markets LLC, Piper Jaffray & Co. and Raymond James & Associates, Inc. acted as co-managers of the offering.

We registered 17,800,000 shares of Class A common stock (8,900,000 shares of which were held before our IPO by certain of our stockholders), plus 2,670,000 additional shares to cover the underwriters' option to purchase additional shares (all of which were held before our IPO by certain of our stockholders). The aggregate public offering price of the offering amount registered, including shares to cover the underwriters' option to purchase additional shares was \$491.3 million. On July 1, 2014, we closed the IPO, in which we sold 8,900,000 shares of our Class A common stock and the selling stockholders sold 11,570,000 shares of our Class A common stock. The shares sold and issued in the IPO included the full exercise of the underwriters' option to purchase additional shares. All sales were at the IPO price of \$24.00 per share, for an aggregate offering price of \$213.6 million for the shares sold by us and \$277.7 million for the shares sold by the selling stockholders, making the aggregate offering price of the shares sold \$491.3 million.

The net offering proceeds to us, after deducting underwriters' discounts and commissions of \$12.8 million and other offering expenses of \$6.2 million, were \$194.6 million. We expect to pay the remaining unpaid offering expenses in the third quarter of 2014. No payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates, or to our affiliates in connection with the issuance and sale of the securities registered. On July 1, 2014, we used \$108.0 million of the IPO proceeds to repay our term loan under our credit facility. See Note 8, "Financing Arrangements," of the Notes to Condensed Consolidated Financial Statements of this Form 10-Q.

There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus filed with the Securities and Exchange Commission on June 26, 2012.

Pending the use of proceeds from the IPO, we intend to invest the net proceeds in short-term, interest-bearing, investment-grade securities. Our management has broad discretion in the application of the net proceeds from the IPO and investors will be relying on the judgment of our management regarding the application of the proceeds.

### **Stock Contribution**

In June 2014, our Chief Executive Officer contributed 665,443 shares back to us, for no additional consideration, in connection with the exercise of options to purchase 665,443 shares by a current employee, pursuant to a pre-existing agreement. See Note 5, "Common stock and stock-based compensation - Sharing of proceeds from sale of securities," of the Notes to Condensed Consolidated Financial Statements of this Form 10-Q.

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

Not applicable.

### **Item 5. Other Information**

None.

### **Item 6. Exhibits**

The information required by this item is set forth on the exhibit index which follows the signature page of this report.

## SIGNATURES

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

**GoPro, Inc.**  
(Registrant)

Dated: August 11, 2014

By: /s/ Jack Lazar

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Jack Lazar  
Chief Financial Officer  
(Principal Financial Officer)

S-1

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## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Document</u>	<u>Incorporated by Reference</u>				<u>Filed Herewith</u>
		<u>Form</u>	<u>File No.</u>	<u>Exhibit</u>	<u>Filing Date</u>	
3.1	Restated Certificate of Incorporation					X
3.2	Restated Bylaws					X
10.1	2014 Equity Incentive Plan and forms thereunder	S-1/A	333-196083	10.3	June 11, 2014	
10.2	2014 Employee Stock Purchase Plan and forms thereunder	S-1/A	333-196083	10.4	June 11, 2014	
31.1	Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS**	XBRL Instance Document.					X
101.SCH**	XBRL Taxonomy Extension Schema Document.					X
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document.					X

\* This certification is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

\*\* Pursuant to applicable securities laws and regulations, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act, are deemed not filed for purposes of section 18 of the Exchange Act and otherwise are not subject to liability under these sections.

**GOPRO, INC.**

**RESTATED CERTIFICATE OF INCORPORATION**

GoPro, Inc., a Delaware corporation, hereby certifies as follows:

1. The name of the corporation is GoPro, Inc. The date of filing its original Certificate of Incorporation with the Secretary of State was August 24, 2011, under the name Woodman Labs, Inc.
2. The Restated Certificate of Incorporation of the corporation attached hereto as Exhibit "1", which is incorporated herein by this reference, and which restates, integrates and further amends the provisions of the Certificate of Incorporation of this corporation, as previously amended and/or restated, has been duly adopted by the corporation's Board of Directors and by the stockholders in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, with the approval of the corporation's stockholders having been given by written consent without a meeting in accordance with Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this corporation has caused this Restated Certificate of Incorporation to be signed by its duly authorized officer and the foregoing facts stated herein are true and correct.

Dated: July 1, 2014

GoPro, Inc.

By: /s/ Nicholas Woodman

Name: Nicholas Woodman

Title: Chief Executive Officer

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**EXHIBIT "1"**

**GOPRO, INC.**

**RESTATED CERTIFICATE OF INCORPORATION**

**ARTICLE I: NAME**

The name of the corporation is GoPro, Inc. (the "*Corporation*").

**ARTICLE II: AGENT FOR SERVICE OF PROCESS**

The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, Delaware 19808. The name of the registered agent of the Corporation at that address is Corporation Service Company.

**ARTICLE III: PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "*General Corporation Law*").

**ARTICLE IV: AUTHORIZED STOCK**

1. **Total Authorized**. The total number of shares of all classes of stock that the Corporation has authority to issue is Six Hundred Fifty Five Million (655,000,000) shares, consisting of: Five Hundred Million (500,000,000) shares of Class A Common Stock, \$0.0001 par value per share ("*Class A Common Stock*"), One Hundred Fifty Million (150,000,000) shares of Class B Common Stock, \$0.0001 par value per share ("*Class B Common Stock*" and together with the Class A Common Stock, the "*Common Stock*"), and Five Million (5,000,000) shares of Preferred Stock, \$0.0001 par value per share (the "*Preferred Stock*"). The number of authorized shares of Class A Common Stock and Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of capital stock representing a majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the General Corporation Law, and no vote of the holders of the Class A Common Stock or Class B Common Stock voting separately as a class shall be required therefor.

2. **Preferred Stock**.

1. The Board of Directors is hereby authorized, subject to any limitations prescribed by the law of the State of Delaware, by resolution or resolutions adopted from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, and, by filing a Certificate of Designation pursuant to the applicable law of the State of Delaware setting forth such resolution or resolutions, to establish from time to time the number of shares to be included in each such series, to fix the designation, powers (including voting powers), preferences and relative, participating, optional or other rights (and the qualifications, limitations or restrictions thereof) of the shares of each such series and to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the General Corporation Law, and, unless otherwise expressly provided in any Certificate of Designation designating any series of Preferred Stock pursuant to the foregoing provisions of this Article IV, no separate vote of the holders of Preferred Stock or any series thereof shall be required therefor.

2. Except as otherwise expressly provided in any Certificate of Designation designating any series of Preferred Stock pursuant to the foregoing provisions of this Article IV, (i) any new series of Preferred Stock may be designated, fixed and determined as provided herein by the Board of Directors without approval of the holders of Common Stock or the holders of Preferred Stock, or any series thereof, and (ii) any such new series may have powers, preferences and rights, including, without limitation, voting rights, dividend rights, liquidation rights, redemption rights and conversion rights, senior to, junior to or pari passu with the rights of the Common Stock, the Preferred Stock, or any future class or series of Preferred Stock or Common Stock.



3. **Common Stock**.

1. **Equal Status**. Except as otherwise required by law or as expressly set forth in this Section 3 of this Article IV, each share of Class A Common Stock shall have the same rights and powers as, rank equally to, share ratably with and be identical in all respects and in all matters to, each share of Class B Common Stock.

2. **Number of Votes**. Except as otherwise set forth herein or as required by law, the holders of Class A Common Stock and Class B Common Stock shall vote together as a single class on all matters submitted to a vote of the stockholders generally. Each outstanding share of Class B Common Stock shall entitle the holder thereof, as such, to ten (10) votes, and each outstanding share of Class A Common Stock shall entitle the holder thereof, as such, to one (1) vote. Unless otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) or pursuant to the General Corporation Law.

