Table of Contents

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

FORM 10-K

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

For the fiscal year ended December 31, 2011

OR

o **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 001-34819

GREEN DOT CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	**95-4766827**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*
605 E. Huntington Drive, Suite 205 Monrovia, California 91016	**(626) 775-3400**
(Address of principal executive offices, including zip code)	*(Registrant's telephone number, including area code)*

Securities registered pursuant to Section 12(b) of the Act:

Class A Common Stock, $0.001 par value	**New York Stock Exchange**
(Title of each class)	***(Name of each exchange on which registered)***

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☑

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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer o	Non-accelerated filer o *(Do not check if a smaller reporting company)*	Smaller reporting company o

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

The aggregate market value of the common equity held by non-affiliates of the registrant (assuming for these purposes, but without conceding, that all executive officers, directors and 10% or greater stockholders are "affiliates" of the registrant) as of June 30, 2011, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $911.2 million (based on the closing sale price of the registrant's common stock on that date as reported on the New York Stock Exchange).

There were 30,189,888 shares of Class A common stock, par value $.001 per share, and 5,264,889 shares of Class B common stock, par value $.001 per share, outstanding as of January 31, 2012.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement relating to the registrant's 2012 Annual Meeting of Stockholders, to be held on or about May 24, 2012, are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated.

GREEN DOT CORPORATION

TABLE OF CONTENTS

		Page
	PART I.	
Item 1.	Business	1
Item 1A.	Risk Factors	13
Item 1B.	Unresolved Staff Comments	26
Item 2.	Properties	26
Item 3.	Legal Proceedings	26
Item 4.	Mine Safety Disclosures	26
	PART II.	
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	27
Item 6.	Selected Financial Data	28
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	31
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	46
Item 8.	Financial Statements and Supplementary Data	48
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	85
Item 9A.	Controls and Procedures	85
Item 9B.	Other Information	86
	PART III.	
Item 10.	Directors, Executive Officers and Corporate Governance	87
Item 11.	Executive Compensation	87
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	87
Item 13.	Certain Relationships and Related Transactions, and Director Independence	87
Item 14.	Principal Auditor Fees and Services	87
	PART IV.	
Item 15.	Exhibits, Financial Statement Schedules	88
	Signature	89
	Exhibit Index	91

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”). All statements other than statements of historical facts are statements that could be deemed to be forward-looking statements. These statements are based on current expectations, estimates, forecasts and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “continues,” “endeavors,” “strives,” “may” and “assumes,” variations of such words and similar expressions are intended to identify forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified below, under “Part I, Item 1A. Risk Factors,” and elsewhere herein. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

In this report, unless otherwise specified or the context otherwise requires, “Green Dot,” “we,” “us,” and “our” refer to Green Dot Corporation and its consolidated subsidiaries, the term “GPR cards” refers to general purpose reloadable prepaid debit cards, the term “prepaid cards” refers to prepaid debit cards and the term “our cards” refers to our Green Dot-branded and co-branded GPR cards. In addition, “prepaid financial services” refers to GPR cards and associated reload services, a segment of the prepaid card industry.

PART I

ITEM 1. Business

Overview

Green Dot is a leading financial services company providing simple, low-cost and convenient money management solutions to a broad base of U.S. consumers. We believe that we are the leading provider of general purpose reloadable, or GPR, prepaid debit cards in the United States and that our Green Dot Network is the leading reload network for prepaid cards in the United States. We sell our cards and offer our reload services nationwide at approximately 59,000 retail store locations, which provide consumers convenient access to our products and services. Our technology platform, Green PlaNET, provides essential functionality, including point-of-sale connectivity and interoperability with Visa, MasterCard and other payment or funds transfer networks, and compliance and other capabilities to our Green Dot Network, enabling real-time transactions in a secure environment. The combination of our innovative products, broad retail distribution and proprietary technology creates powerful network effects, which we believe enhance the value we deliver to our customers, our retail distributors and other participants in our network.

We were incorporated in Delaware in October 1999 as Next Estate Communications, Inc. and changed our name to Green Dot Corporation in October 2005. We completed our initial public offering of Class A common stock in July 2010. In December 2011, we completed our acquisition of Utah-based Bonneville Bancorp, a bank holding company, and its subsidiary commercial bank, Bonneville Bank, which is now legally named Green Dot Bank. As a result of the acquisition, we became a bank holding company under the Bank Holding Company Act of 1956, as amended, or the BHC Act, and elected to be treated as a financial holding company. Consequently, we are now regulated by the Federal Reserve Board. In February 2012, our subsidiary bank became a member bank of the Federal Reserve System.

We manage our operations and allocate resources as a single operating segment. Financial information regarding our operations, assets and liabilities, including our total operating revenues and net income for the years ended December 31, 2011 and 2010, the five month-period ended December 31, 2009 and the year ended July 31, 2009 and our total assets as of December 31, 2011 and 2010, is included in our consolidated financial statements and related notes in Item 8 “Financial Statements and Supplementary Data”.

Our principal executive offices are located at 605 East Huntington Drive, Suite 205, Monrovia, California 91016, and our telephone number is (626) 739-3942. We maintain a website at www.greendot.com. We make available free of charge, on or through our website via the Investor Relations section at http://ir.greendot.com, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the Securities and Exchange Commission, or the SEC. References to website addresses in this report are intended to be inactive textual references only, and none of the information contained on our website is part of this report or incorporated in this report by reference.

Special Note regarding Bank Acquisition

Pursuant to our commitments to the Federal Reserve Board and the Utah Department of Financial Institutions, our subsidiary bank continues to conduct the same business it conducted prior to the acquisition, including lending in its local community at not less than its pre-acquisition levels at its single Provo, Utah location, under its former legal name, Bonneville Bank. We have also made certain financial commitments with respect to Green Dot Bank, including maintaining a tier 1 leverage ratio of at least 15 percent and a 1:1 ratio of cash or cash equivalents to deposits associated with GPR cards. Green Dot Bank has not earned a material amount of net income historically and as of December 31, 2011 had $68.2 million of total assets and $10.0 million of net loans. Other than fulfilling our commitment to continue to lend at pre-acquisition levels in Green Dot Bank's local community, we do not expect to engage in lending activity as a result of the bank acquisition.

We believe that our bank acquisition enables us to, among other things, (i) offer consumers FDIC-insured transactional accounts, (ii) issue prepaid card and debit card products linked to those transactional accounts, (iii) offer other types of deposit products, such as savings accounts, and (iv) provide settlement services for our reload network. Over time, we intend to introduce new products or services in each of these categories.

In addition, we believe that our bank acquisition will provide us with the following strategic benefits:

- increase our efficiency in introducing and managing potential new products and services, which are more difficult to accomplish with multiple unaffiliated card issuing banks;
- reduce the risk that we would be negatively impacted by one of the banks that issue our cards changing its

business practices as a result of, among other things, a change of strategic direction, financial hardship or regulatory developments;

- reduce the sponsorship and service fees and other expenses that we incur each year to the third-party banks that issue our cards, and correspondingly create the ability to earn interest income and increase funds available to us to spend on other aspects of our business, including the ability to further reduce consumer pricing; and
- improve our ability to compete for new program management opportunities, particularly with federal, state, and local government entities that value working with a member bank of the Federal Reserve System.

Our Business Model

Our business model focuses on four major elements: our consumers; our distribution; our products and services; and our proprietary technology platform, which provides functionality for and connectivity to the Green Dot Network and supports the platform that brings the other three elements together.

Our Consumers

We have designed our products and services to appeal primarily to consumers living in households that earn less than $75,000 annually across the following four consumer segments:

- *Never-banked* — households in which no one has ever had a bank account;
- *Previously-banked* — households in which at least one member has previously had a bank account, but no one has one currently;
- *Underbanked* — households in which at least one member currently has a bank account, but that also use non-bank financial service providers to conduct routine transactions like check cashing or bill payment; and
- *Fully-banked* — households that primarily rely on traditional financial services.

Based on data from the Federal Deposit Insurance Corporation, or FDIC, the Federal Reserve Bank, the U.S. Census and the Center for Financial Services Innovation and our proprietary data, we believe these four consumer segments collectively represent an addressable market of approximately 160 million people in the United States.

Customers in these different segments tend to purchase and use our products for different reasons and in different ways. For example, we believe never-banked consumers use our products as a safe, controlled way to spend cash and as a means to access channels of trade, such as online purchases, where cash cannot be used. We believe previously-banked consumers use our products as a convenient and affordable substitute for a traditional checking account by depositing payroll checks (via direct or in-store deposit) on a Green Dot GPR card and using our products to pay bills, shop online, monitor spending and withdraw cash from ATMs.

We believe underbanked consumers use our products in ways similar to those of the never- and previously-banked segments, but additionally view our products as a credit card substitute. For example, underbanked consumers use our products to make purchases at physical and online merchants, pay bills, make travel arrangements and guarantee reservations. We believe fully-banked consumers use our products as companion products to their bank checking account, segregating funds into separate accounts for a variety of uses. For example, fully-banked consumers often use our cards to shop on the Internet without providing their bank debit card account information online. These consumers also use our products to control spending, designate funds for specific uses, prevent overdrafts in their checking accounts, or load funds into specific accounts, such as a PayPal account.

Our Distribution

We achieve broad distribution of our products and services through our retail distributors, the Internet and relationships with other businesses. In addition, our distribution is enhanced by businesses that accept reloads or payments through the Green Dot Network, which we refer to as our network acceptance members, because they encourage their customers to use our prepaid financial services.

Retail Distributors. Our prepaid financial services are sold in approximately 59,000 retail store locations, including those of major national mass merchandisers, national and regional drug store and convenience store chains, and national and regional supermarket chains. Our retail distributors include:

Type of Distributor	Representative Distributors
Mass merchandise retailers	Walmart, Kmart, Meijer
Drug store retailers	Walgreens, CVS, Rite Aid
Convenience store retailers	7-Eleven, The Pantry (Kangaroo Express), Circle K
Supermarket retailers	Kroger, Blackhawk Network, Inc.
Other	Radio Shack

Most of these retailers have been our distributors for several years and all have contracts with us, subject to termination rights, which expire at various dates from 2012 to 2015. In general, our agreements with our retail distributors give us the right to provide Green Dot-branded and/or co-branded GPR cards and reload services in their retail locations, in many cases on an exclusive basis, and require us to share with them by way of commissions the revenues generated by sales of these cards and reload services. We and the retail distributor generally also agree to certain marketing arrangements, such as promotions and advertising. Our operating revenues derived from products and services sold at the store locations of Walmart and our three other largest retail distributors, as a group, represented the following percentages of our total operating revenues: approximately 61% and 20%, respectively, for the year ended December 31, 2011, 63% and 20%, respectively, for the year ended December 31, 2010, 66% and 23%, respectively, for the five months ended December 31, 2009, and 56% and 27%, respectively, for the year ended July 31, 2009. For the year ended July 31, 2009, operating revenues derived from products and services sold at the store locations of Walgreens represented 11% of our total operating revenues.

Our Relationship with Walmart. Walmart is our largest retail distributor. We have been the exclusive provider of Walmart-branded GPR cards sold at Walmart since Walmart initiated its Walmart MoneyCard program in 2007. In October 2006, we entered into agreements with Walmart and GE Capital Retail Bank, formerly GE Money Bank (the card issuing bank), which set forth the terms and conditions of our relationship with Walmart. Pursuant to the terms of these agreements, Green Dot designs and delivers the Walmart MoneyCard product and provides all ongoing program support, including network IT, regulatory and legal compliance, website functionality, customer service and loss management. Walmart displays and sells the cards and GE Capital Retail Bank serves as the issuer of the cards and holds the associated FDIC-insured deposits. All Walmart MoneyCard products are reloadable exclusively on the Green Dot Network.

In May 2010, the term of the agreement among Green Dot, Walmart and GE Capital Retail Bank was extended through May 2015. The parties also agreed to various other changes to the terms of the agreement. In particular, the sales commission percentages that we pay to Walmart for the Walmart MoneyCard program increased significantly in May 2010 and will increase by a smaller amount in May 2013. Walmart has the right to terminate this agreement prior to its expiration or renewal, but subject to notice periods of varying lengths, for a number of specified reasons, including, among others: our failure to meet agreed-upon service levels, certain changes in control of GE Capital Retail Bank or us, or GE Capital Retail Bank's or our inability or unwillingness to agree to requested pricing changes.

Network Acceptance Members. A large number of institutions accept funds through our reload network, using our MoneyPak product. We provide reload services to over 120 third-party prepaid card programs, including programs offered by H&R Block, AccountNow and UniRush, LLC. MasterCard’s RePower Reload Network also uses the Green Dot Network to facilitate cash reloads for its own member programs. In addition, we provide reload services to other kinds of institutions and their customers. For example, we enable PayPal customers to use a MoneyPak to fund a new or existing PayPal account.

Other Channels. An increasing portion of our card sales is generated from our and Walmart's online distribution channels and other non-retail channels, such as our public sector initiatives. We offer Green Dot-branded cards through our website, www.greendot.com and the Walmart MoneyCard through www.walmartmoneycard.com. We promote these distribution channels through television and online advertising. Customers who activate their cards through these channels typically receive an unfunded card in the mail and then can reload the card either through a cash reload or a payroll direct deposit transaction.

Our Products and Services

Our principal products and services consist of Green Dot-branded GPR cards, co-branded GPR cards, and MoneyPak and point-of-sale, or POS, swipe reload transactions facilitated by the Green Dot Network. We also service general purpose gift cards, which have historically represented only a small percentage of our operating revenues. GPR cards are designed for general spending purposes and can be used anywhere their applicable payment network, such as Visa or MasterCard, is accepted. Unlike gift cards, GPR cards are reloadable for ongoing, long-term use and require the completion of various identification, verification and other USA PATRIOT Act-compliant processes before

a cardholder relationship can be established. The GPR cards we offer are issued primarily by Columbus Bank and Trust Company, a division of Synovus Bank, and, in the case of certain of our co-branded cards discussed below, GE Capital Retail Bank. Our card issuing program with Columbus Bank and Trust Company will terminate in October 2012, subject to a 180-day wind-down period, and we have recently initiated the process of transitioning the program to our subsidiary bank, Green Dot Bank. Card balances are FDIC-insured and have either Visa or MasterCard zero liability card protection.

Card Products

Green Dot-Branded GPR Cards. Our Green Dot-branded GPR cards provide consumers with an affordable and convenient way to manage their money and make payments without undergoing a credit check or possessing a pre-existing bank account. In addition to standard prepaid Visa- or MasterCard-branded GPR cards, we also offer GPR cards marketed for a specific use or market, such as our Online Shopping card, our Prepaid Student card and our Prepaid NASCAR card.

To purchase a GPR card in a retail store location, consumers typically select the GPR card from an instore display and pay the cashier a one-time purchase fee plus the initial amount they would like to load onto their card. Consumers then go online or call a toll-free number to register their personal information with us so that we can activate their temporary prepaid card and mail them a personalized GPR card. As explained below, consumers can then reload their personalized GPR cards using a MoneyPak or, at enabled retailers, via a point-of-sale process, which we refer to as a POS swipe reload transaction. Funds can also be loaded on the card via direct deposit of a customer's government or payroll check.

Our GPR cards are issued as Visa- or MasterCard-branded cards and are accepted worldwide by merchants and other businesses belonging to the applicable payment network, including for bill payments, online shopping, everyday store purchases and ATM withdrawals. Visa and MasterCard are each accepted at more than 30 million locations worldwide. Our cardholders can conduct ATM transactions at approximately 1.9 million Visa PLUS or 1.0 million MasterCard Cirrus ATMs worldwide, including over 20,000 MoneyPass fee-free ATMs in all 50 states and Puerto Rico.

We have instituted a simple fee structure that includes a new card fee (if the card is purchased from one of our retail distributors), a monthly maintenance fee (which may be waived based on usage), a cash reload fee and an ATM withdrawal fee for non-MoneyPass ATMs. Most of the features and functions of our cards are provided without surcharges. Our free services include account management and balance inquiry services via the Internet, telephone and mobile applications.

For regulatory compliance, risk management, operational and other reasons, our GPR cards and reload products have certain limitations and restrictions, including but not limited to maximum dollar reload amounts, maximum numbers of reloads in a given time period (e.g., per day), and limitations on uses of our temporary cards versus our permanent personalized cards.

Co-Branded GPR Cards. We provide co-branded GPR cards on behalf of certain retail distributors and other business entities. Co-branded cards generally bear the trademarks or logos of the retail distributor or business entity, and our trademark on the packaging and back of the card. These cards have the same features and characteristics as our Green Dot-branded GPR cards, and are accepted at the same locations. We typically are responsible for managing all aspects of these programs, including strategy, product design, marketing, customer service and operations/compliance. Representative co-branded cards include the Walmart MoneyCard, the Kmart Prepaid Visa and MasterCard cards, the AARP Foundation Prepaid MasterCard and the Meijer Prepaid MasterCard.

Reload Services

We generate cash transfer revenues when consumers purchase our reload services. We offer consumers affordable and convenient ways to reload any of our GPR cards, over 120 third-party prepaid card programs and to conduct other cash loading transactions through our reload network, using our MoneyPak product or through retailers' specially-enabled POS devices. MoneyPak is offered in all of the retail locations where our GPR cards are sold. MoneyPak is a cash reload product that we market on a display like our Green Dot-branded GPR cards. Cash reloads using a MoneyPak involve a two-step process: consumers pay the cashier the desired amount to be reloaded onto the MoneyPak, plus a service fee, generally ranging between $3.00 and $4.95, and then go online or call a toll-free number to submit the MoneyPak number and add the funds to a GPR card or other account, such as a PayPal account. Alternatively, at many retail locations, consumers can add funds directly to their Green Dot- branded and co-branded cards at the point of sale through a POS swipe reload transaction. Unlike a MoneyPak, these POS swipe reload transactions involve a single-step process: consumers pay the cashier the desired amount to be reloaded, plus a service fee, and funds are reloaded onto the GPR card at the point of sale without further action required on the part of the consumer.

Our Proprietary Technology Platform — Green PlaNET

Green PlaNET is our proprietary technology platform that enables our network participants, which include consumers, retail distributors and businesses that accept reloads or payments through the Green Dot Network, to communicate with us in a real-time, secure environment. Green PlaNET is a centralized, client-server based processing system that gives us the ability to centrally develop and distribute product applications, manage customer accounts, authorize, process and settle transactions, ensure security and regulatory compliance, and provide customer services across a variety of points of contact and technologies.

Green PlaNET enables Green Dot cardholders to activate and use their card accounts for a variety of transactions, including cash loads. Green PlaNET also provides a single and secure point of integration for all our network participants, enabling them to communicate with us and our customers and facilitating the initiation, authorization and settlement of transactions.

Green PlaNET has the following components:

- The Green PlaNET front-end processing system communicates with the host systems of retail distributors and network acceptance members through a proprietary application programming interface and runs a variety of proprietary and third-party software applications that facilitate the purchase of a card at a retail location as well as the loading of cash onto a card or MoneyPak. It enables our reload network to interoperate with funds transfer networks and engages in real-time transaction verification so that cards do not exceed applicable limits, thus ensuring compliance with our anti-money laundering program.
- The Green PlaNET back-end processing system runs a variety of proprietary and third-party software applications that enable the activation, daily use and maintenance of our cardholder accounts. It executes a variety of transaction-enabling processes and initiates several customer verification modules and external data requests that together ensure compliance with all federal requirements for the opening of a new account. It interfaces with our database to generate account statements and initiate account notification communications, such as emails and text messages. It also enables our cards to interoperate with Visa, MasterCard and other payment or funds transfer networks, interacts with the systems of other processors and executes back-end batch processes that facilitate the daily accounting, reconciliation and settlement of transactions and account activity. In addition, the Green PlaNET back-end processing system houses a variety of security applications that provide customer and card data encryption, fraud monitoring, information security administration and firewalls that protect the Green PlaNET infrastructure.
- The Green PlaNET customer-facing systems include a service processing system and various communication systems. The Green PlaNET service processing system includes several customer relationship management software applications that operate a variety of support services, providing real-time account history access and pending transaction data, contact information, personal identification number request and issuance services and balance inquiry applications. It also enables consumers to direct cash transfers using our MoneyPak product. In addition, Green PlaNET provides our consumers, retail distributors and network acceptance members with the ability to communicate with us and access accounts using a variety of technologies. These technologies integrate with our customer care applications and allow us, among other things, to address customer inquiries and automatically prompt customer support agents to sell upgrades and make cross-sales. We have also integrated Green PlaNET with our website, www.greentdot.com, to provide a full range of interactive services, including online card sales, full activation and personalization services, electronic funds transfers, and access to account histories and management services.

Sales and Marketing

The primary objective of our sales and marketing efforts is to educate consumers on the utility of our products and services in order to generate demand, and to instruct consumers on where they may purchase our products and services. We also seek to educate existing customers on the use of our products and services to encourage increased usage and retention of our products. We accomplish these objectives through various types of consumer-oriented marketing and advertising and by expanding our group of retail distributors to gain access to additional customers.

Marketing to Consumers

We market our products to a broad group of consumers, ranging from never-banked to fully-banked consumers. We are focusing our current sales and marketing efforts on acquisition of long-term users of our products, enhancing our brand and image, building market awareness of our products, improving cardholder retention and increasing card usage. To achieve these objectives, we highlight to consumers the core benefits of our products, which we believe are affordability, access to funds, utility, convenience, transparency and security.

Our marketing campaigns involve creating a compelling in-store presence and conducting television advertising, retailer promotions such as newspaper inserts and circulars, online advertisements, and co-op advertising with select retail distributors. We focus on raising brand awareness while educating our customers.

We also design, and provide to our retail distributors for use in their stores, innovative packaging and in-store displays that we believe generate consumer interest and differentiate our products from other card products on their racks. Our packaging and displays help ensure that our products are promoted in a consistent, visual manner that is designed to invite consumers to browse and learn about our products, and thus to increase our sales opportunities.

We employ a number of strategies to improve cardholder retention and increase card usage. These strategies are based on research we conduct on an ongoing basis to understand consumer behavior and improve consumer loyalty and satisfaction. For example, we use our points of contact with customers (e.g., our website, email, interactive voice response system, or IVR, and mobile applications) to educate our customers and promote new card features. We also provide incentives for behaviors, such as cash reloading, establishing payroll direct deposit and making frequent purchases with our cards, that we believe increase cardholder retention. In particular, we believe that our fee waiver program, which eliminates monthly maintenance fees for customers who deposit $1,000 or more to the card or conduct at least 30 transactions with the card during a monthly billing cycle, has had a significant impact on improving cardholder retention within certain of our customer segments. Our GPR cards had an average card lifetime of approximately nine
months in each of 2010 and 2011. While the average card lifetime was flat from 2010 to 2011, due to a higher mix of customers acquiring cards primarily for tax refunds, we experienced growth in the number of new GPR card activations from repeat customers, or former GPR cardholders, over the same period. The percentage of new card activations from repeat customers increased from 34% in 2010 to 43% in 2011.

Marketing to Retail Distributors

When marketing to potential new retail distributors, we highlight the key benefits of our products, including our national brand, our in-store presence and merchandising expertise, our cash reload network, the profitability to them of our products and our commitment to national television and other advertising. In addition, we communicate the peripheral benefits of our products, such as their ability to generate additional foot traffic and sales in their stores.

Marketing to Our Network Acceptance Members

We market our reload network to a broad range of banks, third-party processors, program managers and others that have uses for our reload network's cash transfer technology. When marketing to potential network acceptance members, we highlight the key benefits of our cash loading network, including the breadth of our distribution capabilities, our leadership position in the industry, the profitability to them of our products, consumer satisfaction and our commitment to national television and other advertising and marketing support.

Customer Service

We provide customer service for all GPR card and gift card programs that we manage and for MoneyPak on a 24-hour per day, 365-day per year basis, primarily through third-party service providers in Guatemala and the Philippines, and also through our staff in the United States. All card activations, reloads, support and lost/stolen inquiries are handled online and through various toll-free numbers at these locations. We also operate our own call center at our headquarters for handling customer and corporate escalations. Customer service is provided in both English and Spanish.

Competition

We operate in highly competitive and developing markets, which we expect to become increasingly competitive in the future. In addition to the direct competitors described below, we compete for access to retail distribution channels and for the attention of consumers at the retail level.

Prepaid Card Issuance and Program Management

We compete against the full spectrum of providers of GPR cards. We also compete with traditional providers of financial services, such as banks that offer demand deposit accounts and card issuers that offer credit cards, private label retail cards and gift cards. Many of these institutions are substantially larger and have greater resources, larger and more diversified customer bases and greater brand recognition than we do. Many of these companies can also leverage their extensive customer bases and adopt aggressive pricing policies to gain market share. Our primary competitors in the prepaid card issuance and program management market are traditional credit, debit and prepaid card account issuers and prepaid card program managers like American Express, First Data, NetSpend, AccountNow, PreCash, UniRush, LLC, Western Union and MoneyGram. In addition, from time to time, new entrants, such as PayPal, introduce prepaid card products that could increase competition in this market. Our Green Dot-branded cards also compete with our co-branded GPR cards, such as the Walmart MoneyCard.

We believe that the principal competitive factors for the prepaid card issuance and program management market include:

- breadth of distribution;
- brand recognition;
- the ability to reload funds;
- compliance and regulatory capabilities;
- enterprise-class and scalable IT;
- customer support capabilities; and
- pricing.

We believe our products compete favorably on each of these factors.

Reload Networks

While we believe our Green Dot Network is the leading reload network for prepaid cards in the United States, a growing number of companies are attempting to establish and grow their own reload networks. In this market, new companies, or alliances among existing companies, may be formed that rapidly achieve a significant market position. Many of these companies are substantially larger than we are and have greater resources, larger and more diversified customer bases and greater name recognition than we do. Our primary competitors in the reload services market are: Visa, Western Union, MoneyGram, Blackhawk Network, Inc. and NetSpend. Visa has broad brand recognition and a large base of merchant acquiring and card issuing banks. Western Union, MoneyGram, Blackhawk Network, Inc. and NetSpend each have a national network of retail and/or agent locations. In addition, we compete for consumers and billers with financial institutions that provide their retail customers with billing, payment and funds transfer services. Many of these institutions are substantially larger and have greater resources, larger and more diversified customer bases and greater brand recognition than we do.

We believe that the principal competitive factors for reload network services include:

- the number and quality of retail locations;
- brand recognition;
- product and service functionality;
- number of cardholders and customers using the service;
- reliability of the service;
- retail price;
- enterprise-class and scalable IT;
- ability to integrate quickly with multiple payment platforms and distributors;
- customer support capabilities; and
- compliance and regulatory capabilities.

We believe the Green Dot Network competes favorably on each of these factors.

Prepaid Card Distribution

We compete against the full spectrum of prepaid card distributors and third-party processors that sell competing prepaid card programs through retail and online channels. Many of these institutions are substantially larger and have greater resources, larger and more diversified customer bases and greater brand recognition than we do. Many of these companies can also leverage their extensive customer bases and adopt aggressive pricing policies to gain market share. As new payment methods are developed, we also expect to experience competition from new entrants. Our primary competitors in the prepaid card distribution market are: InComm, Blackhawk Network, Inc., First Data, NetSpend and AccountNow. In addition, we face potential competition from Western Union, MoneyGram and a number of retail banks if they enter this market.

We believe that the principal competitive factors for the prepaid card distribution market include:

- brand recognition with consumers and retailers;

- the ability to reload funds;
- ability to develop and maintain strong relationship with retail distributors;
- compliance and regulatory capabilities;
- pricing; and
- large customer base.

We believe our products compete favorably on each of these factors.

Intellectual Property

We rely on a combination of trademark and copyright laws and trade secret protection in the United States, as well as confidentiality procedures and contractual provisions, to protect the intellectual property rights related to our products and services.

We own several trademarks, including Green Dot, MoneyPak and the Green Dot logo. These assets are essential to our business. Through agreements with our network acceptance members, retail distributors and customers, we authorize and monitor the use of our trademarks in connection with their activities with us.

We have one patent application under consideration in the United States related to the retail packaging of our cards.

Regulation

Compliance with legal and regulatory requirements is a highly complex and integral part of our day-to-day operations. Our products and services are generally subject to federal, state and local laws and regulations, including:

- anti-money laundering laws;
- money transfer and payment instrument licensing regulations;
- escheatment laws;
- privacy and information safeguard laws;
- banking regulations; and
- consumer protection laws.

These laws are often evolving and sometimes ambiguous or inconsistent, and the extent to which they apply to us, our subsidiary bank or the banks that issue our cards, our retail distributors, our network acceptance members or our third-party processors is at times unclear. Any failure to comply with applicable law — either by us or by the card issuing banks, retail distributors, network acceptance members or third-party processors, over which we have limited legal and practical control — could result in restrictions on our ability to provide our products and services, as well as the imposition of civil fines and criminal penalties and the suspension or revocation of a license or registration required to sell our products and services.

We continually monitor and enhance our compliance program to stay current with the most recent legal and regulatory changes. We also continue to implement policies and programs and to adapt our business practices and strategies to help us comply with current legal standards, as well as with new and changing legal requirements affecting particular services or the conduct of our business generally. These programs include dedicated compliance personnel and training and monitoring programs, as well as support and guidance to our retail distributors and network acceptance members on compliance programs.

Anti-Money Laundering Laws

Our products and services are generally subject to federal anti-money laundering laws, including the Bank Secrecy Act, as amended by the USA PATRIOT Act, and similar state laws. On an ongoing basis, these laws require us, among other things, to:

- report large cash transactions and suspicious activity;
- screen transactions against the U.S. government's watch-lists, such as the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control;
- prevent the processing of transactions to or from certain countries, individuals, nationals and entities;
- identify the dollar amounts loaded or transferred at any one time or over specified periods of time, which

requires the aggregation of information over multiple transactions;

- gather and, in certain circumstances, report customer information;
- comply with consumer disclosure requirements;
- and register or obtain licenses with state and federal agencies in the United States and seek registration of our retail distributors and network acceptance members when necessary.

Anti-money laundering regulations are constantly evolving. We continuously monitor our compliance with anti-money laundering regulations and implement policies and procedures in order to comply with the most current legal requirements. We cannot predict how these future regulations might affect us. Complying with future regulation could be expensive or require us to change the way we operate our business. For example, in July 2011, the Financial Crimes Enforcement Network, or FinCEN, of the U.S. Department of Treasury published final rules regarding, among other things, the applicability of the Bank Secrecy Act's anti-money laundering provisions to prepaid products such as ours. Although we believe these regulations have not adversely impacted prepaid products such as ours or required material operational changes by prepaid financial services providers such as us or our retail distributors, there can be no assurance that the interpretation or enforcement of these regulations will not adversely impact our products or require operational changes by us or our retail distributors.

We are registered with FinCEN as a money services business. As a result of being so registered, we have established anti-money laundering compliance programs that include: (i) internal policies and controls; (ii) designation of a compliance officer; (iii) ongoing employee training and (iv) an independent review function. We have developed and implemented compliance programs comprised of policies, procedures, systems and internal controls to monitor and address various legal requirements and developments. To assist in managing and monitoring money laundering risks, we continue to enhance our anti-money laundering compliance program. We offer our services largely through our retail distributor and network acceptance member relationships. We have developed an anti-money laundering training manual and a program to assist in educating our retail distributors on applicable anti-money laundering laws and regulations.

Money Transfer and Payment Instrument Licensing Regulations

We are subject to money transfer and payment instrument licensing regulations. We have obtained licenses to operate as a money transmitter in 40 U.S. jurisdictions. The remaining U.S. jurisdictions either do not currently regulate money transmitters or have rendered a regulatory determination or a legal interpretation that the money services laws of that jurisdiction do not require us to obtain a license in connection with the conduct of our business. As a licensee, we are subject to certain restrictions and requirements, including reporting, net worth and surety bonding requirements and requirements for regulatory approval of controlling stockholders, agent locations and consumer forms and disclosures. We are also subject to inspection by the regulators in the jurisdictions in which we are licensed, many of which conduct regular examinations.

In addition, we must at all times maintain "permissible investments" in an amount equivalent to all "outstanding payment obligations." While, technically, the outstanding payment obligations represented by the balances on our card products are liabilities of the issuing bank, it is possible that some states will require us to maintain permissible investments in an amount equal to the outstanding payment obligations of the bank that issues our cards. The types of securities that are considered "permissible investments" vary from state to state, but generally include cash and cash equivalents, U.S. government securities and other highly rated debt instruments.

Escheatment Laws

Unclaimed property laws of every U.S. jurisdiction require that we track certain information on our card products and services and that, if customer funds are unclaimed at the end of an applicable statutory abandonment period, the proceeds of the unclaimed property be remitted to the appropriate jurisdiction. We have agreed with the banks that issue our cards to manage escheatment law compliance with respect to our card products and services and have an ongoing program to comply with those laws. Statutory abandonment periods applicable to our card products and services typically range from three to seven years.

Privacy and Information Safeguard Laws

In the ordinary course of our business, we collect certain types of data, which subjects us to certain privacy and information security laws in the United States, including, for example, the Gramm-Leach-Bliley Act of 1999, or the GLB Act, and other laws or rules designed to regulate consumer information and mitigate identity theft. We are also subject to privacy laws of various states. These state and federal laws impose obligations with respect to the collection, processing, storage, disposal, use and disclosure of personal information, and require that financial institutions have in place policies regarding information privacy and security. In addition, under federal and certain state financial privacy

laws, we must provide notice to consumers of our policies and practices for sharing nonpublic information with third parties, provide advance notice of any changes to our policies and, with limited exceptions, give consumers the right to prevent use of their nonpublic personal information and disclosure of it to unaffiliated third parties. Certain state laws may, in some circumstances, require us to notify affected individuals of security breaches of computer databases that contain their personal information. These laws may also require us to notify state law enforcement, regulators or consumer reporting agencies in the event of a data breach, as well as businesses and governmental agencies that own data. In order to comply with the privacy and information safeguard laws, we have confidentiality/information security standards and procedures in place for our business activities and with network acceptance members and our third-party vendors and service providers. Privacy and information security laws evolve regularly, requiring us to adjust our compliance program on an ongoing basis and presenting compliance challenges.