3. **Dividends and Distributions**. Dividends and other distributions may be declared and paid on shares of the Common Stock from funds lawfully available therefor as and when determined by the Board of Directors and subject to applicable law and any preferential dividend, distribution or other rights of the holders of any then outstanding series of Preferred Stock. Without the affirmative vote of the holders of Class A Common Stock representing a majority of the voting power of the outstanding shares of Class A Common Stock, voting separately as a single class, and the affirmative vote of the holders of Class B Common Stock representing a majority of the voting power of the outstanding shares of Class B Common Stock, voting separately as a single class, the Corporation may not declare and pay any dividends or make other distributions with respect to any class of Common Stock unless at the same time the Corporation declares and pays a ratable dividend or makes a ratable distribution with respect to each outstanding share of Common Stock, regardless of class. For purposes of the preceding sentence, dividends or other distributions payable in (i) shares of a class of Common Stock; (ii) voting securities of the Corporation or voting securities of any entity that is a wholly owned subsidiary of the Corporation (“*Voting Securities* ”); or (iii) securities (including options, warrants or other rights) convertible into, or exercisable or exchangeable for, Voting Securities (“*Exchangeable Securities* ”) shall be deemed ratable if, and only if:

(a) In the case of dividends or other distributions payable in shares of a class of Common Stock, (i) only shares of Class A Common Stock are distributed with respect to Class A Common Stock; (ii) only shares of Class B Common Stock are distributed with respect to Class B Common Stock; and (iii) the number of shares of Class A Common Stock payable on each share of Class A Common Stock pursuant to such dividend or other distribution is equal to the number of shares of Class B Common Stock payable on each share of Class B Common Stock pursuant to such dividend or other distribution;

(b) In the case of dividends or other distributions payable in Voting Securities, either (x) such dividend or other distribution is identical with respect to each class of Common Stock and is approved by the affirmative vote of the holders of Class B Common Stock representing a majority of the voting power of the outstanding shares of Class B Common Stock, voting separately as a single class; or (y) (i) such Voting Securities are identical with respect to each class of Common Stock in all respects except as provided in subsections (ii), (iii) and (iv) of clause (y) of this Section 3.3(b) of this Article IV; (ii) the voting rights of such Voting Security paid to the holders of Class A Common Stock are substantially similar to those of the Class A Common Stock; (iii) the voting rights of such Voting Security paid to the holders of Class B Common Stock are substantially similar to those of the Class B Common Stock; (iv) such Voting Security paid to the holders of Class B Common Stock is convertible into the Voting Security paid to the holders of Class A Common Stock upon terms and conditions that are substantially similar to the terms and conditions applicable to the conversion of Class B Common Stock into Class A Common Stock; and (v) the number of such Voting Securities payable on each share of Class A Common Stock pursuant to such dividend or other distribution is equal to the number of such Voting Securities payable on each share of Class B Common Stock pursuant to such dividend or other distribution; and

(c) In the case of dividends or other distributions payable in Exchangeable Securities, either (x) such dividend or other distribution is identical with respect to each class of Common Stock and is approved by the affirmative vote of the holders of Class B Common Stock representing a majority of the voting power of the outstanding shares of Class B Common Stock, voting separately as a single class; or (y) (i) such Exchangeable Securities are identical with respect to each class of Common Stock in all respects except as provided in subsections (ii), (iii) and (iv) of clause (y) of this Section 3.3(c) of this Article IV; (ii) the voting rights of each Voting Security underlying the Exchangeable Security paid to the holders of Class A Common Stock are substantially similar to those of the Class A Common Stock; (iii) the voting rights of each Voting Security underlying the Exchangeable Security paid to the holders of Class B Common Stock are substantially similar to those of the Class B Common Stock; (iv) each Voting Security underlying the Exchangeable Security paid to the holders of Class B Common Stock

is convertible into the Voting Security underlying the Exchangeable Security paid to the holders of Class A Common Stock upon terms and conditions that are substantially similar to the terms and conditions applicable to the conversion of Class B Common Stock into Class A Common Stock; and (v) the number of such Exchangeable Securities payable on each share of Class A Common Stock pursuant to such dividend or other distribution shall be equal to the number of such Exchangeable Securities payable on each share of Class B Common Stock pursuant to such dividend or other distribution.

4. **Reclassifications**. Without the affirmative vote of the holders of Class A Common Stock representing a majority of the voting power of the outstanding shares of Class A Common Stock, voting separately as a single class, and the affirmative vote of the holders of Class B Common Stock representing a majority of the voting power of the outstanding shares of Class B Common Stock, voting separately as a single class, neither the shares of Class A Common Stock nor the shares of Class B Common Stock may be subdivided, combined, reclassified or otherwise changed unless the shares of the other class of Common Stock are concurrently subdivided, combined, reclassified or otherwise changed in the same proportion and in the same manner. For purposes of the preceding sentence, any reclassification or other change of Class A Common Stock or Class B Common Stock into (i) Voting Securities or (ii) Exchangeable Securities shall be deemed undertaken in the same proportion and in the same manner as shares of the other class of Common Stock if, and only if:

(a) In the case of a reclassification or other change of Class A Common Stock or Class B Common Stock into Voting Securities, either (x) such reclassification or other change is identical with respect to each class of Common Stock and is approved by the affirmative vote of the holders of Class B Common Stock representing a majority of the voting power of the outstanding shares of Class B Common Stock, voting separately as a single class; or (y) (i) such Voting Securities are identical with respect to each class of Common Stock in all respects except as provided in subsections (ii), (iii) and (iv) of clause (y) of this Section 3.4(a) of this Article IV; (ii) the voting rights of the Voting Security into which the Class A Common Stock has been reclassified or otherwise changed are substantially similar to those of the Class A Common Stock; (iii) the voting rights of the Voting Security into which the Class B Common Stock has been reclassified or otherwise changed are substantially similar to those of the Class B Common Stock; (iv) such Voting Security into which the Class B Common Stock has been reclassified or otherwise changed is convertible into the Voting Security into which the Class A Common Stock has been reclassified or otherwise changed upon terms and conditions that are substantially similar to the terms and conditions applicable to the conversion of Class B Common Stock into Class A Common Stock; and (v) the number of such Voting Securities into which the Class A Common Stock has been reclassified or otherwise changed is equal to the number of such Voting Securities into which the Class B Common Stock has been reclassified or otherwise changed; and

(b) In the case of a reclassification or other change of Class A Common Stock or Class B Common Stock into Exchangeable Securities, either (x) such reclassification or other change is identical with respect to each class of Common Stock and approved by the affirmative vote of the holders of Class B Common Stock representing a majority of the voting power of the outstanding shares of Class B Common Stock; or (y) (i) such Exchangeable Securities are identical with respect to each class of Common Stock in all respects except as provided in subsections (ii), (iii) and (iv) of clause (y) of this Section 3.4(b) of this Article IV; (ii) the voting rights of each Voting Security underlying the Exchangeable Security into which the Class A Common Stock has been reclassified or otherwise changed are substantially similar to those of the Class A Common Stock; (iii) the voting rights of each Voting Security underlying the Exchangeable Security into which the Class B Common Stock has been reclassified or otherwise changed are substantially similar to those of the Class B Common Stock; (iv) each Voting Security underlying the Exchangeable Security into which the Class B Common Stock has been reclassified or otherwise changed is convertible into each Voting Security underlying the Exchangeable Security into which the Class A Common Stock has been reclassified or otherwise changed upon terms and conditions that are substantially similar to the terms and conditions applicable to the conversion of Class B Common Stock into Class A Common Stock; and (v) the number of such Exchangeable Securities into which the Class A Common Stock has been reclassified or otherwise changed is equal to the number of such Exchangeable Securities into which the Class B Common Stock has been reclassified or otherwise changed.

5. **Liquidation**. Upon the dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, the holders of Common Stock shall be entitled to receive ratably all assets of the Corporation available for distribution to its stockholders, subject to any preferential or other rights of the holders of any series of Preferred Stock then outstanding.