Banking Regulations

We became a bank holding company in December 2011, as a result of our acquisition of Bonneville Bancorp, the holding company of Bonneville Bank, a state-chartered Utah bank, which was renamed Green Dot Bank after the acquisition. We and our subsidiary bank are extensively regulated under federal and state laws, which, in general, results in increased compliance costs and other expenses, as we and our subsidiary bank are required to undergo regular on-site examinations and to comply with additional reporting requirements. As a bank holding company, we are subject to the supervision of, and inspection by, the Federal Reserve Board and are subject to certain regulations which, among other things, restrict our business and the activities in which we may engage. Our existing business activities and currently proposed business activities are not materially restricted by these regulations.

Activities. Federal laws restrict the types of activities in which bank holding companies may engage, and subject them to a range of supervisory requirements, including regulatory enforcement actions for violations of laws and policies. Bank holding companies may engage in the business of banking and managing and controlling banks, as well as closely related activities. In addition, financial holding companies may engage in a wider set of activities, including with respect to securities activities and investments in companies engaged in nonbanking activities. The business activities that we currently conduct are permissible activities for bank holding companies under U.S. law, and we do not expect the limitations described above will adversely affect our current operations or materially restrict us from engaging in activities that are currently contemplated by our business strategies. It is possible, however, that these restrictions could limit our ability to enter other businesses in which we may wish to engage at some time in the future. It is also possible that in the future these laws may be amended in ways, or new laws or regulations may be adopted, that adversely affect our ability to engage in our current or additional businesses.

Even if our activities are permissible for a bank holding company, as discussed under "— Capital Adequacy" below, the Federal Reserve Board has the authority to order a bank holding company or its subsidiaries to terminate any activity or to require divestiture of ownership or control of a subsidiary in the event that it has reasonable cause to believe that the activity or continued ownership or control poses a serious risk to the financial safety, soundness or stability of the bank holding company or any of its bank subsidiaries.

Dividend Restrictions. Bank holding companies are subject to various restrictions that may affect their ability to pay dividends. Federal and state banking regulations applicable to bank holding companies and banks generally require that dividends be paid from earnings and, as described under "— Capital Adequacy" below, require minimum levels of capital, which limits the funds available for payment of dividends. Other restrictions include the Federal Reserve Board's general policy that bank holding companies should pay cash dividends on common stock only out of net income available to stockholders for the preceding year or four quarters and only if the prospective rate of earnings retention is consistent with the organization's expected future needs and financial condition, including the needs of each of its bank subsidiaries. In the current financial and economic environment, the Federal Reserve Board has indicated that bank holding companies should carefully review their dividend policies and has discouraged dividend pay-out ratios that are at the 100% level unless both their asset quality and capital are very strong. A bank holding company also should not maintain a dividend level that places undue pressure on the capital of its bank subsidiaries, or that may undermine the bank holding company's ability to serve as a source of strength for its bank subsidiaries. See "— Source of Strength" below.

As part of our financial commitments to the Federal Reserve Board and Utah Department of Financial Institutions, our subsidiary bank, Green Dot Bank, is restricted from paying dividends for 3 years from the date of acquisition.

Capital Adequacy. Bank holding companies and banks are subject to various requirements relating to capital adequacy, including limitations on leverage. As a bank holding company that is a financial holding company, we are required to be "well-capitalized," meaning we must maintain a ratio of Tier 1 capital to risk-weighted assets of at least 6% and a ratio of total capital to risk-weighted assets of at least 10%. In addition, we are also subject to the generally applicable bank holding company minimum Tier 1 leverage ratio of 4%, which is the ratio of Tier 1 capital to average

total consolidated assets. Tier 1 capital, or “core” capital, generally consists of common stockholders’ equity, perpetual non-cumulative preferred stock and, up to certain limits, other capital elements. Tier 2 capital consists of supplemental capital items such as the allowance for loan and lease losses, certain types of preferred stock, hybrid capital securities and certain types of debt, all subject to certain limits. Total capital is the sum of Tier 1 capital plus Tier 2 capital.

Our subsidiary bank is also subject to separate capital and leverage requirements that we have committed to with the Federal Reserve Board and Utah Department of Financial Institutions. As of December 31, 2011, we and our subsidiary bank are each “well-capitalized” under the above standards and presently exceed our respective capital and leverage commitments. It is possible, however, that regulators may require us or our subsidiary bank to maintain higher levels of capital in the future, and there can be no assurance that we will be able to maintain the required ratios in future periods.

Under the regulatory framework that Congress has established and bank regulators have implemented, banks are either “well-capitalized,” “adequately capitalized,” “undercapitalized,” “significantly undercapitalized” or “critically undercapitalized.” Banks are generally subject to greater restrictions and supervision than bank holding companies, and these restrictions increase as the financial condition of the bank worsens. For instance, a bank that is not well-capitalized may not accept, renew or roll over brokered deposits without the consent of the FDIC. If our subsidiary bank were to become less than adequately capitalized, the bank would need to submit to bank regulators a capital restoration plan that was guaranteed by us, as its bank holding company. The bank would also likely become subject to further restrictions on activities, including entering into new lines of business or conducting activities that have the effect of limiting asset growth or preventing acquisitions. A bank that is undercapitalized would also be prohibited from making capital distributions, including dividends, and from paying management fees to its bank holding company if the institution would be undercapitalized after any such distribution or payment. A significantly undercapitalized institution would be subject to mandatory capital raising activities, restrictions on interest rates paid and transactions with affiliates, removal of management and other restrictions. The FDIC has only very limited discretion in dealing with a critically undercapitalized institution and is virtually required to appoint a receiver or conservator.

Source of Strength. Under Federal Reserve Board policy, bank holding companies are expected to act as a source of strength to their bank subsidiaries. This support may theoretically be required by the Federal Reserve Board at times when the bank holding company might otherwise determine not to provide it. As noted above, if a bank becomes less than adequately capitalized, it would need to submit an acceptable capital restoration plan that, in order to be acceptable, would need to be guaranteed by the parent holding company. In the event of a bank holding company’s bankruptcy, any commitment by the bank holding company to a federal bank regulator to maintain the capital of a subsidiary bank would be assumed by the bankruptcy trustee and entitled to a priority of payment. In addition, under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, the Federal Reserve Board is required by July 2012 to adopt new regulations formally requiring bank holding companies to serve as a source of strength to their subsidiary depository institutions. The Federal Reserve Board has not yet proposed rules to implement this requirement.

Acquisitions of Bank Holding Companies. Under the BHC Act and the Change in Bank Control Act, and their respective implementing regulations, Federal Reserve Board approval is necessary prior to any person or company acquiring control of a bank or bank holding company, subject to certain exceptions. Control is conclusively presumed to exist if an individual or company acquires 25% or more of any class of voting securities, and may be presumed to exist if a person acquires 10% or more of any class of voting securities. These restrictions could affect the willingness or ability of a third party to acquire control of us for so long as we are a bank holding company.

Deposit Insurance and Deposit Insurance Assessments. Deposits accepted by banks, such as our subsidiary bank, have the benefit of FDIC insurance up to the applicable limits. The FDIC’s Deposit Insurance Fund is funded by assessments on insured depository institutions, the level of which depends on the risk category of an institution and the amount of insured deposits that it holds. These rates currently range from 7 to 77.5 basis points on deposits. The FDIC may increase or decrease the assessment rate schedule semi-annually, and has in the past required and may in the future require banks to prepay their estimated assessments for future periods. The Dodd-Frank Act changes the method of calculating deposit assessments, requiring the FDIC to assess premiums on the basis of assets less tangible stockholders’ equity. The FDIC has indicated that this change will likely result in a lower assessment rate because of the larger assessment base. Because of the current stress on the FDIC’s Deposit Insurance Fund resulting from the banking crisis, those fees have increased and are likely to stay at a relatively high level.

Community Reinvestment Act. The Community Reinvestment Act of 1977, or CRA, and the regulations promulgated by the FDIC to implement the CRA are intended to ensure that banks meet the credit needs of their respective service areas, including low and moderate income communities and individuals, consistent with safe and sound banking practices. The CRA regulations also require the banking regulatory authorities to evaluate a bank’s record in meeting the needs of its service area when considering applications to establish new offices or consummate any merger or

acquisition transaction. The federal banking agencies are required to rate each insured institution's performance under the CRA and to make that information publicly available. Our subsidiary bank currently complies with the CRA through investments and other activities that are designed to benefit the needs of low and moderate income communities. Our subsidiary bank is currently preparing to submit its CRA Strategic Plan. If the banking regulatory authorities do not approve our bank's strategic plan, our bank could be required to engage in lending and other community outreach activities in the community in which it is located.

Restrictions on Transactions with Affiliates and Insiders. Transactions between a bank and its nonbanking affiliates are regulated by the Federal Reserve Board. These regulations limit the types and amount of these transactions, require certain levels of collateral for loans to affiliated parties and generally require those transactions to be on an arm's-length basis. As a bank holding company, our transactions with our subsidiary bank are limited by these regulations, although we do not anticipate that these restrictions will adversely affect our ability to conduct our current operations or materially prohibit us from engaging in activities that are currently contemplated by our business strategies.

Issuing Banks. All of the GPR cards that we provide and the Walmart gift cards we service are issued by either a federally- or state-chartered bank. Thus, we are subject to the oversight of the regulators for, and certain laws applicable to, these card issuing banks. These banking laws require us, as a servicer to the banks that issue our cards, among other things, to undertake compliance actions similar to those described under "Anti-Money Laundering Laws" above and to comply with the privacy regulations promulgated under the GLB Act as discussed under "Privacy and Information Safeguard Laws" above. Our subsidiary bank will become subject to the additional regulatory oversight and legal obligations described above, in its capacity as issuing bank, when it becomes an issuer of our GPR cards, which is expected to occur in the second quarter of 2012.

Other. The policies of regulatory authorities, including the monetary policy of the Federal Reserve Board, have a significant effect on the operating results of bank holding companies and their subsidiaries. Moreover, additional changes to banking laws and regulations are possible in the near future. The Dodd-Frank Act made numerous changes to the regulatory framework governing banking organizations, and many of these changes require rulemakings by regulators, only a small portion of which have been completed. These regulations could likewise substantially affect our business and operations. In addition, the U.S. Congress is considering various proposals relating to the activities and supervision of banks and bank holding companies, some of which could materially affect our operations and those of our subsidiary bank. Although there can be no assurance regarding the ultimate impact that adoption of these proposals will have on us, if the proposals are enacted, we expect that the benefits we seek to realize from our recent bank acquisition will be reduced.

Consumer Protection Laws

We are subject to state and federal consumer protection laws, including laws prohibiting unfair and deceptive practices, regulating electronic fund transfers and protecting consumer nonpublic information. We believe that we have appropriate procedures in place for compliance with these consumer protection laws, but many issues regarding our service have not yet been addressed by the federal and state agencies charged with interpreting the applicable laws.

Although not expressly required to do so under the Electronic Fund Transfer Act and Regulation E of the Federal Reserve Board, we disclose, consistent with banking industry practice, the terms of our electronic fund transfer services to consumers prior to their use of the service, provide 21 days' advance notice of material changes, establish specific error resolution procedures and timetables, and limit customer liability for transactions that are not authorized by the consumer.

In June 2011, the Consumer Financial Protection Bureau, or CFPB, issued a notice and request for comment on defining what kinds of companies should be included as "larger participants" for its nonbank supervision program. The CFPB subsequently published its first "larger participant" proposed rule, in February 2012, defining nonbank "larger participants" as entities engaged in consumer debt collection and consumer reporting. Although the CFPB did not include prepaid card issuers in this proposed rule, the CFPB may take actions in the future, including other rulemakings, that subject us or our products and services to its oversight and regulation.

Payment Networks

In order to provide our products and services, we, as well as the banks that issue our cards, must register with Visa and MasterCard and, as a result, are subject to payment network rules that could subject us to a variety of fines or penalties that may be levied by the payment networks for certain acts or omissions. The banks that issue our cards are specifically registered as "members" of the Visa and/or MasterCard payment networks. Visa and MasterCard set the standards with which we and the card issuing banks must comply.

Employees

As of December 31, 2011, we had 464 employees, including 393 in general and administrative, 54 in sales and marketing and 17 in research and product development. None of our employees is represented by a labor union or is covered by a collective bargaining agreement. We have never experienced any employment-related work stoppages and consider relations with our employees to be good. As of December 31, 2011, we also had arrangements with third-party call center providers in Guatemala and the Philippines that provided us with approximately 951 contractors for customer service and similar functions.

ITEM 1A. Risk Factors

Risks Related to Our Business

Our growth rates may decline in the future.

In recent quarters, our total operating income, net income and the rate of growth of our operating revenues have fluctuated. Sequential growth in our card revenues and other fees, cash transfer revenues and interchange revenues, collectively, was negative in the second and third quarter of 2010 and 2011. Accordingly, there can be no assurance that we will be able to continue our historical growth rates in future periods, and we would expect seasonal or other influences, including potential fluctuations in stock-based retailer incentive compensation caused by variations in our stock price, to cause sequential quarterly fluctuations and periodic declines in our operating revenues, operating income and net income. In particular, our results for each of the first three quarters of 2011 were favorably affected by large numbers of taxpayers electing to receive their refunds via direct deposit on our cards. We expect to experience similar patterns in our results of operations in 2012, with total operating revenues being higher during the first half of the year, as a result of a larger number of taxpayers electing to receive their refunds via direct deposit on our cards. In October 2011, our joint marketing and referral agreement with Intuit expired and was not renewed. Although Intuit has entered a new agreement to continue as a network acceptance member, our revenues attributable to Intuit will decline significantly in 2012 on a year-over-year basis and the impact of this change will be the greatest during the first half of 2012. For the year ended December 31, 2011, Intuit accounted for approximately 5% of our operating revenues, excluding stock-based retailer incentive compensation.

In the near term, our continued growth depends significantly on our ability, among other things, to attract new long-term users of our products, to expand our reload network and to increase our card revenues and other fees, cash transfer revenues and interchange revenues collectively per customer. Since the value we provide to our network participants relates in large part to the number of long-term users of, businesses that accept reloads or payments through, and applications enabled by, the Green Dot Network, our operating revenues could suffer if we were unable to increase such users of our GPR cards and to expand and adapt our reload network to meet consumers' evolving needs. In addition, the negative impact on our operating revenues caused by any failure to increase the number of long-term users of our products could be exacerbated by the loss of other users of our products as we focus our marketing efforts on attracting new long-term users. We may fail to expand our reload network for a number of reasons, including our inability to produce products and services that appeal to consumers and lead to increased new card sales, our loss of one or more key retail distributors or our loss of key, or failure to add, network acceptance members.

We may not be able to increase card usage and cardholder retention, which have been two important contributors to our growth. Currently, many of our cardholders use their cards infrequently or do not reload their cards. We may be unable to generate increases in card usage or cardholder retention for a number of reasons, including our inability to maintain our existing distribution channels, the failure of our cardholder retention and usage incentives to influence cardholder behavior, our inability to predict accurately consumer preferences or industry changes and to modify our products and services on a timely basis in response thereto, and our inability to produce new features and services that appeal to cardholders.

As the prepaid financial services industry continues to develop, our competitors may be able to offer products and services that are, or that are perceived to be, substantially similar to or better than ours. This may force us to compete on the basis of price and to expend significant advertising, marketing and other resources in order to remain competitive. Even if we are successful at increasing our card revenues and other fees, cash transfer revenues and interchange revenues collectively through our various initiatives and strategies, we have experienced and will continue to experience an inevitable decline in growth rates as such revenues collectively increase to higher levels and we may also experience a decline in margins. If our operating revenue growth rates slow materially or decline, our business, operating results and financial condition would be adversely affected.

The loss of operating revenues from Walmart and our three other largest retail distributors would adversely affect our business.

Most of our operating revenues are derived from prepaid financial services sold at our four largest retail distributors. As a percentage of total operating revenues, operating revenues derived from products and services sold at the store locations of Walmart and from products and services sold at the store locations of our three other largest retail distributors, as a group, were approximately 61% and 20%, respectively, in the year ended December 31, 2011. We do not expect our 2012 operating revenues derived from products and services sold at Walmart stores to change significantly as a percentage of our total operating revenues from the percentage in the year ended December 31, 2011, and expect that Walmart and our other three largest retail distributors will continue to have a significant impact on our operating revenues in future years. It would be difficult to replace any of our large retail distributors, particularly Walmart, and the operating revenues derived from sales of our products and services at their stores. Accordingly, the loss of Walmart or any of our other three largest retail distributors would have a material adverse effect on our business, and might have a positive impact on the business of one of our competitors if it were able to replace us. In addition, any publicity associated with the loss of any of our large retail distributors could harm our reputation, making it more difficult to attract and retain consumers and other retail distributors, and could lessen our negotiating power with our remaining and prospective retail distributors.

Our contracts with these retail distributors have terms that expire at various dates between 2012 and 2015, but they can in limited circumstances, such as our material breach or insolvency or, in the case of Walmart, our failure to meet agreed-upon service levels, certain changes in control of GE Capital Retail Bank or us, GE Capital Retail Bank's or our inability or unwillingness to agree to requested pricing changes, be terminated by these retail distributors on relatively short notice. Walmart also has the right to terminate its agreement prior to its expiration or renewal for a number of other specified reasons, including; a change by GE Capital Retail Bank in its card operating procedures that Walmart reasonably believes will have a material adverse effect on Walmart's operations; our inability or unwillingness to make Walmart MoneyCards reloadable outside of our reload network in the event that our reload network does not meet particular size requirements in the future; and in the event Walmart reasonably believes that it is reasonably possible, after the parties have explored and been unable to agree on any alternatives, that the Federal Reserve Board may determine that Walmart exercises a controlling influence over our management or policies. There can be no assurance that we will be able to continue our relationships with our largest retail distributors on the same or more favorable terms in future periods or that our relationships will continue beyond the terms of our existing contracts with them. Our operating revenues and operating results could suffer if, among other things, any of our retail distributors renegotiates, terminates or fails to renew, or to renew on similar or favorable terms, its agreement with us or otherwise chooses to modify the level of support it provides for our products.

Our future success depends upon our retail distributors' active and effective promotion of our products and services, but their interests and operational decisions might not always align with our interests.

Most of our operating revenues are derived from our products and services sold at the stores of our retail distributors. Revenues from our retail distributors depend on a number of factors outside our control and may vary from period to period. Because we compete with many other providers of consumer products for placement and promotion of products in the stores of our retail distributors, our success depends on our retail distributors and their willingness to promote our products and services successfully. In general, our contracts with these third parties allow them to exercise significant discretion over the placement and promotion of our products in their stores, and they could give higher priority to the products and services of other companies. Accordingly, losing the support of our retail distributors might limit or reduce the sales of our cards and MoneyPak reload product. Our operating revenues may also be negatively affected by our retail distributors' operational decisions. For example, if a retail distributor fails to train its cashiers to sell our products and services or implements changes in its systems that disrupt the integration between its systems and ours, we could experience a decline in our product sales. Even if our retail distributors actively and effectively promote our products and services, there can be no assurance that their efforts will result in growth of our operating revenues.

Our operating results may fluctuate in the future, which could cause our stock price to decline.

Our quarterly and annual results of operations may fluctuate in the future as a result of a variety of factors, many of which are outside of our control. If our results of operations fall below the expectations of investors or any securities analysts who follow our Class A common stock, the trading price of our Class A common stock could decline substantially. Fluctuations in our quarterly or annual results of operations might result from a number of factors, including, but not limited to:

- the timing and volume of purchases, use and reloads of our prepaid cards and related products and services;
- the timing and success of new product or service introductions by us or our competitors;

- seasonality in the purchase or use of our products and services;
- reductions in the level of interchange rates that can be charged;
- fluctuations in customer retention rates;
- changes in the mix of products and services that we sell;
- changes in the mix of retail distributors through which we sell our products and services;
- the timing of commencement, renegotiation or termination of relationships with significant retail distributors and network acceptance members;
- the timing of commencement of new initiatives that cause us to expand into new distribution channels, such as our public sector initiative, and the length of time we must invest in those channels before they generate material operating revenues;
- changes in our or our competitors' pricing policies or sales terms;
- the timing of commencement and termination of major advertising campaigns;
- the timing of costs related to the development or acquisition of complementary businesses;
- the timing of costs of any major litigation to which we are a party;
- the amount and timing of operating costs related to the maintenance and expansion of our business, operations and infrastructure, including our investments in an in-house processing solution to replace the processing services provided by Total System Services, Inc.;
- our ability to control costs, including third-party service provider costs;
- volatility in the trading price of our Class A common stock, which may lead to higher stock-based compensation expenses or fluctuations in the valuations of vesting equity that cause variations in our stock-based retailer incentive compensation; and
- changes in the political or regulatory environment affecting the banking or electronic payments industries generally or prepaid financial services specifically.

The industry in which we compete is highly competitive, which could adversely affect our operating revenue growth.

The prepaid financial services industry is highly competitive and includes a variety of financial and non-financial services vendors. Our current and potential competitors include:

- prepaid card program managers, such as American Express Company, First Data Corporation, NetSpend Holdings, Inc., AccountNow, Inc., PreCash Inc. and UniRush, LLC;
- reload network providers, such as Visa, Inc. (or Visa), The Western Union Company and MoneyGram International, Inc.; and
- prepaid card distributors, such as InComm and Blackhawk Network, Inc.

Some of these vendors compete with us in more than one of the vendor categories described above, while others are primarily focused in a single category. In addition, competitors in one category have worked or are working with competitors in other categories to compete with us. A portion of our cash transfer revenues is derived from reloads to cards managed by companies that compete with us as program managers. We also face actual and potential competition from retail distributors or from other companies, such as PayPal and Visa, that have decided or may in the future decide to compete, or compete more aggressively, in the prepaid financial services industry.

We also compete with businesses outside of the prepaid financial services industry, including traditional providers of financial services, such as banks that offer demand deposit accounts and card issuers that offer credit cards, private label retail cards and gift cards. These and other competitors in the larger electronic payments industry are introducing new and innovative products and services, such as those involving radio frequency and proximity payment devices (such as contactless cards), e-commerce and mobile commerce, that compete with ours. We expect that this competition will intensify as our industry and the larger electronic payments industry continues to rapidly evolve.

Many existing and potential competitors have longer operating histories and greater name recognition than we do. In addition, many of our existing and potential competitors are substantially larger than we are, may already have or could develop substantially greater financial and other resources than we have, may offer, develop or introduce a wider range of programs and services than we offer or may use more effective advertising and marketing strategies than we do to achieve broader brand recognition, customer awareness and retail penetration. We may also face price competition that results in decreases in the purchase and use of our products and services, particularly from GPR card providers that offer comparable GPR cards to certain consumer segments. If price competition materially intensifies

or affects a greater number of our customer segments, we may have to increase the incentives that we offer to our retail distributors and decrease the prices of our products and services, which could adversely affect our operating results.

Our continued growth depends on our ability to compete effectively against existing and potential competitors that seek to provide prepaid cards or other electronic payment products and services. If we fail to compete effectively against any of the foregoing threats, our revenues, operating results, prospects for future growth and overall business could be materially and adversely affected.

As a bank holding company, we are subject to extensive and potentially changing regulation and may be required to serve as a source of strength for Green Dot Bank, which may adversely affect our business, financial position and results of operations.

We became a bank holding company in December 2011. As a bank holding company, we are subject to comprehensive supervision and examination by the Federal Reserve Board and must comply with applicable regulations and other commitments we have agreed to, including financial commitments in respect to minimum capital and leverage requirements. If we fail to comply with any of these requirements, we may become subject to formal or informal enforcement actions, proceedings, or investigations, which could result in regulatory orders, restrictions on our business operations or requirements to take corrective actions, which may, individually or in the aggregate, affect our results of operations and restrict our ability to grow. If we fail to comply with the applicable capital and leverage requirements, or if our subsidiary bank fails to comply with its applicable capital and leverage commitments, the Federal Reserve Board may limit our ability to pay dividends, or if we become less than adequately capitalized, require us to raise additional capital. In addition, as a bank holding company and a financial holding company, we are generally prohibited from engaging, directly or indirectly, in any activities other than those permissible for bank holding companies and financial holding companies. This restriction might limit our ability to pursue future business opportunities which we might otherwise consider but which might fall outside the scope of permissible activities.

Moreover, in response to the financial crisis of 2008 and the Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, banking supervisors in the United States are presently in the process of implementing a variety of new requirements on banking entities. Some of these requirements apply or will apply directly to us or to our subsidiary bank, while certain requirements apply or will apply only to larger institutions. Although we cannot anticipate the final form of many of these regulations, how they will affect our business or results of operations, or how they will change the competitive landscape in which we operate, such regulations could have a material adverse impact on our business and financial condition, particularly if they make it more difficult for us or our retail distributors to sell our card products.

Changes in laws and regulations to which we are subject, or to which we may become subject, may increase our costs of operation, decrease our operating revenues and disrupt our business.

Changes in laws and regulations or the interpretation or enforcement thereof may occur that could increase our compliance and other costs of doing business, require significant systems redevelopment, or render our products or services less profitable or obsolete, any of which could have an adverse effect on our results of operations. We could face more stringent anti-money laundering rules and regulations, as well as more stringent licensing rules and regulations, compliance with which could be expensive and time consuming.

Changes in laws and regulations governing the way our products and services are sold or in the way those laws and regulations are interpreted or enforced could adversely affect our ability to distribute our products and services and the cost of providing those products and services. If onerous regulatory requirements were imposed on the sale of our products and services, the requirements could lead to a loss of retail distributors, which, in turn, could materially and adversely impact our operations. In July 2011, FinCEN released final rules regulating prepaid access. Although we believe these regulations have not adversely impacted prepaid products such as ours or required material operational changes by prepaid financial services providers such as us or our retail distributors, there can be no assurance that the interpretation or enforcement of these regulations will not adversely impact our products or require operational changes by us or our retail distributors. If our products are adversely impacted by the interpretation or enforcement of these regulations or we or any of our retail distributors were unwilling or unable to make any such operational changes to comply with the interpretation or enforcement thereof, we would no longer be able to sell our cards through that noncompliant retail distributor, which could have a material adverse effect on our business, financial position and results of operations.

State and federal legislators and regulatory authorities have become increasingly focused on the banking and consumer financial services industries, and continue to propose and adopt new legislation that could result in significant adverse changes in the regulatory landscape for financial institutions (including card issuing banks) and other financial services companies (including us). For example, recently introduced federal legislation, such as the bill proposed by

Senator Menendez, known as the Prepaid Card Consumer Protection Act of 2011, would limit the amount of fees, including monthly fees, that we would be able to charge and would impose operational requirements, such as closing and refunding certain dormant prepaid cards, which could decrease our operating revenues and increase our operating costs. Proposed legislation in New Jersey and Illinois could, if passed, also limit the types and amounts of fees that we would be able to charge, which could decrease our operating revenues. In addition, changes in the way we or the banks that issue our cards are regulated, such as the changes under the Dodd-Frank Act, related to the consolidation of the primary federal regulator for savings banks with the primary federal regulator for national banks and the establishment of the CFPB, which could potentially have oversight over us and our products and services, could expose us and the banks that issue our cards to increased regulatory oversight, more burdensome regulation of our business, and increased litigation risk, each of which could increase our costs and decrease our operating revenues. Additionally, changes to the limitations placed on fees, the interchange rates that can be charged or the disclosures that must be provided with respect to our products and services could increase our costs and decrease our operating revenues.

We operate in a highly regulated environment, and failure by us, the banks that issue our cards or the businesses that participate in our reload network to comply with applicable laws and regulations could have an adverse effect on our business, financial position and results of operations.

We operate in a highly regulated environment, and failure by us, the banks that issue our cards or the businesses that participate in our reload network to comply with the laws and regulations to which we are subject could negatively impact our business. We are subject to state money transmission licensing requirements and a wide range of federal and other state laws and regulations. In particular, our products and services are subject to an increasingly strict set of legal and regulatory requirements intended to protect consumers and to help detect and prevent money laundering, terrorist financing and other illicit activities.

Many of these laws and regulations are evolving, unclear and inconsistent across various jurisdictions, and ensuring compliance with them is difficult and costly. For example, with increasing frequency, federal and state regulators are holding businesses like ours to higher standards of training, monitoring and compliance, including monitoring for possible violations of laws by the businesses that participate in our reload network. Failure by us or those businesses to comply with the laws and regulations to which we are or may become subject could result in fines, penalties or limitations on our ability to conduct our business, or federal or state actions, any of which could significantly harm our reputation with consumers and other network participants, banks that issue our cards and regulators, and could materially and adversely affect our business, operating results and financial condition.

Changes in rules or standards set by the payment networks, such as Visa and MasterCard, or changes in debit network fees or products or interchange rates, could adversely affect our business, financial position and results of operations.

We and the banks that issue our cards are subject to association rules that could subject us to a variety of fines or penalties that may be levied by the card associations or networks for acts or omissions by us or businesses that work with us, including card processors, such as Total Systems Services, Inc. The termination of the card association registrations held by us or any of the banks that issue our cards or any changes in card association or other debit network rules or standards, including interpretation and implementation of existing rules or standards, that increase the cost of doing business or limit our ability to provide our products and services could have an adverse effect on our business, operating results and financial condition. In addition, from time to time, card associations increase the organization and/or processing fees that they charge, which could increase our operating expenses, reduce our profit margin and adversely affect our business, operating results and financial condition.

Furthermore, a substantial portion of our operating revenues is derived from interchange fees. For the twelve months ended December 31, 2011, interchange revenues represented 30.2% of our total operating revenues, and we expect interchange revenues to continue to represent a significant percentage of our total operating revenues in the near term. The amount of interchange revenues that we earn is highly dependent on the interchange rates that the payment networks set and adjust from time to time. The enactment of the Dodd-Frank Act required the Federal Reserve Board to implement regulations that have substantially limited interchange fees for many issuers. While we believe the interchange rates that may be earned by us and our subsidiary bank are exempt from such limitations, in light of this legislation and recent attention generally on interchange rates in the United States, there can be no assurance that the interpretation or enforcement of interchange legislation or regulation will not impact our interchange revenues substantially. If interchange rates decline, whether due to actions by the payment networks, the banks that issue our cards or existing or future legislation, regulation or the interpretation or enforcement thereof, we would likely need to change our fee structure to compensate for lost interchange revenues. To the extent we increase the pricing of our products and services, we might find it more difficult to acquire consumers and to maintain or grow card usage and customer retention, and we could suffer reputational damage and become subject to greater regulatory scrutiny. We also might have to discontinue certain products or services. As a result, our operating revenues, operating results,

prospects for future growth and overall business could be materially and adversely affected.

Our actual operating results may differ significantly from our guidance.

From time to time, we may release guidance in our quarterly results conference calls, or otherwise, regarding our future performance that represents our management's estimates as of the date of release. This guidance, which includes forward-looking statements, is based on projections prepared by our management. These projections are not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither our independent registered public accounting firm nor any other independent expert or outside party compiles or examines the projections. Accordingly, no such person expresses any opinion or any other form of assurance with respect to those projections.

Projections are based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control, and are based upon specific assumptions with respect to future business decisions, some of which will change. We intend to state possible outcomes as high and low ranges that are intended to provide a sensitivity analysis as variables are changed but we can provide no assurances that actual results will not fall outside of the suggested ranges.

The principal reason that we release guidance is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any of these persons.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the guidance furnished by us will prove to be incorrect or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from our guidance and the variations may be material. In light of the foregoing, investors are urged not to rely upon our guidance in making an investment decision with respect to our Class A common stock.

Any failure to implement our operating strategy successfully or the occurrence of any of the events or circumstances set forth in this Item 1A. could result in our actual operating results being different from our guidance, and such differences may be adverse and material.

We rely on relationships with card issuing banks to conduct our business, and our results of operations and financial position could be materially and adversely affected if we fail to maintain these relationships or we maintain them under new terms that are less favorable to us.

Substantially all of our cards are issued by GE Capital Retail Bank, formerly GE Money Bank, or Columbus Bank and Trust Company, a division of Synovus Bank. While we are in the process of transitioning our card issuing program with Columbus Bank and Trust Company to our subsidiary bank, Green Dot Bank, our existing relationships with these banks, particularly GE Capital Retail Bank, are currently, and will be for the foreseeable future, a critical component of our ability to conduct our business and to maintain our revenue and expense structure. Our reliance on third-party banking relationships will increase and we may need to establish new banking relationships if we are unable to successfully transition our card issuing program with Columbus Bank and Trust Company to our subsidiary bank, which has no experience with issuing our GPR cards, and may be unable to do so for the foreseeable future at the volume necessary to conduct our business. We may be unable to maintain relationships with the banks that issue our cards for a variety of reasons, including increased regulatory oversight, more burdensome regulation of our industry, increased compliance requirements or changes in business strategy. If we lose or do not maintain existing banking relationships, we would incur significant switching and other costs and expenses and we and users of our products and services could be significantly affected, creating contingent liabilities for us. As a result, the failure to maintain adequate banking relationships could have a material adverse effect on our business, results of operations and financial condition. Our agreements with the banks that issue our cards provide for revenue-sharing arrangements and cost and expense allocations between the parties. Changes in the revenue-sharing arrangements or the costs and expenses that we have to bear under these relationships could have a material impact on our operating expenses. In addition, we may be unable to maintain adequate banking relationships or, following its expiration in 2015, renew our agreements with GE Capital Retail Bank under terms at least as favorable to us as those existing before renewal.