6. **Merger**. The affirmative vote of the holders of Class A Common Stock representing a majority of the voting power of the outstanding shares of Class A Common Stock, voting separately as a single class, and the affirmative vote of the holders of Class B Common Stock representing a majority of the voting power of the outstanding shares of Class B Common Stock, voting separately as a single class, shall be required to approve any merger or consolidation of the Corporation (whether or not the Corporation is the surviving entity) requiring a vote of the Corporation's stockholders under applicable law unless, upon the consummation of such merger or consolidation, holders of each class of Common Stock will receive (or be entitled to receive) the same per share consideration in the merger. Without limiting the circumstances in which the holders of each class of Common Stock may be deemed to have received equal per share consideration upon the consummation of a merger or consolidation of the

Corporation (whether or not the Corporation is the surviving entity), for purposes of the preceding sentence, holders of each class of Common Stock will be deemed to have received the same per share consideration of (i) voting securities of the Corporation or any other entity (“*Merger Voting Securities*”) or (ii) securities convertible into, or exchangeable for, Merger Voting Securities (“*Merger Exchangeable Securities*”) if:

(a) With respect to Merger Voting Securities, (i) the Merger Voting Securities to be received by holders of Class A Common Stock and Class B Common Stock are identical with respect to each class of Common Stock in all respects except as provided in subsections (ii), (iii) and (iv) of this Section 3.6(a) of this Article IV; (ii) the voting rights of the Merger Voting Security to be received by the holders of Class A Common Stock are substantially similar to those of the Class A Common Stock; (iii) the voting rights of the Merger Voting Security to be received by the holders of Class B Common Stock are substantially similar to those of the Class B Common Stock; (iv) the Merger Voting Security to be received by the holders of Class B Common Stock is convertible into the Merger Voting Security to be received by the holders of Class A Common Stock upon terms and conditions that are substantially similar to the terms and conditions applicable to the conversion of Class B Common Stock into Class A Common Stock; and (v) the number of Merger Voting Securities to be received for each share of Class A Common Stock is equal to the number of Merger Voting Securities to be received for each share of Class B Common Stock; and

(b) With respect to Merger Exchangeable Securities, (i) the Merger Exchangeable Securities to be received by holders of Class A Common Stock and Class B Common Stock are identical with respect to each class of Common Stock in all respects except as provided in subsections (ii), (iii) and (iv) of this Section 3.6(b) of this Article IV; (ii) the voting rights of each Merger Voting Security underlying the Merger Exchangeable Security to be received by the holders of Class A Common Stock are substantially similar to those of the Class A Common Stock; (iii) the voting rights of each Merger Voting Security underlying the Merger Exchangeable Security to be received by the holders of Class B Common Stock are substantially similar to those of the Class B Common Stock; (iv) each Merger Voting Security underlying the Merger Exchangeable Security to be received by the holders of Class B Common Stock is convertible to each Merger Voting Security underlying the Merger Exchangeable Security to be received by the holders of Class A Common Stock upon terms and conditions that are substantially similar to the terms and conditions applicable to the conversion of Class B Common Stock into Class A Common Stock; and (v) the number of Merger Exchangeable Securities to be received for each share of Class A Common Stock is equal to the number of Merger Exchangeable Securities to be received for each share of Class B Common Stock.

7. **Determinations of “Substantially Similar” and “Same Per Share Consideration”**. For purposes of Sections 3.3, 3.4, and 3.6 of this Article IV, the Board of Directors shall have the sole power and authority to make all determinations regarding whether or not a characteristic of a security is “substantially similar” to that of another security and for purposes of Section 3.6 of this Article IV, the Board of Directors shall have the sole power and authority to make all determinations regarding whether or not holders of each class of Common Stock will be entitled to receive the same per share consideration. All such determinations made by the Board of Directors shall be final, conclusive and binding.

## ARTICLE V: CLASS B COMMON STOCK CONVERSION

1. **Optional Conversion**. Each share of Class B Common Stock shall be convertible into one (1) fully paid and nonassessable share of Class A Common Stock at the option of the holder thereof at any time upon written notice to the Corporation. Before any record holder of Class B Common Stock shall be entitled to convert any of such holder’s shares of such Class B Common Stock into shares of Class A Common Stock, such holder shall deliver an instruction, duly signed and authenticated in accordance with any procedures set forth in the Bylaws of the Corporation or any policies of the Corporation then in effect, at the principal corporate office of the Corporation or of any transfer agent for the Class B Common Stock, and shall give written notice to the Corporation at its principal corporate office of such holder’s election to convert the same and shall state therein the name or names in which the shares of Class A Common Stock issuable on conversion thereof are to be registered on the books of the Corporation. The Corporation shall, as soon as practicable thereafter, register on the Corporation’s books ownership of the number of shares of Class A Common Stock to which such record holder of Class B Common Stock, or to which the nominee or nominees of such record holder, shall be entitled as aforesaid. Such conversion shall be deemed to have occurred immediately prior the close of business on the date such notice of the election to convert is received by the Corporation, and the person or persons entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock as of such date.

2. **Automatic Conversion**. Each share of Class B Common Stock shall automatically be converted into one (1) fully paid and nonassessable share of Class A Common Stock immediately prior to the close of business on the earlier of the date, if any, (i) on which the outstanding shares of Class B Common Stock represent less than ten percent (10%) of the aggregate number of shares of Common Stock then outstanding, or (ii) specified by the affirmative vote of the holders of Class B Common Stock representing not less than a majority of the voting power of the outstanding shares of Class B Common Stock, voting separately as a single class (either of the events so specified being the “*Automatic Conversion*” and the date on which such event

occurs, the “ **Automatic Conversion Date** ”). The Corporation shall provide notice of the Automatic Conversion of shares of Class B Common Stock pursuant to this Section 2 to record holders of such shares of Class B Common Stock as soon as practicable following the Automatic Conversion; provided, however, that the Corporation may satisfy such notice requirements by providing such notice prior to the Automatic Conversion. Such notice shall be provided by any means then permitted by the General Corporation Law; provided, however, that no failure to give such notice nor any defect therein shall affect the validity of the Automatic Conversion. Upon and after the Automatic Conversion, the person registered on the Corporation’s books as the record holder of the shares of Class B Common Stock so converted immediately prior to the Automatic Conversion shall be registered on the Corporation’s books as the record holder of the shares of Class A Common Stock issued upon Automatic Conversion of such shares of Class B Common Stock, without further action on the part of the record holder thereof. Immediately upon the effectiveness of the Automatic Conversion, the rights of the holders of shares of Class B Common Stock as such shall cease, and the holders shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock into which such shares of Class B Common Stock were converted.

3. **Conversion on Transfer**. Each share of Class B Common Stock shall automatically, without further action by the Corporation or the holder thereof, be converted into one (1) fully paid and nonassessable share of Class A Common Stock, upon the occurrence of a Transfer (as defined below), other than a Permitted Transfer (as defined below), of such share of Class B Common Stock.

4. **Policies and Procedures**. The Corporation may, from time to time, establish such policies and procedures, not in violation of applicable law or this Restated Certificate of Incorporation or the Bylaws, relating to the conversion of shares of the Class B Common Stock into shares of Class A Common Stock as it may deem necessary or advisable. If the Corporation has reason to believe that a Transfer that is not a Permitted Transfer has occurred, the Corporation may request that the purported transferor furnish affidavits or other evidence to the Corporation as it reasonably deems necessary to determine whether a Transfer that is not a Permitted Transfer has occurred, and if such transferor does not within ten (10) days after the date of such request furnish sufficient (as determined by the Board of Directors) evidence to the Corporation (in the manner provided in the request) to enable the Corporation to determine that no such Transfer has occurred, any such shares of Class B Common Stock, to the extent not previously converted, shall be automatically converted into shares of Class A Common Stock and such conversion shall thereupon be registered on the books and records of the Corporation.