We receive important services from third-party vendors, including card processing from Total System Services, Inc. Replacing them would be difficult and disruptive to our business.

Some services relating to our business, including fraud management and other customer verification services, transaction processing and settlement, card production and customer service, are outsourced to third-party vendors, such as Total System Services, Inc. for card processing and Genpact International, Inc. for call center services. We intend to migrate our card processing from Total System Services, Inc. to an in-house processing solution, but will

continue to rely upon this vendor for some portion of our card processing for an extended period of time. It would be difficult to replace some of our third-party vendors, particularly Total System Services, Inc., in a timely manner if they were unwilling or unable to provide us with these services during the term of their agreements with us or if we are unable to successfully develop our in-house processing solution, and our business and operations could be adversely affected.

Our business could suffer if there is a decline in the use of prepaid cards as a payment mechanism or there are adverse developments with respect to the prepaid financial services industry in general.

As the prepaid financial services industry evolves, consumers may find prepaid financial services to be less attractive than traditional or other financial services. Consumers might not use prepaid financial services for any number of reasons, including the general perception of our industry. For example, negative publicity surrounding other prepaid financial service providers could impact our business and prospects for growth to the extent it adversely impacts the perception of prepaid financial services among consumers. If consumers do not continue or increase their usage of prepaid cards, our operating revenues may remain at current levels or decline. Predictions by industry analysts and others concerning the growth of prepaid financial services as an electronic payment mechanism may overstate the growth of an industry, segment or category, and you should not rely upon them. The projected growth may not occur or may occur more slowly than estimated. If consumer acceptance of prepaid financial services does not continue to develop or develops more slowly than expected or if there is a shift in the mix of payment forms, such as cash, credit cards, traditional debit cards and prepaid cards, away from our products and services, it could have a material adverse effect on our financial position and results of operations.

Fraudulent and other illegal activity involving our products and services could lead to reputational damage to us and reduce the use and acceptance of our cards and reload network.

Criminals are using increasingly sophisticated methods to engage in illegal activities involving our cards or cardholder information, such as counterfeiting, fraudulent payment or refund schemes and identity theft. We rely upon third parties for some transaction processing services, which subjects us and our cardholders to risks related to the vulnerabilities of those third parties. A single significant incident of fraud, or increases in the overall level of fraud, involving our cards and other products and services, could result in reputational damage to us, which could reduce the use and acceptance of our cards and other products and services, cause retail distributors or network acceptance members to cease doing business with us or lead to greater regulation that would increase our compliance costs. Furthermore, in an effort to counteract fraud involving our products and services, we may implement risk control mechanisms that could make it more difficult for legitimate customers to obtain and use our products and services, which would negatively impact our operating results.

A data security breach could expose us to liability and protracted and costly litigation, and could adversely affect our reputation and operating revenues.

We, the banks that issue our cards and our retail distributors, network acceptance members and third-party processors receive, transmit and store confidential customer and other information in connection with the sale and use of our prepaid financial services. Our encryption software and the other technologies we use to provide security for storage, processing and transmission of confidential customer and other information may not be effective to protect against data security breaches by third parties. The risk of unauthorized circumvention of our security measures has been heightened by advances in computer capabilities and the increasing sophistication of hackers. The banks that issue our cards and our retail distributors, network acceptance members and third-party processors also may experience similar security breaches involving the receipt, transmission and storage of our confidential customer and other information. Improper access to our or these third parties' systems or databases could result in the theft, publication, deletion or modification of confidential customer and other information.

A data security breach of the systems on which sensitive cardholder data and account information are stored could lead to fraudulent activity involving our products and services, reputational damage and claims or regulatory actions against us. If we are sued in connection with any data security breach, we could be involved in protracted and costly litigation. If unsuccessful in defending that litigation, we might be forced to pay damages and/or change our business practices or pricing structure, any of which could have a material adverse effect on our operating revenues and profitability. We would also likely have to pay (or indemnify the banks that issue our cards for) fines, penalties and/or other assessments imposed by Visa or MasterCard as a result of any data security breach. Further, a significant data security breach could lead to additional regulation, which could impose new and costly compliance obligations. In addition, a data security breach at one of the banks that issue our cards or at our retail distributors, network acceptance members or third-party processors could result in significant reputational harm to us and cause the use and acceptance of our cards to decline, either of which could have a significant adverse impact on our operating revenues and future growth prospects.

Litigation or investigations could result in significant settlements, fines or penalties.

We are subject to litigation and regulatory oversight in the normal course of our business, and may be subject to regulatory or judicial proceedings or investigations from time to time. In May 2011, the office of the Attorney General of Florida announced that it is investigating five prepaid debit card providers, including us, relating to the allegation of possible hidden fees on their cards and false claims of credit building. We have conducted a thorough review of this allegation as it relates to our cards and have held meetings with the Attorney General's office to provide requested information in connection with this ongoing investigation. In addition, in October 2011, Integrated Technological Systems, Inc. filed a lawsuit against us, and in February 2012, TQP Development, LLC filed a lawsuit against us, in each case alleging that we infringe on one of its patents and is seeking a permanent injunction against the alleged infringement, compensatory damages, costs, and attorney's fees. While we believe we have meritorious defenses against these patent lawsuits, we have not established reserves or possible ranges of losses related to these proceedings because, at this time in the proceedings, the matters do not relate to a probable loss and/or the amounts are not reasonably estimable. The outcome of litigation and regulatory or judicial proceedings or investigations is difficult to predict. Plaintiffs or regulatory agencies or authorities in these matters may seek recovery of very large or indeterminate amounts or seek to have aspects of our business suspended or modified. The monetary and other impact of these actions may remain unknown for substantial periods of time. The cost to defend, settle or otherwise resolve these matters may be significant. Further, an unfavorable resolution of litigation, investigations or proceedings could have a material adverse effect on our business, operating results, or financial condition.

If regulatory or judicial proceedings or investigations were to be initiated against us by private or governmental entities, adverse publicity that may be associated with these proceedings or investigations could negatively impact our relationships with retail distributors, network acceptance members and card processors and decrease acceptance and use of, and loyalty to, our products and related services, and could impact the price of our Class A common stock. In addition, such proceedings or investigations could increase the risk that we will be involved in litigation. For example, after the Florida Attorney General's office announced its investigation, several law firms announced that they were investigating us for potential consumer class action lawsuits or derivative lawsuits for breach of fiduciary duties by our board of directors. While we would defend ourselves vigorously against such lawsuits to the extent that any are ultimately initiated against us, the outcome of litigation is difficult to predict and the cost to defend, settle or otherwise resolve these matters may be significant. For the foregoing reasons, if regulatory or judicial proceedings or investigations were to be initiated against us by private or governmental entities, our business, results of operations and financial condition could be adversely affected or our stock price could decline.

We must adequately protect our brand and the intellectual property rights related to our products and services and avoid infringing on the proprietary rights of others.

The Green Dot brand is important to our business, and we utilize trademark registrations and other means to protect it. Our business would be harmed if we were unable to protect our brand against infringement and its value was to decrease as a result.

We rely on a combination of trademark and copyright laws, trade secret protection and confidentiality and license agreements to protect the intellectual property rights related to our products and services. We may unknowingly violate the intellectual property or other proprietary rights of others and, thus, may be subject to claims by third parties. If so, we may be required to devote significant time and resources to defending against these claims or to protecting and enforcing our own rights. Some of our intellectual property rights may not be protected by intellectual property laws, particularly in foreign jurisdictions. The loss of our intellectual property or the inability to secure or enforce our intellectual property rights or to defend successfully against an infringement action could harm our business, results of operations, financial condition and prospects.

We are exposed to losses from cardholder account overdrafts.

Our cardholders can incur charges in excess of the funds available in their accounts, and we may become liable for these overdrafts. While we decline authorization attempts for amounts that exceed the available balance in a cardholder’s account, the application of card association rules, the timing of the settlement of transactions and the assessment of the card’s monthly maintenance fee, among other things, can result in overdrawn accounts.

Maintenance fee assessments accounted for approximately 91% of aggregate overdrawn account balances in the year ended December 31, 2011, as compared to approximately 95% in the year ended December 31, 2010. Maintenance fee assessment overdrafts occur as a result of our charging a cardholder, pursuant to the card’s terms and conditions, the monthly maintenance fee at a time when he or she does not have sufficient funds in his or her account.

Our remaining overdraft exposure arises primarily from late-posting. A late-post occurs when a merchant posts a transaction within a payment network-permitted timeframe but subsequent to our release of the authorization for that transaction, as permitted by card association rules. Under card association rules, we may be liable for the amount of the transaction even if the cardholder has made additional purchases in the intervening period and funds are no longer available on the card at the time the transaction is posted.

Overdrawn account balances are funded on our behalf by the bank that issued the overdrawn card. We are responsible to this card issuing bank for any losses associated with these overdrafts. Overdrawn account balances are therefore deemed to be our receivables due from cardholders. We maintain reserves to cover the risk that we may not recover these receivables due from our cardholders, but our exposure may increase above these reserves for a variety of reasons, including our failure to predict the actual recovery rate accurately. To the extent we incur losses from overdrafts above our reserves or we determine that it is necessary to increase our reserves substantially, our business, results of operations and financial condition could be materially and adversely affected.

We face settlement risks from our retail distributors, which may increase during an economic downturn.

The vast majority of our business is conducted through retail distributors that sell our products and services to consumers at their store locations. Our retail distributors collect funds from the consumers who purchase our products and services and then must remit these funds directly to accounts established for the benefit of these consumers at the banks that issue our cards. The remittance of these funds by the retail distributor takes on average three business days. If a retail distributor becomes insolvent, files for bankruptcy, commits fraud or otherwise fails to remit proceeds to the card issuing bank from the sales of our products and services, we are liable for any amounts owed to the card issuing bank. As of December 31, 2011, we had assets subject to settlement risk of $27.4 million. Given the possibility of recurring volatility in global financial markets, the approaches we use to assess and monitor the creditworthiness of our retail distributors may be inadequate, and we may be unable to detect and take steps to mitigate an increased credit risk in a timely manner.

Economic downturns could result in settlement losses, whether or not directly related to our business. We are not insured against these risks. Significant settlement losses could have a material adverse effect on our business, results of operations and financial condition.

Future acquisitions or investments could disrupt our business and harm our financial condition.

From time to time, we may pursue acquisitions or investments that we believe will help us to achieve our strategic objectives. The process of integrating an acquired business, product or technology can create unforeseen operating difficulties, expenditures and other challenges such as:

- increased regulatory and compliance requirements;
- implementation or remediation of controls, procedures and policies at the acquired company;
- diversion of management time and focus from operation of our then-existing business to acquisition integration challenges;
- coordination of product, sales, marketing and program and systems management functions;
- transition of the acquired company's users and customers onto our systems;
- retention of employees from the acquired company;
- integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, information management, human resource and other administrative systems and operations generally with ours;
- liability for activities of the acquired company prior to the acquisition, including violations of law, commercial disputes, and tax and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims brought by terminated employees, customers, former stockholders or other third parties.

If we are unable to address these difficulties and challenges or other problems encountered in connection with our recent bank acquisition or any future acquisition or investment, we might not realize the anticipated benefits of that acquisition or investment, we might incur unanticipated liabilities or we might otherwise suffer harm to our business generally.

To the extent we pay the consideration for any future acquisitions or investments in cash, it would reduce the amount of cash available to us for other purposes. Future acquisitions or investments could also result in dilutive issuances of our equity securities or the incurrence of debt, contingent liabilities, amortization expenses, or impairment

charges against goodwill on our balance sheet, any of which could harm our financial condition and negatively impact our stockholders.

Economic, political and other conditions may adversely affect trends in consumer spending.

The electronic payments industry, including the prepaid financial services segment within that industry, depends heavily upon the overall level of consumer spending. The United States is currently facing challenging economic conditions and if these conditions remain uncertain or deteriorate further, we may experience a reduction in the number of our cards that are purchased or reloaded, the number of transactions involving our cards and the use of our reload network and related services. A sustained reduction in the use of our products and related services, either as a result of a general reduction in consumer spending or as a result of a disproportionate reduction in the use of card-based payment systems, our business, results of operations and financial condition would be materially harmed.

Our business is dependent on the efficient and uninterrupted operation of computer network systems and data centers.

Our ability to provide reliable service to cardholders and other network participants depends on the efficient and uninterrupted operation of our computer network systems and data centers as well as those of our retail distributors, network acceptance members and third-party processors. Our business involves movement of large sums of money, processing of large numbers of transactions and management of the data necessary to do both. Our success depends upon the efficient and error-free handling of the money that is collected by our retail distributors and remitted to network acceptance members or the banks that issue our cards. We rely on the ability of our employees, systems and processes and those of the banks that issue our cards, our retail distributors, our network acceptance members and third-party processors to process and facilitate these transactions in an efficient, uninterrupted and error-free manner.

In the event of a breakdown, a catastrophic event (such as fire, natural disaster, power loss, telecommunications failure or physical break-in), a security breach or malicious attack, an improper operation or any other event impacting our systems or processes, or those of our vendors, or an improper action by our employees, agents or third-party vendors, we could suffer financial loss, loss of customers, regulatory sanctions and damage to our reputation. The measures we have taken, including the implementation of disaster recovery plans and redundant computer systems, may not be successful, and we may experience other problems unrelated to system failures. We may also experience software defects, development delays and installation difficulties, any of which could harm our business and reputation and expose us to potential liability and increased operating expenses. Some of our contracts with retail distributors, including our contract with Walmart, contain service level standards pertaining to the operation of our systems, and provide the retail distributor with the right to collect damages and potentially to terminate its contract with us for system downtime exceeding stated limits. If we face system interruptions or failures, our business interruption insurance may not be adequate to cover the losses or damages that we incur.

We must be able to operate and scale our technology effectively to match our business growth.

Our ability to continue to provide our products and services to a growing number of network participants, as well as to enhance our existing products and services and offer new products and services, is dependent on our information technology systems. If we are unable to manage the technology associated with our business effectively, we could experience increased costs, reductions in system availability and losses of our network participants. Any failure of our systems in scalability and functionality would adversely impact our business, financial condition and results of operations.

If we are unable to keep pace with the rapid technological developments in our industry and the larger electronic payments industry necessary to continue providing our network acceptance members and cardholders with new and innovative products and services, the use of our cards and other products and services could decline.

The electronic payments industry is subject to rapid and significant technological changes, including continuing advancements in the areas of radio frequency and proximity payment devices (such as contactless cards), e-commerce and mobile commerce, among others. We cannot predict the effect of technological changes on our business. We rely in part on third parties, including some of our competitors and potential competitors, for the development of, and access to, new technologies. We expect that new services and technologies applicable to our industry will continue to emerge, and these new services and technologies may be superior to, or render obsolete, the technologies we currently utilize in our products and services. Additionally, we may make future investments in, or enter into strategic alliances to develop, new technologies and services or to implement infrastructure change to further our strategic objectives, strengthen our existing businesses and remain competitive. However, our ability to transition to new services and technologies that we develop may be inhibited by a lack of industry-wide standards, by resistance from our retail distributors, network acceptance members, third-party processors or consumers to these changes, or by the intellectual

property rights of third parties. Our future success will depend, in part, on our ability to develop new technologies and adapt to technological changes and evolving industry standards. These initiatives are inherently risky, and they may not be successful or may have an adverse effect on our business, financial condition and results of operations.

Our future success depends on our ability to attract, integrate, retain and incentivize key personnel.

Our future success will depend, to a significant extent, on our ability to attract, integrate, retain and recognize key personnel, namely our management team and experienced sales, marketing and program and systems management personnel. Replacing departing key personnel can involve organizational disruption and uncertainty, as we experienced in connection with replacing Mark T. Troughton, our former President, Cards and Network, following his resignation in January 2012. We must retain and motivate existing personnel, and we must also attract, assimilate and motivate additional highly-qualified employees. We may experience difficulty in managing transitions and assimilating our newly-hired personnel, which may adversely affect our business. Competition for qualified management, sales, marketing and program and systems management personnel can be intense. Competitors have in the past and may in the future attempt to recruit our top management and employees. If we fail to attract, integrate, retain and incentivize key personnel, our ability to manage and grow our business could be harmed.

We might require additional capital to support our business in the future, and this capital might not be available on acceptable terms, or at all.

If our unrestricted cash and cash equivalents balances and any cash generated from operations are not sufficient to meet our future cash requirements, we will need to access additional capital to fund our operations. We may also need to raise additional capital to take advantage of new business or acquisition opportunities. We may seek to raise capital by, among other things:

- issuing additional shares of our Class A common stock or other equity securities;
- issuing debt securities; and
- borrowing funds under a credit facility.

We may not be able to raise needed cash in a timely basis on terms acceptable to us or at all. Financings, if available, may be on terms that are dilutive or potentially dilutive to our stockholders. The holders of new securities may also receive rights, preferences or privileges that are senior to those of existing holders of our Class A common stock. In addition, if we were to raise cash through a debt financing, the terms of the financing might impose additional conditions or restrictions on our operations that could adversely affect our business. If we require new sources of financing but they are insufficient or unavailable, we would be required to modify our operating plans to take into account the limitations of available funding, which would harm our ability to maintain or grow our business.

The occurrence of catastrophic events could damage our facilities or the facilities of third parties on which we depend, which could force us to curtail our operations.

We and some of the third-party service providers on which we depend for various support functions, such as customer service and card processing, are vulnerable to damage from catastrophic events, such as power loss, natural disasters, terrorism and similar unforeseen events beyond our control. Our principal offices, for example, are situated in the foothills of southern California near known earthquake fault zones and areas of elevated wild fire danger. If any catastrophic event were to occur, our ability to operate our business could be seriously impaired, as we do not maintain redundant systems for critical business functions, such as finance and accounting. In addition, we might not have adequate insurance to cover our losses resulting from catastrophic events or other significant business interruptions. Any significant losses that are not recoverable under our insurance policies, as well as the damage to, or interruption of, our infrastructure and processes, could seriously impair our business and financial condition.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired, which could result in a loss of investor confidence in our financial reports and have an adverse effect on our stock price.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. If we are unable to maintain adequate internal control over financial reporting, we might be unable to report our financial information on a timely basis and might suffer adverse regulatory consequences or violate NYSE listing standards. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. We may in the future discover areas of our internal financial and accounting controls and procedures that need improvement. Our internal control over financial reporting will not prevent or detect all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute,

assurance that the objectives of the control system will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company will be detected. If we are unable to maintain proper and effective internal controls, we may not be able to produce accurate financial statements on a timely basis, which could adversely affect our ability to operate our business and could result in regulatory action, and could require us to restate, our financial statements. Any such restatement could result in a loss of public confidence in the reliability of our financial statements and sanctions imposed on us by the SEC.

Changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies could adversely affect our financial condition and results of operations.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Some of these policies require use of estimates and assumptions that may affect the reported value of our assets or liabilities and results of operations and are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain. If those assumptions, estimates or judgments were incorrectly made, we could be required to correct and restate prior period financial statements. Accounting standard-setters and those who interpret the accounting standards (such as the Financial Accounting Standards Board, the SEC, banking regulators and our independent registered public accounting firm) may also amend or even reverse their previous interpretations or positions on how various standards should be applied. These changes can be difficult to predict and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in the need to revise and republish prior period financial statements.

Risks Related to Ownership of Our Class A Common Stock

The price of our Class A common stock may be volatile.

In the recent past, stocks generally, and financial services company stocks in particular, have experienced high levels of volatility. The trading price of our Class A common stock has been highly volatile since our initial public offering and may continue to be subject to wide fluctuations. The trading price of our Class A common stock depends on a number of factors, including those described in this “Risk Factors” section, many of which are beyond our control and may not be related to our operating performance. Factors that could cause fluctuations in the trading price of our Class A common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market prices and trading volumes of financial services company stocks;
- actual or anticipated changes in our results of operations or fluctuations in our operating results;
- actual or anticipated changes in the expectations of investors or the recommendations of any securities analysts who follow our Class A common stock;
- actual or anticipated developments in our business or our competitors’ businesses or the competitive landscape generally;
- the public’s reaction to our press releases, other public announcements and filings with the SEC;
- litigation and investigations or proceedings involving us, our industry or both or investigations by regulators into our operations or those of our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- general economic conditions; and
- sales of shares of our Class A common stock by us or our stockholders.

In the past, many companies that have experienced volatility in the market price of their stock have become subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management’s attention from other business concerns, which could seriously harm our business.

Concentration of ownership among our existing directors, executive officers and principal stockholders may prevent new investors from influencing significant corporate decisions.

Our Class B common stock has ten votes per share, our Class A common stock has one vote per share and our Series A convertible junior participating non-cumulative perpetual preferred stock has no voting power. Based upon beneficial ownership as of December 31, 2011, our current directors, executive officers, holders of more than 5% of

our total shares of common stock outstanding and their respective affiliates will, in the aggregate, beneficially own approximately 51.5% of our outstanding voting stock, representing approximately 62.4% of the voting power of our outstanding capital stock. As a result, these stockholders are able to exercise a controlling influence over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, and have significant influence over our management and policies for the foreseeable future. Some of these persons or entities may have interests that are different from yours. For example, these stockholders may support proposals and actions with which you may disagree or which are not in your interests. The concentration of ownership could delay or prevent a change in control of our company or otherwise discourage a potential acquirer from attempting to obtain control of our company, which in turn could reduce the price of our Class A common stock. In addition, these stockholders, some of which have representatives sitting on our board of directors, could use their voting control to maintain our existing management and directors in office, delay or prevent changes of control of our company, or support or reject other management and board of director proposals that are subject to stockholder approval, such as amendments to our employee stock plans and approvals of significant financing transactions.

Our charter documents, Delaware law and our status as bank holding company could discourage, delay or prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock.

Our certificate of incorporation and bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it more difficult for stockholders to nominate directors for election to our board of directors and take other corporate actions. These provisions, among other things:

- provide our Class B common stock with disproportionate voting rights;
- provide for non-cumulative voting in the election of directors;
- provide for a classified board of directors;
- authorize our board of directors, without stockholder approval, to issue preferred stock with terms determined by our board of directors and to issue additional shares of our Class A and Class B common stock;
- limit the voting power of a holder, or group of affiliated holders, of more than 24.9% of our common stock to 14.9%;
- provide that only our board of directors may set the number of directors constituting our board of directors or fill vacant directorships;
- prohibit stockholder action by written consent and limit who may call a special meeting of stockholders; and
- require advance notification of stockholder nominations for election to our board of directors and of stockholder proposals.

These and other provisions in our certificate of incorporation and bylaws, as well as provisions under Delaware law, could discourage potential takeover attempts, reduce the price that investors might be willing to pay in the future for shares of our Class A common stock and result in the trading price of our Class A common stock being lower than it otherwise would be.

In addition to the foregoing, under the BHC Act and the Change in Bank Control Act, and their respective implementing regulations, Federal Reserve Board approval is necessary prior to any person or company acquiring control of a bank or bank holding company, subject to certain exceptions. Control, among other considerations, exists if an individual or company acquires 25% or more of any class of voting securities, and may be presumed to exist if a person acquires 10% or more of any class of voting securities. These restrictions could affect the willingness or ability of a third party to acquire control of us for so long as we are a bank holding company.

If securities analysts do not continue to publish research or reports about our business or if they publish negative evaluations of our Class A common stock, the trading price of our Class A common stock could decline.

We expect that the trading price for our Class A common stock will be affected by any research or reports that securities analysts publish about us or our business. If one or more of the analysts who currently cover us or our business downgrade their evaluations of our Class A common stock, the price of our Class A common stock would likely decline. If one or more of these analysts cease coverage of our company, we could lose visibility in the market for our Class A common stock, which in turn could cause our stock price to decline.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. As a bank holding company, our ability to

pay future dividends could be limited by the capital requirements imposed under the BHC Act, as well as other federal laws applicable to banks and bank holding companies.

ITEM 1B. Unresolved Staff Comments

Not applicable

ITEM 2. Properties

We currently lease approximately 84,000 square feet in Monrovia, California for our corporate headquarters, pursuant to lease agreements for approximately 75,000 square feet that expire in September 2012 and 4,000 square feet that expire in December 2012 and a sub-lease agreement of approximately 5,000 square feet that expires in December 2013. We also maintain smaller administrative or project offices and own the real property where our subsidiary bank's only branch is located in Provo, Utah.

In December 2011, we entered into a ten-year office lease pursuant to which we will lease a new headquarters facility, consisting of 140,000 square feet of office space in Pasadena, California. The initial term of the lease is ten years and is scheduled to commence November 1, 2012 and expire on October 31, 2022. We will relocate our employees to this new office space prior to the expiration of the lease on our current headquarters.

We believe our current office space is adequate for our current needs and our new office space in Pasadena, California will accommodate our needs for the foreseeable future.

ITEM 3. Legal Proceedings

On October 7, 2011, a lawsuit was filed against us by Integrated Technological Systems, Inc. (“ITS”) in the United States District Court for the District of Nevada. ITS alleges that we infringe U.S. Patent No. 7,912,786 entitled “Integrated Technology Money Transfer System.” The lawsuit includes allegations bearing material relation to our products. ITS seeks a permanent injunction against the alleged infringement, compensatory damages, costs and attorney's fees. We believe we have meritorious defenses to ITS's contentions, and intend to defend the lawsuit vigorously.

On February 8, 2012, a lawsuit was filed against us by TQP Development, LLC (“TQP”) in the United States District Court for the Eastern District of Texas. TQP alleges that we infringe U.S. Patent No. 5,412,730 entitled “Encrypted Data Transmission System Employing Means for Randomly Altering the Encryption Keys.” The lawsuit includes allegations bearing material relation to our products. TQP seeks a permanent injunction against the alleged infringement, compensatory damages, costs and attorney's fees. We believe we have meritorious defenses to TQP's contentions, and intend to defend the lawsuit vigorously.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our Class A common stock has been listed on the NYSE under the symbol “GDOT” since July 22, 2010. Prior to that date, there was no public trading market for our Class A common stock. Our initial public offering was priced at $36.00 per share on July 21, 2010. The following table sets forth for the periods indicated the high and low sales prices per share of our Class A common stock as reported on the NYSE. Our Class B common stock is not publicly traded.

	Low	High
Year ended December 31, 2011		
Fourth Quarter	$ 27.40	$ 35.25
Third Quarter	$ 24.94	$ 36.59
Second Quarter	$ 31.22	$ 49.93
First Quarter	$ 39.00	$ 65.00
Year ended December 31, 2010		
Fourth Quarter	$ 44.50	$ 65.10
Third Quarter (beginning July 22, 2010)	$ 41.13	$ 54.24

Holders of Record

As of January 31, 2012, we had 129 holders of record of our Class A common stock and 48 holders of record of our Class B common stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividends

We have never declared or paid any cash dividends on our capital stock, and we do not currently intend to pay any cash dividends on our Class A common stock for the foreseeable future. As a bank holding company, the Federal Reserve Board’s risk-based and leverage capital requirements, as well as other federal laws applicable to banks and bank holding companies, could limit our ability to pay dividends. We expect to retain future earnings, if any, to fund the development and growth of our business. Any future determination to pay dividends on our Class A common stock, if permissible, will be at the discretion of our board of directors and will depend upon, among other factors, our financial condition, operating results, current and anticipated cash needs, plans for expansion and other factors that our board of directors may deem relevant.

Unregistered Sales of Equity Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

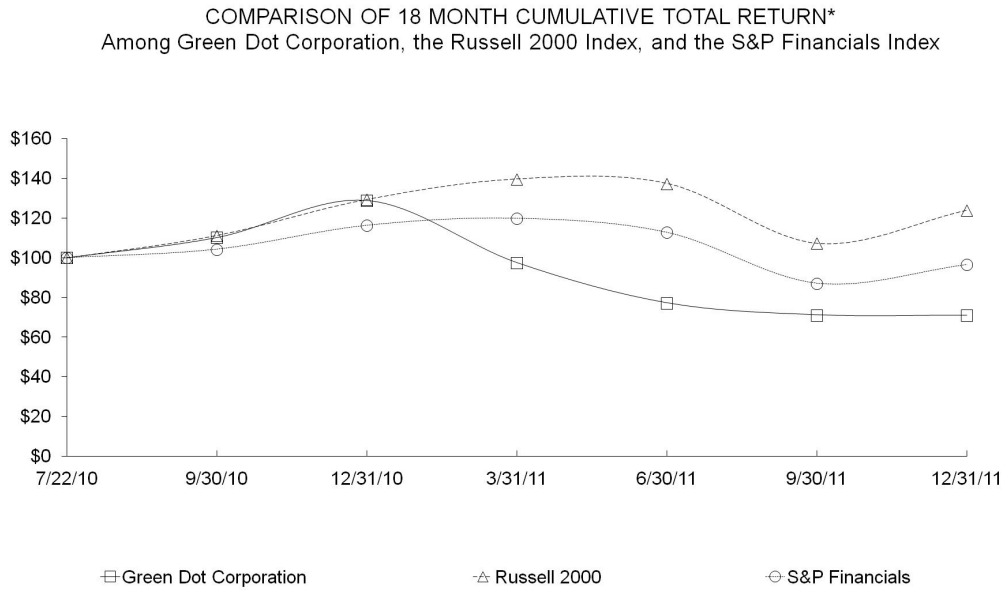
Stock Performance Graph

This performance graph shall not be deemed “filed” for purposes of section 18 of the Exchange Act, or otherwise subject to the liabilities under that section and shall not be deemed to be incorporated by reference into any filing of Green Dot Corporation under the Securities Act or the Exchange Act.

The graph and table below compare the cumulative total stockholder return of Green Dot Corporation Class A common stock, the Russell 2000 Index and the S&P 500 Financials Index for the period beginning on the close of trading on the NYSE on July 22, 2010 (the date our Class A common stock began trading on the NYSE), and ending on the close of trading on the NYSE on December 31, 2011. The graph assumes a $100 investment in our Class A common stock and each of the indices, and the reinvestment of dividends. Our Class B common stock is not publicly

traded or listed on any exchange or dealer quotation system.

The comparisons in the graph and table below are based on historical data and are not intended to forecast the possible future performance of our Class A common stock.



*$100 invested on 7/22/10 in stock or 6/30/10 in index, including reinvestment of dividends. Fiscal year ending December 31.

Copyright© 2012 S&P, a division of The McGraw-Hill Companies Inc. All rights reserved.

Total Return to Shareholders

(Includes reinvestment of dividends)

		Index Returns					
		Months Ending					
Company/Index	Base Period 7/22/10	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Green Dot Corporation	$ 100.00	$ 110.21	$ 128.98	$ 97.54	$ 77.24	$ 71.20	$ 70.97
Russell 2000 Index	$ 100.00	$ 111.29	$ 129.38	$ 139.65	$ 137.41	$ 107.36	$ 123.98
S&P 500 Financials Index	$ 100.00	$ 104.33	$ 116.40	$ 119.94	$ 112.84	$ 87.12	$ 96.54

ITEM 6. Selected Financial Data

The following tables present selected historical financial data for our business. You should read this information together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements, related notes and other financial information, each included in Item 8 of this report. The selected consolidated financial data in this section is not intended to replace the financial statements and is qualified in its entirety by the consolidated financial statements and related notes.

We derived the statement of operations data for the years ended December 31, 2011 and 2010, respectively, the five months ended December 31, 2009, and the year ended July 31, 2009, and the balance sheet data as of December 31, 2011 and 2010 from our audited consolidated financial statements included in Item 8 of this report. We derived the statement of operations data for the years ended July 31, 2008 and 2007 and balance sheet data as of December 31, 2009, July 31, 2009, 2008 and 2007 from our audited consolidated financial statements not included in this report. Our historical results are not necessarily indicative of our results to be expected in any future period.