5. **Definitions**.

a) “ **Family Member** ” shall mean with respect to any natural person who is a Qualified Stockholder (as defined below), the spouse, domestic partner, parents, grandparents, lineal descendants, siblings and lineal descendants of siblings of such Qualified Stockholder. Lineal descendants shall include adopted persons, but only so long as they are adopted during minority.

b) “ **Qualified Stockholder** ” shall mean (a) the record holder of a share of Class B Common Stock; (b) each natural person who, prior to the Effective Time, Transferred shares of capital stock of the Corporation to a Permitted Entity that is or becomes a Qualified Stockholder; (c) each natural person who Transferred shares of, or equity awards for, Class B Common Stock (including any Option exercisable or Convertible Security exchangeable for or convertible into shares of Class B Common Stock) to a Permitted Entity that is or becomes a Qualified Stockholder; and (d) a Permitted Transferee.

c) “ **Permitted Entity** ” shall mean with respect to a Qualified Stockholder (a) a Permitted Trust (as defined below) solely for the benefit of (i) such Qualified Stockholder, (ii) one or more Family Members of such Qualified Stockholder and/or (iii) any other Permitted Entity of such Qualified Stockholder, or (b) any general partnership, limited partnership, limited liability company, corporation or other entity exclusively owned by (i) such Qualified Stockholder, (ii) one or more Family Members of such Qualified Stockholder and/or (iii) any other Permitted Entity of such Qualified Stockholder.

d) “ **Transfer** ” of a share of Class B Common Stock shall mean any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law, including, without limitation, a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether there is a corresponding change in beneficial ownership), or the transfer of, or entering into a binding agreement with respect to, Voting Control (as defined below) over such share by proxy or otherwise; provided, however, that the following shall not be considered a “Transfer” within the meaning of this Section 5:

(i) the granting of a revocable proxy to officers or directors of the Corporation at the request of the Board of Directors in connection with actions to be taken at an annual or special meeting of stockholders;

(ii) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of Class B Common Stock that (A) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Corporation, (B) either has a term not exceeding one (1) year or is terminable by the holder of the shares subject thereto at any time and (C) does not involve any payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner; or

(iii) the pledge of shares of Class B Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction for so long as such stockholder continues to exercise Voting Control over such pledged shares; *provided, however*, that a foreclosure on such shares or other similar action by the pledgee shall constitute a Transfer unless such foreclosure or similar action qualifies as a Permitted Transfer.

A Transfer shall also be deemed to have occurred with respect to a share of Class B Common Stock beneficially held by (i) an entity that is a Permitted Entity, if there occurs any act or circumstance that causes such entity to no longer be a Permitted Entity or (ii) an entity that is a Qualified Stockholder, if there occurs a Transfer on a cumulative basis of a majority of the voting power of the voting securities of such entity or any direct or indirect Parent of such entity, other than a Transfer to parties that are holders of voting securities of any such entity or Parent of such entity.

e) “**Parent**” of an entity shall mean any entity that directly or indirectly owns or controls a majority of the voting power of the voting securities of such entity.

f) “**Permitted Transfer**” shall mean, and be restricted to, any Transfer of a share of Class B Common Stock:

(i) by a Qualified Stockholder to (A) one or more Family Members of such Qualified Stockholder, or (B) any Permitted Entity of such Qualified Stockholder; or

(ii) by a Permitted Entity of a Qualified Stockholder to (A) such Qualified Stockholder or one or more Family Members of such Qualified Stockholder, or (B) any other Permitted Entity of such Qualified Stockholder.

g) “**Permitted Transferee**” shall mean a transferee of shares of Class B Common Stock received in a Transfer that constitutes a Permitted Transfer.

h) “**Permitted Trust**” shall mean a bona fide trust where each trustee is (i) a Qualified Stockholder, (ii) a Family Member or (iii) a professional in the business of providing trustee services, including private professional fiduciaries, trust companies and bank trust departments.

i) “**Voting Control**” shall mean, with respect to a share of Class B Common Stock, the power (whether exclusive or shared) to vote or direct the voting of such share by proxy, voting agreement or otherwise.

j) “**Convertible Securities**” shall mean securities (other than shares of Class B Common Stock) convertible into or exchangeable for Class A Common Stock or Class B Common Stock, either directly or indirectly.

k) “**Options**” shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Class A Common Stock, Class B Common Stock or Convertible Securities.

6. **Status of Converted Stock**. In the event any shares of Class B Common Stock are converted into shares of Class A Common Stock pursuant to this **Article V**, the shares of Class B Common Stock so converted shall be retired and shall not be reissued by the Corporation.

7. **Effect of Conversion on Payment of Dividends**. Notwithstanding anything to the contrary in Sections 1, 2 or 3 of this Article V, if the date on which any share of Class B Common Stock is converted into Class A Common Stock pursuant to the provisions of Sections 1, 2 or 3 of this Article V occurs after the record date for the determination of the holders of Class B Common Stock entitled to receive any dividend or distribution to be paid on the shares of Class B Common Stock, the holder of such shares of Class B Common Stock as of such record date will be entitled to receive such dividend or distribution on such payment date; *provided*, that, notwithstanding any other provision of this Restated Certificate of Incorporation, to the extent that any such dividend or distribution is payable in shares of Class B Common Stock (or in the Voting Securities or Exchangeable Securities payable on shares of Class B Common Stock), such dividend or distribution shall be deemed to have been declared, and shall be payable in, shares of Class A Common Stock (or, if applicable, the Voting Securities or Exchangeable Securities

payable on shares of Class A Common Stock) and no shares of Class B Common Stock (or the Voting Securities or Exchangeable Securities payable on shares of Class B Common Stock) shall be issued in payment thereof.

8. **Reservation.** The Corporation shall at all times reserve and keep available, out of its authorized and unissued shares of Class A Common Stock, solely for the purpose of effecting conversions of shares of Class B Common Stock into Class A Common Stock, such number of duly authorized shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all then outstanding shares of Class B Common Stock. If at any time the number of authorized and unissued shares of Class A Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Class B Common Stock, the Corporation shall promptly take such corporate action as may be necessary to increase its authorized but unissued shares of Class A Common Stock to such number of shares as shall be sufficient for such purpose, including, without limitation, obtaining the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation. All shares of Class A Common Stock which are so issuable shall, when issued, be duly and validly issued, fully paid and non-assessable shares. The Corporation shall take all such action as may be necessary to ensure that all such shares of Class A Common Stock may be so issued without violation of any applicable law or regulation.

#### ARTICLE VI:

#### AMENDMENT OF BYLAWS

The Board of Directors of the Corporation shall have the power to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board of Directors shall require the approval of a majority of the Whole Board. For purposes of this Restated Certificate of Incorporation, the term “**Whole Board**” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation; *provided, however,* that, notwithstanding any other provision of this Restated Certificate of Incorporation (including any Certificate of Designation) or any provision of law that might otherwise permit a lesser or no vote, but in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Restated Certificate of Incorporation (including any Certificate of Designation), the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for stockholders to adopt, amend or repeal any provision of the Bylaws of the Corporation.

#### ARTICLE VII:

#### MATTERS RELATING TO THE BOARD OF DIRECTORS

1. **Director Powers.** The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, except as otherwise provided by law.

2. **Number of Directors.** Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the total number of directors constituting the Whole Board shall be fixed from time to time exclusively by resolution adopted by a majority of the Whole Board.

3. **Classified Board.** Subject to the special rights of the holders of any series of Preferred Stock to elect directors, immediately following the Automatic Conversion Date, the directors shall be divided into three classes designated as Class I, Class II and Class III, respectively (the “**Classified Board**”). Each class shall consist, as nearly as may be possible, of one third of the Whole Board. The Board of Directors is authorized to assign members of the Board of Directors already in office to such classes of the Classified Board, which assignments shall become effective at the same time the Classified Board becomes effective. The initial term of office of the Class I directors shall expire at the Corporation’s first annual meeting of stockholders following the Automatic Conversion Date, the initial term of office of the Class II directors shall expire at the Corporation’s second annual meeting of stockholders following the Automatic Conversion Date, and the initial term of office of the Class III directors shall expire at the Corporation’s third annual meeting of stockholders following the Automatic Conversion Date. At each annual meeting of stockholders following the Automatic Conversion Date, directors elected to succeed those directors of the class whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election.