	Year Ended December 31,		Five Months Ended December 31, 2009(1)	Year Ended July 31,		
	2011	2010		2009	2008	2007
	(in thousands, except per share data)					
Consolidated Statement of Operations Data:						
Operating revenues:						
Card revenues and other fees	$ 209,489	$ 167,375	$ 50,895	$ 119,356	$ 91,233	$ 45,717
Cash transfer revenues	134,143	101,502	30,509	62,396	45,310	25,419
Interchange revenues	141,103	108,380	31,353	53,064	31,583	12,488
Stock-based retailer incentive compensation(2)	(17,337)	(13,369)	—	—	—	—
Total operating revenues	467,398	363,888	112,757	234,816	168,126	83,624
Operating expenses:						
Sales and marketing expenses	168,747	122,890	31,333	75,786	69,577	38,838
Compensation and benefits expenses(3)	87,671	70,102	26,610	40,096	28,303	20,610
Processing expenses	70,953	56,978	17,480	32,320	21,944	9,809
Other general and administrative expenses	56,578	44,599	14,020	22,944	19,124	13,212
Total operating expenses	383,949	294,569	89,443	171,146	138,948	82,469
Operating income	83,449	69,319	23,314	63,670	29,178	1,155
Interest income	910	365	115	396	665	771
Interest expense	(346)	(52)	(2)	(1)	(247)	(625)
Income before income taxes	84,013	69,632	23,427	64,065	29,596	1,301
Income tax expense (benefit)	31,930	27,400	9,764	26,902	12,261	(3,346)
Net income	52,083	42,232	13,663	37,163	17,335	4,647
Dividends, accretion and allocated earnings of preferred stock	(558)	(14,659)	(9,170)	(29,000)	(13,650)	(5,157)
Net income (loss) allocated to common stockholders	$ 51,525	$ 27,573	$ 4,493	$ 8,163	$ 3,685	$ (510)
Basic earnings (loss) per common share:						
Class A common stock	$ 1.24	$ 1.06	$ —	$ —	$ —	$ —
Class B common stock	$ 1.24	$ 1.06	$ 0.37	$ 0.68	$ 0.34	$ (0.05)
Basic weighted-average common shares issued and outstanding:						
Class A common stock	22,238	2,980	—	—	—	—
Class B common stock	17,718	21,589	12,222	12,036	10,757	11,100
Diluted earnings (loss) per common share:						
Class A common stock	$ 1.19	$ 0.98	$ —	$ —	$ —	$ —
Class B common stock	$ 1.19	$ 0.98	$ 0.29	$ 0.52	$ 0.26	$ (0.05)
Diluted weighted-average common shares issued and outstanding:						
Class A common stock	42,065	27,782	—	—	—	—
Class B common stock	19,822	24,796	15,425	15,712	14,154	11,100

	As of December 31,			As of July 31,		
	2011	2010	2009	2009	2008	2007
	(in thousands)					
Consolidated Balance Sheet Data:						
Cash, cash equivalents and restricted cash(4)	$ 238,359	$ 172,638	$ 71,684	$ 41,931	$ 41,613	$ 14,991
Investment securities, available-for-sale	31,210	—	—	—	—	—
Settlement assets(5)	27,355	19,968	42,569	35,570	17,445	15,412
Loans to bank customers	10,036	—	—	—	—	—
Total assets	425,859	285,758	183,108	123,269	97,246	56,441
Deposits	38,957	—	—	—	—	—
Settlement obligations(5)	27,355	19,968	42,569	35,570	17,445	12,916
Long-term debt	—	—	—	—	—	2,446
Total liabilities	172,663	120,627	111,744	81,031	65,962	45,237
Redeemable convertible preferred stock	—	—	—	—	26,816	22,336
Total stockholders' equity (deficit)	253,196	165,131	71,364	42,238	4,468	(11,130)

(1) In September 2009, we changed our fiscal year-end from July 31 to December 31.

(2) Represents the recorded fair value of the shares for which our right to repurchase lapsed during the specified period pursuant to the terms of the agreement under which we issued 2,208,552 shares of our Class A common stock to Walmart. See “Management's Discussion and Analysis of Financial Condition and Results of Operations — Key components of our results of operations — Operating revenues — Stock-based retailer incentive compensation” for more information. Prior to the three months ended June 30, 2010, we did not incur any stock-based retailer incentive compensation.

(3) Includes stock-based compensation expense of $9.5 million and $7.3 million for the years ended December 31, 2011 and 2010, $6.8 million for the five months ended December 31, 2009 and $2.5 million, $1.2 million, and $156,000 for fiscal 2009, 2008, and 2007, respectively.

(4) Includes $12.9 million, $5.1 million, $15.4 million, $15.4 million, $2.3 million, and $2.3 million of restricted cash as of December 31, 2011, 2010, and 2009 and July 31, 2009, 2008, and 2007, respectively. Also includes $2.4 million of federal funds sold as of December 31, 2011. We had no federal funds sold prior to 2011.

(5) Our retail distributors collect customer funds for purchases of new cards and reloads and then remit these funds directly to bank accounts established for the benefit of these customers by the banks that issue our cards. Our retail distributors’ remittance of these funds takes an average of two business days. Settlement assets represent the amounts due from our retail distributors for customer funds collected at the point of sale that have not yet been remitted to the card issuing banks. Settlement obligations represent the amounts due from us to the card issuing banks for funds collected but not yet remitted by our retail distributors and not funded by our line of credit. We have no control over or access to customer funds remitted by our retail distributors to the bank accounts. Customer funds therefore are not our assets, and we do not recognize them in our consolidated financial statements.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Annual Report on Form 10-K, including this Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933 and the Securities Exchange Act of 1934 (the "Exchange Act"). All statements other than statements of historical facts are statements that could be deemed to be forward-looking statements. These statements are based on current expectations, estimates, forecasts and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "endeavors," "strives," "may" and "assumes," variations of such words and similar expressions are intended to identify forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified below, under "Part I, Item 1A. Risk Factors," and elsewhere herein. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

In this Annual Report, unless otherwise specified or the context otherwise requires, "Green Dot," "we," "us," and "our" refer to Green Dot Corporation and its consolidated subsidiaries.

Overview

Green Dot is a leading financial services company providing simple, low-cost and convenient money management solutions to a broad base of U.S. consumers. We believe that we are the leading provider of general purpose reloadable, or GPR, prepaid debit cards in the United States and that our Green Dot Network is the leading reload network for prepaid cards in the United States. We sell our cards and offer our reload services nationwide at approximately 59,000 retail store locations, which provide consumers convenient access to our products and services.

We review a number of metrics to help us monitor the performance of, and identify trends affecting, our business. We believe the following measures are the primary indicators of our quarterly and annual performance.

Number of GPR Cards Activated — represents the total number of GPR cards sold through our retail and online distribution channels that are activated (and, in the case of our online channel, also funded) by cardholders in a specified period. We activated 7.97 million, 6.26 million, and 4.27 million GPR cards in the twelve-month periods ended December 31, 2011, 2010, and 2009, respectively, and 2.12 million and 976,000 GPR cards in the five-month periods ended December 31, 2009 and 2008, respectively. The number of new GPR card activations from repeat customers, or former GPR cardholders, in the same comparable periods were 3.39 million, 2.16 million and 0.98 million, 0.53 million and 0.18 million, respectively.

Number of Cash Transfers — represents the total number of MoneyPak and POS swipe reload transactions that we sell through our retail distributors in a specified period. We sold 34.27 million, 26.49 million, and 17.28 million MoneyPak and POS swipe reload transactions for the twelve-month periods ended December 31, 2011, 2010, and 2009, respectively, and 8.19 million and 5.00 million MoneyPak and POS swipe reload transactions for the five-month periods ended December 31, 2009 and 2008, respectively.

Number of Active Cards — represents the total number of GPR cards in our portfolio that had a purchase, reload or ATM withdrawal transaction during the previous 90-day period. We had 4.20 million, 3.40 million, 2.69 million, and 1.40 million active cards outstanding as of December 31, 2011, 2010, 2009, and 2008, respectively.

Gross Dollar Volume — represents the total dollar volume of funds loaded to our GPR card and reload products. Our gross dollar volume was $16.1 billion, $10.4 billion, and $5.8 billion for the twelve-month periods ended December 31, 2011, 2010, and 2009, respectively, and $2.7 billion and $1.6 billion for the five-month periods ended December 31, 2009 and 2008, respectively.

Total operating revenues for the year ended December 31, 2011 were $467.4 million compared to $363.9 million for the year ended December 31, 2010. Total operating revenues were favorably impacted by increases in card revenues and other fees, cash transfer revenues and interchange revenues primarily due to period-over-period growth in all of our key metrics described above, partially offset by our recognition of stock-based retailer incentive compensation, which increased $3.9 million, or 29%, in the year ended December 31, 2011. For the comparable period in 2010, we recorded eight months of stock-based retailer incentive compensation, beginning May 2010. We derived approximately 5% of total operating revenues, excluding stock-based retailer incentive compensation from the Intuit program for the year ended December 31, 2011, which was discontinued in October 2011. We estimate that approximately $17 million

of our 2011 total operating revenues generated from the Intuit program, the largest concentration of which, approximately $8 million, occurred in the first quarter of 2011, will not recur in 2012. Furthermore, Intuit had a disproportionate impact on our key metrics in the first quarter of 2011. Approximately 23% of gross dollar volume, 18% of GPR cards activated and 10% of the number of active cards were related to this discontinued program.

Net income for the year ended December 31, 2011 was $52.1 million compared to $42.2 million for the year ended December 31, 2010. Net income grew 23% for the year ended December 31, 2011, reflecting the total operating revenue growth described above, volume incentives on processing and call center costs and a lower overall effective tax rate compared to the year ended December 31, 2010.

Key components of our results of operations

Operating Revenues

We classify our operating revenues into the following four categories:

Card Revenues and Other Fees — Card revenues consist of monthly maintenance fees, ATM fees, new card fees and other revenues. We charge maintenance fees on GPR cards to cardholders on a monthly basis pursuant to the terms and conditions in our cardholder agreements. We charge ATM fees to cardholders when they withdraw money at certain ATMs in accordance with the terms and conditions in our cardholder agreements. We charge new card fees when a consumer purchases a GPR or gift card in a retail store. Other revenues consist primarily of fees associated with optional products or services, which we generally offer to consumers during the card activation process. Optional products and services include providing a second card for an account, expediting delivery of the personalized GPR card that replaces the temporary card obtained at the retail store and upgrading a cardholder account to one of our premium programs — the VIP program or Premier Card program — which provide benefits for our more active cardholders.

Our aggregate new card fee revenues vary based upon the number of GPR cards activated and the average new card fee. The average new card fee depends primarily upon the mix of products that we sell since there are variations in new card fees among Green Dot-branded and co-branded products and between GPR cards and gift cards. Our aggregate monthly maintenance fee revenues vary primarily based upon the number of active cards in our portfolio and the average fee assessed per account. Our average monthly maintenance fee per active account depends upon the mix of Green Dot-branded and co-branded cards in our portfolio and upon the extent to which fees are waived based on significant usage. Our aggregate ATM fee revenues vary based upon the number of cardholder ATM transactions and the average fee per ATM transaction. The average fee per ATM transaction depends upon the mix of Green Dot-branded and co-branded active cards in our portfolio and the extent to which cardholders enroll in our VIP program, which has no ATM fees, or conduct ATM transactions on our fee-free ATM network, consisting of over 20,000 nationwide ATMs as of December 2011.

Cash Transfer Revenues — We earn cash transfer revenues when consumers purchase and use a MoneyPak or fund their cards through a POS swipe reload transaction in a retail store. Our aggregate cash transfer revenues vary based upon the total number of MoneyPak and POS swipe reload transactions and the average price per MoneyPak or POS swipe reload transaction. The average price per MoneyPak or POS swipe reload transaction depends upon the relative numbers of cash transfer sales at our different retail distributors and on the mix of MoneyPak and POS swipe reload transactions at certain retailers that have different fees for the two types of reload transactions.

Interchange Revenues — We earn interchange revenues from fees remitted by the merchant's bank, which are based on rates established by the payment networks, when cardholders make purchase transactions using our cards. Our aggregate interchange revenues vary based primarily on the number of active cards in our portfolio, the average transactional volume of the active cards in our portfolio and on the mix of cardholder purchases between those using signature identification technologies and those using personal identification numbers.

Stock-based retailer incentive compensation — In May 2010, we issued to Walmart 2,208,552 shares of our Class A common stock, subject to our right to repurchase them at $0.01 per share upon a qualifying termination of our prepaid card program agreement with Walmart and GE Capital Retail Bank, formerly GE Money Bank. We recognize each month the fair value of the 36,810 shares issued to Walmart for which our right to repurchase has lapsed using the then-current fair market value of our Class A common stock (and we would be required to recognize the fair value of all shares still subject to repurchase if there were an early expiration of our right to repurchase, which could occur if we experienced certain changes in our control or under certain other limited circumstances, such as a termination of our commercial agreement with Walmart and GE Capital Retail Bank). We record the fair value recognized as stock-based retailer incentive compensation, a contra-revenue component of our total operating revenues.

Operating Expenses

We classify our operating expenses into the following four categories:

Sales and Marketing Expenses — Sales and marketing expenses consist primarily of the sales commissions we pay to our retail distributors and brokers for sales of our GPR and gift cards and reload services in their stores, advertising and marketing expenses, and the costs of manufacturing and distributing card packages, placards and promotional materials to our retail distributors and personalized GPR cards to consumers who have activated their cards. We generally establish sales commission percentages in long-term distribution agreements with our retail distributors, and aggregate sales commissions are determined by the number of prepaid cards and cash transfers sold at their respective retail stores. We incur advertising and marketing expenses for television, online and in-store promotions. Advertising and marketing expenses are recognized as incurred and typically deliver a benefit over an extended period of time. For this reason, these expenses do not always track changes in our operating revenues. Our manufacturing and distribution costs vary primarily based on the number of GPR cards activated.

Compensation and Benefits Expenses — Compensation and benefits expenses represent the compensation and benefits that we provide to our employees and the payments we make to third-party contractors. While we have an in-house customer service function, we employ third-party contractors to conduct all call center operations, handle routine customer service inquiries and provide consulting support in the area of IT operations and elsewhere. Compensation and benefits expenses associated with our customer service and loss management functions generally vary in line with the size of our active card portfolio, while the expenses associated with other functions do not.

Processing Expenses — Processing expenses consist primarily of the fees charged to us by the banks that issue our prepaid cards, the third-party card processor that maintains the records of our customers' accounts and processes transaction authorizations and postings for us, and the payment networks, which process transactions for us. These costs generally vary based on the total number of active cards in our portfolio and gross dollar volume.

Other General and Administrative Expenses — Other general and administrative expenses consist primarily of professional service fees, telephone and communication costs, depreciation and amortization of our property and equipment, transaction losses (losses from customer disputed transactions, unrecovered customer purchase transaction overdrafts and fraud), rent and utilities, and insurance. We incur telephone and communication costs primarily from customers contacting us through our toll-free telephone numbers. These costs vary with the total number of active cards in our portfolio as do losses from unrecovered customer purchase transaction overdrafts and fraud. Costs associated with professional services, depreciation and amortization of our property and equipment, and rent and utilities vary based upon our investment in infrastructure, business development, risk management and internal controls and are generally not correlated with our operating revenues or other transaction metrics.

Income Tax Expense

Our income tax expense consists of the federal and state corporate income taxes accrued on income resulting from the sale of our products and services. Since the majority of our operations are based in California, most of our state taxes are paid to that state.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with GAAP. The preparation of our consolidated financial statements requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We base our estimates on historical experience, current circumstances and various other assumptions that our management believes to be reasonable under the circumstances. In many instances, we could reasonably use different accounting estimates, and in some instances changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Revenue Recognition

We recognize revenue when the price is fixed or determinable, persuasive evidence of an arrangement exists, the product is sold or the service is performed, and collectibility of the resulting receivable is reasonably assured.

We defer and recognize new card fee revenues on a straight-line basis over the period commensurate with our service obligation to our customers. We consider the service obligation period to be the average card lifetime. We

determine the average card lifetime for each pool of homogeneous products (e.g., products that exhibit the same characteristics such as nature of service and terms and conditions) based on company-specific historical data. Currently, we determine the average card lifetime separately for our GPR cards and gift cards. For our GPR cards, we measure the card lifetime as the period of time, inclusive of reload activity, between sale (or activation) of a card and the date of the last positive balance on that card. We analyze GPR cards activated between six and forty-two months prior to each balance sheet date. We use this historical look-back period as a basis for determining our average card lifetime because it provides sufficient time for meaningful behavioral trends to develop. Currently, our GPR cards have an average card lifetime of nine months. The usage of gift cards is limited to the initial funds loaded to the card. Therefore, we measure these gift cards' lifetime as the redemption period over which cardholders perform the substantial majority of their transactions. Currently, gift cards have an average lifetime of six months. We reassess average card lifetime quarterly. Average card lifetimes may vary in the future as cardholder behavior changes relative to historical experience because customers are influenced by changes in the pricing of our services, the availability of substitute products, and other factors.

We also defer and expense commissions paid to retail distributors related to new card sales ratably over the average card lifetime, which is currently nine months for our GPR cards and six months for gift cards.

We report our different types of revenues on a gross or net basis based on our assessment of whether we act as a principal or an agent in the transaction. To the extent we act as a principal in the transaction, we report revenues on a gross basis. In concluding whether or not we act as a principal or an agent, we evaluate whether we have the substantial risks and rewards under the terms of the revenue-generating arrangements, whether we are the party responsible for fulfillment of the services purchased by the cardholders, and other factors. For all of our significant revenue-generating arrangements, including GPR and gift cards, we recognize revenues on a gross basis.

Generally, customers have limited rights to a refund of the new card fee or a cash transfer fee. We have elected to recognize revenues prior to the expiration of the refund period, but reduce revenues by the amount of expected refunds, which we estimate based on actual historical refunds.

On occasion, we enter into incentive agreements with our retail distributors and offer incentives to customers designed to increase product acceptance and sales volume. We record these incentives, including the issuance of equity instruments, as a reduction of revenues and recognize them over the period the related revenues are recognized or as services are rendered, as applicable.