4. **Term and Removal.** Each director shall hold office until the annual meeting at which such director’s term expires and until such director’s successor is elected and qualified, or until such director’s earlier death, resignation, disqualification or removal. Prior to the Automatic Conversion Date, subject to the special rights of the holders of any series of Preferred Stock to elect directors, directors may be removed with or without cause by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class. From and after the Automatic Conversion Date, subject to the special rights of the holders of any series of Preferred Stock, directors may be removed only for cause and only by the affirmative vote of the holders of two-thirds of the voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

5. **Vacancies and Newly Created Directorships**. Subject to the special rights of the holders of any series of Preferred Stock to elect directors, any vacancy occurring in the Board of Directors for any cause, and any newly created directorship resulting from any increase in the authorized number of directors, shall be filled only by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of such director expires or until such director's successor shall have been duly elected and qualified. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

6. **Vote by Ballot**. Election of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

#### ARTICLE VIII:

#### DIRECTOR LIABILITY

1. **Limitation of Liability**. To the fullest extent permitted by law, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law, as so amended.

2. **Change in Rights**. Neither any amendment nor repeal of this Article VIII, nor the adoption of any provision of this Restated Certificate of Incorporation inconsistent with this Article VIII, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such amendment, repeal or adoption of such an inconsistent provision.

#### ARTICLE IX:

#### MATTERS RELATING TO STOCKHOLDERS

1. **No Action by Written Consent of Stockholders**. Subject to the rights of any series of Preferred Stock then outstanding, no action shall be taken by the stockholders of the Corporation except at a duly called annual or special meeting of stockholders and no action shall be taken by the stockholders by written consent.

2. **Special Meeting of Stockholders**. Prior to the Automatic Conversion Date, special meetings of the stockholders of the Corporation may be called by holders of at least 10% of the outstanding voting power of all then-outstanding shares of stock, the Chairperson of the Board, the Chief Executive Officer, the President, or the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board. From and after the Automatic Conversion Date, special meetings of the stockholders of the Corporation may be called only by the Chairperson of the Board, the Chief Executive Officer, the President, or the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board.

3. **Advance Notice of Stockholder Nominations and Business Transacted at Special Meetings**. Advance notice of stockholder nominations for the election of directors of the Corporation and of business to be brought by stockholders before any meeting of stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation. Business transacted at special meetings of stockholders shall be confined to the purpose or purposes stated in the notice of meeting.

#### ARTICLE X:

#### SEVERABILITY

If any provision of this Restated Certificate of Incorporation shall be held to be invalid, illegal, or unenforceable, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of this Restated Certificate of Incorporation (including without limitation, all portions of any section of this Restated Certificate of Incorporation containing any such provision held to be invalid, illegal, or unenforceable, that are not themselves invalid, illegal, or unenforceable) shall remain in full force and effect.

#### ARTICLE XI: AMENDMENT OF CERTIFICATE OF INCORPORATION

1. **General**. The Corporation reserves the right to amend or repeal any provision contained in this Restated Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; *provided, however*, that, notwithstanding any other provision of this Restated Certificate of Incorporation (including any Certificate of Designation) or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of the Corporation required by law or by this Restated Certificate of Incorporation (including any Certificate of Designation), and subject to Sections 1 and 2.1 of Article IV,

the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal, or adopt any provision inconsistent with, this Section 1 of this Article XI, Section 2 of Article IV, or Article V, Article VI, Article VII, Article VIII, Article IX, Article X or Article XII.

2. **Changes to or Inconsistent with Section 3 of Article IV**. Notwithstanding any other provision of this Restated Certificate of Incorporation (including any Certificate of Designation) or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of the Corporation required by law or by this Restated Certificate of Incorporation (including any Certificate of Designation), the affirmative vote of the holders of Class A Common Stock representing at least seventy-five percent (75%) of the voting power of the outstanding shares of Class A Common Stock, voting separately as a single class, and the affirmative vote of the holders of Class B Common Stock representing at least seventy-five percent (75%) of the voting power of the outstanding shares of Class B Common Stock, voting separately as a single class, shall be required to amend or repeal, or to adopt any provision inconsistent with, Section 3 of Article IV or this Section 2 of this Article XI.

## **ARTICLE XII:**

## **CHOICE OF FORUM**

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation; (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders; (c) any action asserting a claim arising pursuant to any provision of the General Corporation Law, this Restated Certificate of Incorporation or the Bylaws; (d) any action to interpret, apply, enforce or determine the validity of this Restated Certificate of Incorporation or the Bylaws; or (e) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article XII.



**GOPRO, INC.**

(a Delaware corporation)

**AMENDED AND RESTATED BYLAWS**

As Adopted on July 1, 2014

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# GOPRO, INC.

(a Delaware corporation)

## AMENDED AND RESTATED BYLAWS

### TABLE OF CONTENTS

	<u>Page</u>
<b>Article I - STOCKHOLDERS</b>	1
Section 1.1: Annual Meetings	1
Section 1.2: Special Meetings	1
Section 1.3: Notice of Meetings	1
Section 1.4: Adjournments	1
Section 1.5: Quorum	2
Section 1.6: Organization	2
Section 1.7: Voting; Proxies	2
Section 1.8: Fixing Date for Determination of Stockholders of Record	3
Section 1.9: List of Stockholders Entitled to Vote	3
Section 1.10: Inspectors of Elections	3
Section 1.11: Notice of Stockholder Business; Nominations	5
<b>Article II - BOARD OF DIRECTORS</b>	7
Section 2.1: Number; Qualifications	7
Section 2.2: Election; Resignation; Removal; Vacancies	8
Section 2.3: Regular Meetings	8
Section 2.4: Special Meetings	8
Section 2.5: Remote Meetings Permitted	8
Section 2.6: Quorum; Vote Required for Action	8
Section 2.7: Organization	9
Section 2.8: Written Action by Directors	9
Section 2.9: Powers	9
Section 2.10: Compensation of Directors	9
<b>Article III - COMMITTEES</b>	9
Section 3.1: Committees	9
Section 3.2: Committee Rules	9
<b>Article IV - OFFICERS</b>	10
Section 4.1: Generally	10
Section 4.2: Chief Executive Officer	10
Section 4.3: Chairperson of the Board	11
Section 4.4: President	11
Section 4.5: Vice President	11
Section 4.6: Chief Financial Officer	11
Section 4.7: Treasurer	11
Section 4.8: Chief Technology Officer	11
Section 4.9: Secretary	12
Section 4.10: Delegation of Authority	12
Section 4.11: Removal	12
<b>Article V - STOCK</b>	12
Section 5.1: Certificates	12

---

Section 5.2:Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificate	12
Section 5.3:Other Regulations	13
<b>Article VI - INDEMNIFICATION</b>	13
Section 6.1:Indemnification of Officers and Directors	13
Section 6.2:Advance of Expenses	13
Section 6.3:Non-Exclusivity of Rights	14
Section 6.4:Indemnification Contracts	14
Section 6.5:Right of Indemnitee to Bring Suit	14
Section 6.6: Nature of Rights	14
<b>Article VII - NOTICES</b>	15
Section 7.1:Notice	15
Section 7.2:Waiver of Notice	16
<b>Article VIII - INTERESTED DIRECTORS</b>	16
Section 8.1:Interested Directors	16
Section 8.2:Quorum	16
<b>Article IX - MISCELLANEOUS</b>	16
Section 9.1:Fiscal Year	16
Section 9.2:Seal	16
Section 9.3:Form of Records	17
Section 9.4:Reliance Upon Books and Records	17
Section 9.5:Certificate of Incorporation Governs	17
Section 9.6:Severability	17
<b>Article X - AMENDMENT</b>	17

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# GOPRO, INC.

(a Delaware corporation)

## AMENDED AND RESTATED BYLAWS

As Adopted July 1, 2014

### ARTICLE I: STOCKHOLDERS

**Section 1.1: Annual Meetings.** An annual meeting of stockholders shall be held for the election of directors at such date and time as the Board of Directors of the Corporation (the “*Board*”) shall each year fix. The meeting may be held either at a place, within or without the State of Delaware as permitted by the Delaware General Corporation Law (the “*DGCL*”), or by means of remote communication as the Board in its sole discretion may determine. Any proper business may be transacted at the annual meeting. The Board may postpone, reschedule or cancel any previously scheduled annual meeting of stockholders.

**Section 1.2: Special Meetings.** Special meetings of stockholders for any purpose or purposes shall be called in the manner set forth in the Restated Certificate of Incorporation of the Corporation (as the same may be amended and/or restated from time to time, the “*Certificate of Incorporation*”). The special meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board in its sole discretion may determine. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of the meeting. The Board may postpone, reschedule or cancel any previously scheduled special meeting of stockholders.

**Section 1.3: Notice of Meetings.** Notice of all meetings of stockholders shall be given in writing or by electronic transmission in the manner provided by law (including, without limitation, as set forth in Section 7.1.1 of these Bylaws) stating the date, time and place, if any, of the meeting, the means of remote communications by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting and the record date for determining the stockholders entitled to vote at the meeting. In the case of a special meeting, such notice shall also set forth the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Certificate of Incorporation, notice of any meeting of stockholders shall be given not less than ten (10), nor more than sixty (60), days before the date of the meeting to each stockholder of record entitled to vote at such meeting.

**Section 1.4: Adjournments.** The chairperson of the meeting shall have the power to adjourn the meeting to another time, date and place (if any). Any meeting of stockholders, annual or special, may be adjourned from time to time, and notice need not be given of any such adjourned meeting if the time, date and place (if any) thereof and the means of remote communications (if any) by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; *provided, however*, that if the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting.

**Section 1.5: Quorum.** Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, at each meeting of stockholders the holders of a majority of the voting power of the shares of stock issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business; *provided, however*, that where a separate vote by a class or classes or series of stock is required by law or the Certificate of Incorporation, the holders of a majority in voting power of the shares of such class or classes or series of the stock issued and outstanding and entitled to vote on such matter, present in person or represented by proxy at the meeting, shall constitute a quorum entitled to take action with respect to the vote on such matter. If a quorum shall fail to attend any meeting, the chairperson of the meeting or, if directed to be voted on by the chairperson of the meeting, the holders of a majority of the shares entitled to vote who are present in person or represented by proxy at the meeting may adjourn the meeting. Shares of the Corporation’s stock belonging to the Corporation (or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation), shall neither be entitled to vote nor be counted for quorum purposes; *provided, however*, that the foregoing shall not limit the right of the Corporation or any other corporation to vote any shares of the Corporation’s stock held by it in a fiduciary capacity and to count such shares for purposes of determining a quorum. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

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**Section 1.6 : Organization.** Meetings of stockholders shall be presided over by such person as the Board may designate, or, in the absence of such a person, the Chairperson of the Board, or, in the absence of such person, the President of the Corporation, or, in the absence of such person, by a Vice President. Such person shall be chairperson of the meeting and, subject to Section 1.10 hereof, shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seems to him or her to be in order. The Secretary of the Corporation shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

**Section 1.7 : Voting; Proxies.** Each stockholder of record entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy. Such a proxy may be prepared, transmitted and delivered in any manner permitted by applicable law. Except as may be required in the Certificate of Incorporation, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Unless otherwise provided by applicable law, regulation applicable to the Corporation or its securities, the rules or regulations of any stock exchange applicable to the Corporation, the Certificate of Incorporation or these Bylaws, every matter other than the election of directors shall be decided by the affirmative vote of the holders of a majority of the voting power of the shares of stock entitled to vote on such matter that are present in person or represented by proxy at the meeting and are voted for or against the matter (or if there are two or more classes or series of stock entitled to vote as separate classes, then in the case of each class or series, the holders of a majority of the voting power of the shares of stock of that class or series present in person or represented by proxy at the meeting voting for or against such matter).

**Section 1.8 : Fixing Date for Determination of Stockholders of Record.** In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than (10) days before the date of such meeting. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which shall not be more than sixty (60) days prior to such action. If no such record date is fixed by the Board, then the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

**Section 1.9 : List of Stockholders Entitled to Vote.** The Secretary shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting ( *provided, however*, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date), arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, (a) on a reasonably accessible electronic network as permitted by law ( *provided* that the information required to gain access to the list is provided with the notice of the meeting), or (b) during ordinary business hours, at the principal place of business of the Corporation. If the meeting is held at a place, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present at the meeting. If the meeting is held solely by means of remote communication, then the list shall be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting. Except as otherwise provided by law, the list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

**Section 1.10 : Inspectors of Elections.**

1.10.1 **Applicability.** Unless otherwise required by the Certificate of Incorporation or by the DGCL, the following provisions of this Section 1.10 shall apply only if and when the Corporation has a class of voting stock that is: (a) listed on a national securities exchange; (b) authorized for quotation on an interdealer quotation system of a registered national securities

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association; or (c) held of record by more than two thousand (2,000) stockholders. In all other cases, observance of the provisions of this Section 1.10 shall be optional, and at the discretion of the Board.

1.10.2 Appointment. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

1.10.3 Inspector's Oath. Each inspector of election, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability.

1.10.4 Duties of Inspectors. At a meeting of stockholders, the inspectors of election shall (a) ascertain the number of shares outstanding and the voting power of each share, (b) determine the shares represented at a meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

1.10.5 Opening and Closing of Polls. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced by the chairperson of the meeting at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

1.10.6 Determinations. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies in accordance with any information provided pursuant to Section 211(a)(2)b.(i) of the DGCL, or Sections 211(e) or 212(c)(2) of the DGCL, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification of their determinations pursuant to this Section 1.10 shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

## **Section 1.11: Notice of Stockholder Business; Nominations.**

### 1.11.1 Annual Meeting of Stockholders.

(a) Nominations of persons for election to the Board and the proposal of business to be considered by the stockholders shall be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of such meeting, (ii) by or at the direction of the Board or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 1.11, who is entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 1.11.

(b) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to Section 1.11.1(a):

(i) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation;

(ii) such other business must otherwise be a proper matter for stockholder action;

(iii) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, as that term is defined in this Section 1.11, such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such stockholder or beneficial holder to be

sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice; and

(iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this Section 1.11, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section 1.11.

To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the seventy-fifth (75th) day nor earlier than the close of business on the one hundred and fifth (105th) day prior to the first anniversary of the preceding year's annual meeting (except in the case of the 2015 annual meeting, for which such notice shall be timely if delivered in the same time period as if such meeting were a special meeting governed by Section 1.11.2); provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered (A) no earlier than the close of business on the one hundred and fifth (105th) day prior to currently proposed annual meeting and (B) no later than the close of business on the later of the seventy-fifth (75th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. Such stockholder's notice shall set forth:

(x) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that would be required to be disclosed in solicitations of proxies for election of directors, or would be otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected;

(y) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting (including, if such proposal seeks to amend the Bylaws, the text of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and

(z) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (aa) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (bb) the class and number of shares of the Corporation that are owned beneficially and held of record by such stockholder and such beneficial owner, and (cc) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent being a "**Solicitation Notice**").

(c) Notwithstanding anything in the second sentence of Section 1.11.1(b) to the contrary, in the event that the number of directors to be elected to the Board is increased and there is no Public Announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board at least seventy five (75) days prior to the first anniversary of the preceding year's annual meeting (or, if the annual meeting is held more than thirty (30) days before or sixty (60) days after such anniversary date, at least seventy five (75) days prior to such annual meeting), a stockholder's notice required by this Section 1.11 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation no later than the close of business on the tenth (10th) day following the day on which such Public Announcement is first made by the Corporation.

1.11.2 Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of such meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of such meeting (a) by or at the direction of the Board or (b) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice of the special meeting, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 1.11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by Section 1.11.1(b) shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation (i) no earlier than the one hundred fifth (105th) day prior to such special meeting and (ii) no later than the close of business on the later of the seventy fifth (75th)

day prior to such special meeting or the tenth (10th) day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting.

### 1.11.3 General.

(a) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.11 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.11. Except as otherwise provided by law or these Bylaws, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.11 and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded.

(b) For purposes of this Section 1.11, the term “**Public Announcement**” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(c) Notwithstanding the foregoing provisions of this Section 1.11, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 1.11 shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

## ARTICLE II: BOARD OF DIRECTORS

**Section 2.1: Number; Qualifications**. The total number of directors constituting the Board (the “**Whole Board**”) shall be fixed from time to time in the manner set forth in the Certificate of Incorporation. No decrease in the authorized number of directors constituting the Board shall shorten the term of any incumbent director. Directors need not be stockholders of the Corporation.

**Section 2.2: Election; Resignation; Removal; Vacancies**. Election of directors need not be by written ballot. Unless otherwise provided by the Certificate of Incorporation and subject to the special rights of holders of any series of Preferred Stock to elect directors, immediately following the Automatic Conversion Date (as defined in the Certificate of Incorporation), the Board shall be divided into three classes, designated: Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the Whole Board. Each director shall hold office until the annual meeting at which such director’s term expires and until such director’s successor is elected and qualified or until such director’s earlier death, resignation, disqualification or removal. Any director may resign by delivering a resignation in writing or by electronic transmission to the Corporation at its principal office or to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at a later time or upon the happening of an event. Subject to the special rights of holders of any series of Preferred Stock to elect directors, directors may be removed only as provided by the Certificate of Incorporation and applicable law. All vacancies occurring in the Board and any newly created directorships resulting from any increase in the authorized number of directors shall be filled in the manner set forth in the Certificate of Incorporation.

**Section 2.3: Regular Meetings**. Regular meetings of the Board may be held at such places, within or without the State of Delaware, and at such times as the Board may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board.

**Section 2.4: Special Meetings**. Special meetings of the Board may be called by the Chairperson of the Board, the President or a majority of the members of the Board then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given, orally, in writing or by electronic transmission (including electronic mail), by the person or persons calling the meeting to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery, telegram, telex, mailgram, facsimile, electronic mail or other means of electronic transmission. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

**Section 2.5: Remote Meetings Permitted**. Members of the Board, or any committee of the Board, may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of



which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or other communications equipment shall constitute presence in person at such meeting.

**Section 2.6:** **Quorum; Vote Required for Action**. At all meetings of the Board, a majority of the Whole Board shall constitute a quorum for the transaction of business. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date or time without further notice thereof. Except as otherwise provided herein or in the Certificate of Incorporation, or required by law, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

**Section 2.7:** **Organization**. Meetings of the Board shall be presided over by the Chairperson of the Board, or in such person's absence by the President, or in such person's absence by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

**Section 2.8:** **Unanimous Action by Directors in Lieu of a Meeting**. Any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee, as applicable. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

**Section 2.9:** **Powers**. Except as otherwise provided by the Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board.

**Section 2.10:** **Compensation of Directors**. Members of the Board, as such, may receive, pursuant to a resolution of the Board, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board.

### ARTICLE III: COMMITTEES

**Section 3.1:** **Committees**. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting of such committee who are not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving, adopting, or recommending to the stockholders any action or matter (other than the election or removal of members of the Board) expressly required by the DGCL to be submitted to stockholders for approval or (b) adopting, amending or repealing any bylaw of the Corporation.

**Section 3.2:** **Committee Rules**. Each committee shall keep records of its proceedings and make such reports as the Board may from time to time request. Unless the Board otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article II of these Bylaws. Except as otherwise provided in the Certificate of Incorporation, these Bylaws or the resolution of the Board designating the committee, any committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and may delegate to any such subcommittee any or all of the powers and authority of the committee.

### ARTICLE IV: OFFICERS

**Section 4.1:** **Generally**. The officers of the Corporation shall consist of a Chief Executive Officer (who may be the Chairperson of the Board or the President), a President, a Secretary and a Treasurer and may consist of such other officers, including a Chairperson of the Board, Chief Financial Officer, Chief Technology Officer and one or more Vice Presidents, as may from time to time be appointed by the Board. All officers shall be elected by the Board; *provided, however*, that the Board may empower the Chief Executive Officer of the Corporation to appoint any officer other than the Chairperson of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer. Except as otherwise provided by law, by the Certificate of Incorporation or these Bylaws, each officer shall hold office until such officer's successor is duly elected and qualified or until

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such officer's earlier resignation, death, disqualification or removal. Any number of offices may be held by the same person. Any officer may resign by delivering a resignation in writing or by electronic transmission to the Corporation at its principal office or to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at some later time or upon the happening of some later event. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board and the Board may, in its discretion, leave unfilled, for such period as it may determine, any offices. Each such successor shall hold office for the unexpired term of such officer's predecessor and until a successor is duly elected and qualified or until such officer's earlier resignation, death, disqualification or removal.

**Section 4.2:** **Chief Executive Officer.** Subject to the control of the Board and such supervisory powers, if any, as may be given by the Board, the powers and duties of the Chief Executive Officer of the Corporation are:

- (a) To act as the general manager and, subject to the control of the Board, to have general supervision, direction and control of the business and affairs of the Corporation;
- (b) Subject to Article I, Section 1.6, to preside at all meetings of the stockholders;
- (c) Subject to Article I, Section 1.2, to call special meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and
- (d) To affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation; and, subject to the direction of the Board, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation.

The President shall be the Chief Executive Officer of the Corporation unless the Board shall designate another officer to be the Chief Executive Officer.

**Section 4.3:** **Chairperson of the Board.** The Chairperson of the Board shall have the power to preside at all meetings of the Board and shall have such other powers and duties as provided in these Bylaws and as the Board may from time to time prescribe.

**Section 4.4:** **President.** The Chief Executive Officer shall be the President of the Corporation unless the Board shall have designated one individual as the President and a different individual as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board to the Chairperson of the Board, and/or to any other officer, the President shall have the responsibility for the general management and control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board.

**Section 4.5:** **Vice President.** Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President, or that are delegated to him or her by the Board or the Chief Executive Officer. A Vice President may be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer in the event of the Chief Executive Officer's absence or disability.

**Section 4.6:** **Chief Financial Officer.** The Chief Financial Officer shall be the Treasurer of the Corporation unless the Board shall have designated another officer as the Treasurer of the Corporation. Subject to the direction of the Board and the Chief Executive Officer, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of Chief Financial Officer.

**Section 4.7:** **Treasurer.** The Treasurer shall have custody of all moneys and securities of the Corporation. The Treasurer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, or as the Board or the Chief Executive Officer may from time to time prescribe.

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**Section 4.8 :** **Chief Technology Officer** . The Chief Technology Officer shall have responsibility for the general research and development activities of the Corporation, for supervision of the Corporation’s research and development personnel, for new product development and product improvements, for overseeing the development and direction of the Corporation’s intellectual property development and such other responsibilities as may be given to the Chief Technology Officer by the Board, subject to: (a) the provisions of these Bylaws; (b) the direction of the Board; (c) the supervisory powers of the Chief Executive Officer of the Corporation; and (d) those supervisory powers that may be given by the Board to the Chairperson or Vice Chairperson of the Board.

**Section 4.9 :** **Secretary** . The Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board. The Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of Secretary, or as the Board or the Chief Executive Officer may from time to time prescribe.

**Section 4.10 :** **Delegation of Authority** . The Board may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

**Section 4.11 :** **Removal** . Any officer of the Corporation shall serve at the pleasure of the Board and may be removed at any time, with or without cause, by the Board; *provided* that if the Board has empowered the Chief Executive Officer to appoint any officer of the Corporation, then such officer may also be removed by the Chief Executive Officer. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

## ARTICLE V: STOCK

**Section 5.1 :** **Certificates; Uncertificated Shares** . The shares of capital stock of the Corporation shall be represented by certificates; *provided, however*, that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation (or the transfer agent or registrar, as the case may be). Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the Corporation, by the Chairperson or Vice-Chairperson of the Board, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

**Section 5.2 :** **Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates** . The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner’s legal representative, to agree to indemnify the Corporation and/or to give the Corporation a bond sufficient to indemnify it, against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

**Section 5.3 :** **Other Regulations** . Subject to applicable law, the Certificate of Incorporation and these Bylaws, the issue, transfer, conversion and registration of shares represented by certificates and of uncertificated shares shall be governed by such other regulations as the Board may establish.

## ARTICLE VI: INDEMNIFICATION

**Section 6.1 :** **Indemnification of Officers and Directors** . Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a “ *Proceeding* ”), by reason of the fact that such person (or a person of whom such person is the legal representative), is or was a director or officer of the Corporation or a Reincorporated Predecessor (as defined below) or, while a director or officer of the Corporation, is or was serving at the request of the Corporation or a Reincorporated Predecessor as a director, officer, employee, agent or trustee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (for purposes of this Article VI, an “ *Indemnitee* ”), shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expenses, liability

and loss (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith. Such indemnification shall continue as to an Indemnitee who has ceased to be a director or officer and shall inure to the benefit of such Indemnitees' heirs, executors and administrators. Notwithstanding the foregoing, subject to Section 6.5 of this Article VI, the Corporation shall indemnify any such Indemnitee seeking indemnity in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board or such indemnification is authorized by an agreement approved by the Board. As used herein, the term the "***Reincorporated Predecessor***" means a corporation that was merged with and into the Corporation in a statutory merger in which the Corporation was the surviving corporation of such merger and the primary purpose of such merger was to change the corporate domicile of the Reincorporated Predecessor to Delaware.

**Section 6.2: Advance of Expenses.** The Corporation shall pay all expenses (including attorneys' fees) incurred by an Indemnitee in defending any Proceeding in advance of its final disposition; *provided, however*, that if the DGCL then so requires, the advancement of such expenses shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Indemnitee, to repay such amounts if it shall ultimately be determined that such Indemnitee is not entitled to be indemnified under this Article VI or otherwise.

**Section 6.3: Non-Exclusivity of Rights.** The rights conferred on any person in this Article VI shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaw, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI.

**Section 6.4: Indemnification Contracts.** The Board is authorized to cause the Corporation to enter into indemnification contracts with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification or advancement rights to such person. Such rights may be greater than those provided in this Article VI.

**Section 6.5: Right of Indemnitee to Bring Suit.** The following shall apply to the extent not in conflict with any indemnification contract provided for in Section 6.4 above.

6.5.1 **Right to Bring Suit.** If a claim under Section 6.1 or 6.2 of this Article VI is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall be entitled to be paid, to the fullest extent permitted by law, the expense of prosecuting or defending such suit. In any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the Indemnitee has not met any applicable standard of conduct which makes it permissible under the DGCL (or other applicable law) for the Corporation to indemnify the Indemnitee for the amount claimed.

6.5.2 **Effect of Determination.** Neither the absence of a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in applicable law, nor an actual determination that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit.

6.5.3 **Burden of Proof.** In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI, or otherwise, shall be on the Corporation.

**Section 6.6: Nature of Rights.** The rights conferred upon Indemnitees in this Article VI shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the Indemnitee's heirs, executors and administrators. Any amendment, repeal or modification of any provision of this Article VI that adversely affects any right of an Indemnitee or an Indemnitee's successors shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI and existing at the time of such amendment, repeal or modification.

## ARTICLE VII: NOTICES

### **Section 7.1: Notice.**

7.1.1 **Form and Delivery.** Except as otherwise specifically required in these Bylaws (including, without limitation, Section 7.1.2 below) or by law, all notices required to be given pursuant to these Bylaws shall be in writing and may, (a) in every instance in connection with any delivery to a member of the Board, be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by overnight express courier, facsimile, electronic mail or other form of electronic transmission and (b) be effectively be delivered to a stockholder when given by hand delivery, by depositing such notice in the mail, postage prepaid or, if specifically consented to by the stockholder as described in Section 7.1.2 of this Article VII by sending such notice by facsimile, electronic mail or other form of electronic transmission. Any such notice shall be addressed to the person to whom notice is to be given at such person's address as it appears on the records of the Corporation. The notice shall be deemed given (a) in the case of hand delivery, when received by the person to whom notice is to be given or by any person accepting such notice on behalf of such person, (b) in the case of delivery by mail, upon deposit in the mail, (c) in the case of delivery by overnight express courier, when dispatched, and (d) in the case of delivery via facsimile, electronic mail or other form of electronic transmission, at the time provided in Section 7.1.2.

7.1.2 **Electronic Transmission.** Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation, or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given in accordance with Section 232 of the DGCL. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (a) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (b) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; *provided, however,* the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this Section 7.1.2 shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of such posting and the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder.

7.1.3 **Affidavit of Giving Notice.** An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given in writing or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

**Section 7.2: Waiver of Notice.** Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these Bylaws, a written waiver of notice, signed by the person entitled to notice, or waiver by electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any waiver of notice.

## ARTICLE VIII: INTERESTED DIRECTORS

**Section 8.1: Interested Directors.** No contract or transaction between the Corporation and one or more of its members of the Board or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are members of the board of directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if: (a) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (b) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board, a committee thereof, or the stockholders.

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**Section 8.2:** **Quorum**. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

#### ARTICLE IX: MISCELLANEOUS

**Section 9.1:** **Fiscal Year**. The fiscal year of the Corporation shall be determined by resolution of the Board.

**Section 9.2:** **Seal**. The Board may provide for a corporate seal, which may have the name of the Corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board.

**Section 9.3:** **Form of Records**. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on or by means of, or be in the form of, diskettes, CDs, or any other information storage device or method, *provided* that the records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the DGCL.

**Section 9.4:** **Reliance upon Books and Records**. A member of the Board, or a member of any committee designated by the Board shall, in the performance of such person's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

**Section 9.5:** **Certificate of Incorporation Governs**. In the event of any conflict between the provisions of the Certificate of Incorporation and Bylaws, the provisions of the Certificate of Incorporation shall govern.

**Section 9.6:** **Severability**. If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

#### ARTICLE X: AMENDMENT

Notwithstanding any other provision of these Bylaws, any alteration, amendment or repeal of these Bylaws, and any adoption of new Bylaws, shall require the approval of the Board or the stockholders of the Corporation as expressly provided in the Certificate of Incorporation.

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**CERTIFICATION OF AMENDED AND RESTATED BYLAWS  
OF  
GOPRO, INC.  
(a Delaware corporation)**

I, Sharon Zezima, certify that I am Secretary of GoPro, Inc., a Delaware corporation (the “ *Corporation* ”), that I am duly authorized to make and deliver this certification, that the attached Bylaws are a true and complete copy of the Amended and Restated Bylaws of the Corporation in effect as of the date of this certificate.

Dated: July 1, 2014

/s/ Sharon Zezima

Sharon Zezima,  
General Counsel and Secretary

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002

I, Nicholas Woodman, certify that:

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

Date: August 11, 2014

/s/ Nicholas Woodman

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Nicholas Woodman  
Chief Executive Officer  
(Principal Executive Officer)



CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002

I, Jack Lazar, certify that:

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

Date: August 11, 2014

/s/ Jack Lazar

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Jack Lazar  
Chief Financial Officer  
(Principal Financial Officer)

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

I, Nicholas Woodman, Chief Executive Officer of GoPro, Inc., do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, the quarterly report on Form 10-Q of GoPro, Inc. for the quarter ended June 30, 2014 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of GoPro, Inc. for the periods presented herein.

By: /s/ Nicholas Woodman

Nicholas Woodman  
Chief Executive Officer  
(Principal Executive Officer)

August 11, 2014

A signed original of this written statement required by Section 906 has been provided to GoPro, Inc. and will be retained by GoPro, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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

I, Jack Lazar, Chief Financial Officer of GoPro, Inc., do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, the quarterly report on Form 10-Q of GoPro, Inc. for the quarter ended June 30, 2014 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of GoPro, Inc. for the periods presented herein.

By: /s/ Jack Lazar

Jack Lazar  
Chief Financial Officer  
(Principal Financial Officer)

August 11, 2014

A signed original of this written statement required by Section 906 has been provided to GoPro, Inc. and will be retained by GoPro, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.