Reserve for Uncollectible Overdrawn Accounts

Cardholder account overdrafts may arise from maintenance fee assessments on our GPR cards or from purchase transactions that we honor on GPR or gift cards, in each case in excess of the funds in the cardholder's account. We are responsible to the banks that issue our cards for any losses associated with these overdrafts. Overdrawn account balances are therefore deemed to be our receivables due from cardholders, and we include them as a component of accounts receivable, net, on our consolidated balance sheets. The banks that issue our cards fund the overdrawn account balances on our behalf. We include our obligations to them on our consolidated balance sheets as amounts due to card issuing banks for overdrawn accounts, a current liability, and we settle our obligations to them based on the terms specified in their agreements with us. These settlement terms generally require us to settle on a monthly basis or when the cardholder account is closed, depending on the card issuing bank.

We generally recover overdrawn account balances from those GPR cardholders that perform a reload transaction. In addition, we recover some purchase transaction overdrafts through enforcement of payment network rules, which allow us to recover the amounts from the merchant where the purchase transaction was conducted. However, we are exposed to losses from unrecovered GPR cardholder account overdrafts. The probability of recovering these amounts is primarily related to the number of days that have elapsed since an account had activity, such as a purchase, ATM transaction or fee assessment. Generally, we recover 50-60% of overdrawn account balances in accounts that have had activity in the last 30 days, less than 15% in accounts that have had activity in the last 30 to 60 days, and less than 10% when more than 60 days have elapsed.

We establish a reserve for uncollectible overdrawn accounts for maintenance fees we assess and purchase transactions we honor, in each case in excess of a cardholder's account balance. We classify overdrawn accounts into age groups based on the number of days since the account last had activity. We then calculate a reserve factor for each age group based on the average recovery rate for the most recent six months. These factors are applied to these age groups to estimate our overall reserve. We rely on these historical rates because they have remained relatively consistent for several years. When more than 90 days have passed without any activity in an account, we consider recovery to be remote and charge off the full amount of the overdrawn account balance against the reserve for uncollectible overdrawn accounts.

Overdrafts due to maintenance fee assessments comprised approximately 91% of our total overdrawn account balances due from cardholders for the year ended December 31, 2011. We charge our GPR cardholder accounts maintenance fees on a monthly basis pursuant to the terms and conditions in the applicable cardholder agreements. Although cardholder accounts become inactive or overdrawn, we continue to provide cardholders the ongoing functionality of our GPR cards, which allows them to reload and use their cards at any time. As a result, we continue to assess a maintenance fee until a cardholder account becomes overdrawn by an amount equal to two maintenance fees, currently $6.00 for the Walmart MoneyCard and $11.90 for our Green Dot-branded GPR cards. We recognize the fees ratably over the month for which they are assessed, net of the related provision for uncollectible overdrawn accounts, as a component of card revenues and other fees in our consolidated statements of operations.

We include our provision for uncollectible overdrawn accounts related to purchase transactions in other general and administrative expenses in our consolidated statements of operations.

Our recovery rates may change in the future in response to factors such as the pricing of reloads and new cards and the availability of substitute products.

Employee Stock-Based Compensation

We record employee stock-based compensation expense using the fair value method of accounting. For stock options and stock purchases under our employee stock purchase plan, we base compensation expense on fair values estimated at the grant date using the Black-Scholes option-pricing model. For stock awards, including restricted stock units, we base compensation expense on the fair value of our common stock at the grant date. We recognize compensation expense for awards with only service conditions that have graded vesting schedules on a straight-line basis over the vesting period of the award. Vesting is based upon continued service to our company.

We measure the fair value of equity instruments issued to non-employees as of the earlier of the date a performance commitment has been reached by the counterparty or the date performance is completed by the counterparty. We determine the fair value using the Black-Scholes option-pricing model or the fair value of our Class A or Class B common stock, as applicable, and recognize related expense in the same periods that the goods or services are received.

Recent Accounting Pronouncements

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income: Presentation of Comprehensive Income*, which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. It eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The ASU does not change the items which must be reported in other comprehensive income, how such items are measured or when they must be reclassified to net income. This ASU is effective for interim and annual periods beginning after December 15, 2011. Our adoption of this ASU is not expected to have a material impact on our consolidated financial statements.

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which converges common fair value measurement and disclosure requirements in accordance with GAAP and IFRS. This ASU is effective for interim and annual periods beginning after December 15, 2011. Our adoption of this ASU is not expected to have a material impact on our consolidated financial statements.

In January 2010, the FASB issued ASU 2010-06, *Improving Disclosures about Fair Value Measurements*, which requires additional information in the roll-forward of Level 3 assets and liabilities, including the presentation of purchases, sales, issuances and settlements on a gross basis. This ASU impacts disclosures only. We adopted this ASU in the first quarter of 2011.

Comparison of Years Ended December 31, 2011 and 2010

Operating Revenues

The following table presents a breakdown of our operating revenues among card revenues and other fees, cash transfer revenues and interchange revenues as well as contra-revenue items:

	Years Ended December 31,			
	2011		2010	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
	(in thousands, except percentages)			
Operating revenues:				
Card revenues and other fees	**$ 209,489**	**44.8 %**	$ 167,375	46.0 %
Cash transfer revenues	**134,143**	**28.7**	101,502	27.9
Interchange revenues	**141,103**	**30.2**	108,380	29.8
Stock-based retailer incentive compensation	**(17,337)**	**(3.7)**	(13,369)	(3.7)
Total operating revenues	**$ 467,398**	**100.0 %**	$ 363,888	100.0 %

Card Revenues and Other Fees — Card revenues and other fees totaled $209.5 million for the year ended December 31, 2011, an increase of $42.1 million, or 25%, from the comparable period in 2010. The increase was primarily the result of period-over-period growth of 27% in the number of GPR cards activated and 24% in the number of active cards in our portfolio. This growth was driven by a variety of factors including growth in the number of our cards sold through our established distribution channels and expansion through our online distribution channel. Under new regulations, beginning in the second half of 2012, we will be required to provide at least one fee-free ATM withdrawal per month for each card issued under the Walmart MoneyCard program. While ATM fees, a component of our card revenues and other fees, will be negatively impacted by this change, we do not expect that our operating results will be materially impacted because we anticipate that our operating revenues will be positively impacted by increases in card usage and cardholder retention as a result of this change.

Cash Transfer Revenues — Cash transfer revenues totaled $134.1 million for the year ended December 31, 2011, an increase of $32.6 million, or 32%, from the comparable period in 2010. The increase was primarily the result of period-over-period growth of 29% in the number of cash transfers sold. The increase in cash transfer volume was driven both by growth in our active card base and growth in cash transfer volume from third-party programs participating in our network.

Interchange Revenues — Interchange revenues totaled $141.1 million for the year ended December 31, 2011, an increase of $32.7 million, or 30%, from the comparable period in 2010. The increase was primarily the result of period-over-period growth of 24% in the number of active cards in our portfolio, an increase in the average transactional volume of the active cards in our portfolio and a 55% increase in gross dollar volume, which was driven by the factors discussed above under “Card Revenues and Other Fees.” During the first three quarters of 2011, our interchange revenues benefited from a large number of taxpayers who elected to receive their tax refunds via direct deposit on our cards and using those funds for purchase transactions. We expect to experience a seasonal pattern in our interchange revenues during 2012 similar to 2011, as we believe that gross dollar volume loaded to our cards will be significantly higher during the first quarter of 2012, as compared to the remaining quarters of 2012, due to a larger number of taxpayers electing to receive their tax refunds via direct deposit on our cards. In addition, we expect that the contribution from taxpayers in 2012 will be negatively impacted by Intuit's nonrenewal of its joint marketing and referral agreement with us, which expired in October 2011 and had a significant impact on our operating revenues and key metrics in 2011.

Stock-based retailer incentive compensation — Our right to repurchase lapsed as to 441,720 shares issued to Walmart during the year ended December 31, 2011. We recognized the fair value of the shares using the then-current fair market value of our Class A common stock, resulting in $17.3 million of stock-based retailer incentive compensation, an increase of $3.9 million, or 29%, from the comparable period in 2010. While our stock price was generally lower in 2011 than it was in 2010, the increase in stock-based retailer incentive compensation reflected the fact that we recorded four fewer months of this expense in 2010 than we did in 2011 as we first issued the shares subject to repurchase in May 2010 in connection with entering into our amended prepaid card agreement with Walmart and GE Capital Retail Bank in May 2010.

Operating Expenses

The following table presents a breakdown of our operating expenses among sales and marketing, compensation and benefits, processing, and other general and administrative expenses:

	Years Ended December 31,			
	2011		2010	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
	(in thousands, except percentages)			
Operating expenses:				
Sales and marketing expenses	**$ 168,747**	**36.1%**	$ 122,890	33.8%
Compensation and benefits expenses	**87,671**	**18.8**	70,102	19.3
Processing expenses	**70,953**	**15.2**	56,978	15.7
Other general and administrative expenses	**56,578**	**12.0**	44,599	12.2
Total operating expenses	**$ 383,949**	**82.1%**	$ 294,569	81.0%

Sales and Marketing Expenses — Sales and marketing expenses totaled $168.7 million for the year ended December 31, 2011, an increase of $45.8 million, or 37%, from the comparable period in 2010. The increase was primarily the result of increased numbers of GPR cards and cash transfers sold, compared with the corresponding period in 2010, and an increase in sales commissions due largely to increased sales commissions paid to Walmart as a result of entering into our amended prepaid card agreement with Walmart and GE Capital Retail Bank in May 2010.

Compensation and Benefits Expenses — Compensation and benefits expenses totaled $87.7 million for the year ended December 31, 2011, an increase of $17.6 million, or 25%, from the comparable period in 2010. This increase was primarily the result of a $15.1 million increase in employee compensation and benefits, which included a $2.3 million increase in employee stock-based compensation. The period-over-period growth in employee compensation and benefits is due to additional employee headcount as we continued to expand our operations to support key growth initiatives, new product development and new sales efforts, and growth in our IT infrastructure and risk operations. The increase in compensation and benefits expenses was also due to a $2.5 million increase in third-party call center contractor expenses as the number of active cards in our portfolio and associated call volumes increased during the year ended December 31, 2011. However, our call center costs, as a percentage of our total operating revenues, were lower than the comparable period in 2010 as a result of volume incentives received from our third-party providers.

Processing Expenses — Processing expenses totaled $71.0 million for the year ended December 31, 2011, an increase of $14.0 million, or 25%, from the comparable period in 2010. The increase was primarily the result of period-over-period growth of 24% in the number of active cards in our portfolio and 55% in gross dollar volume and a $7.7 million increase in ATM processing fees as the volume of ATM transactions increased during the year ended December 31, 2011. Processing expenses were partially offset by volume incentives from the payment networks. While we expect processing expenses to be favorably impacted by the transition of our card issuing program with Columbus Bank and Trust Company to our subsidiary bank, which we expect will commence in the second half of 2012, there can be no assurance that our processing expenses will decline on a year-over-year basis in absolute dollars or as percentage of total operating revenues in 2012 because these expenses are subject to a variety of factors, many of which are outside our control.

Other General and Administrative Expenses — Other general and administrative expenses totaled $56.6 million for the years ended December 31, 2011, an increase of $12.0 million, or 27%, from the comparable period in 2010. The increase in other general and administrative expenses was primarily the result of a $4.7 million increase in depreciation and amortization of property and equipment, a $3.0 million increase in our provision for uncollectible overdrawn accounts related to purchase transactions, and a $2.9 million increase in transaction losses, primarily associated with customer disputed transactions, which fluctuate based on changes in gross dollar volume. These increases were partially offset by a decrease of $4.0 million in professional service expenses. During the year ended December 31, 2010, we incurred significant professional services expenses in connection with our initial public offering, which was completed in July 2010. We expect to incur additional rent expense of between $2.6 million and $2.9 million associated with our new headquarters while we are in the process of completing tenant improvements prior to occupying them in the second half of 2012.

Income Tax Expense

The following table presents a breakdown of our effective tax rate among federal, state and other:

	Years Ended December 31,	
	2011	**2010**
U.S. federal statutory tax rate	**35.0%**	35.0 %
State income taxes, net of federal benefit	**1.6**	3.8
Change in state apportionment method	**—**	(4.6)
Non-deductible offering costs	**—**	2.4
Other	**1.4**	2.7
Effective tax rate	**38.0%**	39.3 %

Our income tax expense increased by $4.5 million to $31.9 million in the year ended December 31, 2011 from the comparable period in 2010, and our effective tax rate decreased 1.3 percentage points from 39.3% to 38.0%. Certain enacted California tax law changes, which became effective January 1, 2011 and allowed us to continue to apply the alternative apportionment method we used to allocate income to California in 2009 and 2010, lowered the income we apportion to California from the comparable period in 2010, resulting in a lower effective state tax rate in 2011. The year ended December 31, 2010 was impacted by several discrete items. The California Franchise Tax Board, or FTB, approved a retroactive application of the alternative apportionment method to our income tax returns filed for the five months ended December 31, 2009 and the year ended July 31, 2009. We recognized this tax benefit in the year ended December 31, 2010. This tax benefit was partially offset by non-deductible expenses related to our initial public offering recognized in the year ended December 31, 2010.

Comparison of Twelve Months Ended December 31, 2010 and 2009

Operating Revenues

The following table presents a breakdown of our operating revenues among card revenues and other fees, cash transfer revenues and interchange revenues as well as contra-revenue items:

	Twelve Months Ended December 31,			
	2010		**2009**	
	Amount	**% of Total Operating Revenues**	**Amount**	**% of Total Operating Revenues**
	(in thousands, except percentages)			
Operating revenues:				
Card revenues and other fees	**$ 167,375**	46.0 %	**$ 123,790**	47.9%
Cash transfer revenues	**101,502**	27.9	**68,515**	26.5
Interchange revenues	**108,380**	29.8	**66,205**	25.6
Stock-based retailer incentive compensation	**(13,369)**	(3.7)	**—**	—
Total operating revenues	**$ 363,888**	100.0 %	**$ 258,510**	100.0%

Card Revenues and Other Fees — Card revenues and other fees totaled $167.4 million for the year ended December 31, 2010, an increase of $43.6 million, or 35%, from the comparable period in 2009. The increase was primarily the result of period-over-period growth of 47% in the number of GPR cards activated and 26% in the number of active cards in our portfolio. This growth was driven by a variety of factors including growth in the number of our cards sold through our established distribution channels and expansion through our online distribution channel and the launch of new retailers like 7-Eleven. Additionally, the fee reductions and new product features that we launched in July 2009 helped us attract significant numbers of new users of our Green Dot branded products. These fee reductions also contributed to the decline in card revenues and other fees as a percentage of total operating revenues.

Cash Transfer Revenues — Cash transfer revenues totaled $101.5 million for the year ended December 31, 2010, an increase of $33.0 million, or 48%, from the comparable period in 2009. The increase was primarily the result of period-over-period growth of 53% in the number of cash transfers sold, partially offset by a shift in our mix of retail distributors toward Walmart. The increase in cash transfer volume was driven both by growth in our active card base and growth in cash transfer volume from third-party programs participating in our network.

Interchange Revenues — Interchange revenues totaled $108.4 million for the year ended December 31, 2010, an increase of $42.2 million, or 64%, from the comparable period in 2009. The increase was primarily the result of period-over-period growth of 26% in the number of active cards in our portfolio and 80% in gross dollar volume, driven by the factors discussed above under "Card Revenues and Other Fees," and an increase in the average transactional volume of the active cards in our portfolio.

Stock-based retailer incentive compensation — Our right to repurchase lapsed as to 294,480 shares issued to Walmart during the year ended December 31, 2010. We recognized the fair value of the shares using the then-current fair market value of our Class A common stock, resulting in $13.4 million of stock-based retailer incentive compensation.

Operating Expenses

The following table presents a breakdown of our operating expenses among sales and marketing, compensation and benefits, processing, and other general and administrative expenses:

	Twelve Months Ended December 31,			
	2010		2009	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
	(in thousands, except percentages)			
Operating expenses:				
Sales and marketing expenses	**$ 122,890**	33.8%	**$ 72,119**	27.9%
Compensation and benefits expenses	**70,102**	19.3	**51,297**	19.8
Processing expenses	**56,978**	15.7	**38,035**	14.7
Other general and administrative expenses	**44,599**	12.2	**27,500**	10.7
Total operating expenses	**$ 294,569**	81.0%	**$ 188,951**	73.1%

Sales and Marketing Expenses — Sales and marketing expenses totaled $122.9 million for the year ended December 31, 2010, an increase of $50.8 million, or 70%, from the comparable period in 2009. The increase was primarily the result of a $37.8 million increase in sales commissions and manufacturing and distribution costs due to increased sales commissions paid to Walmart as a result of entering into our amended prepaid card agreement and the increased numbers of GPR cards and cash transfer products sold compared with the corresponding period in 2009. The increase in sales and marketing expenses was also due to a $13.0 million increase in advertising and marketing expenses, as we significantly increased our television and online advertising and deployed more in-store displays than in the 2009 comparison period.

Compensation and Benefits Expenses — Compensation and benefits expenses totaled $70.1 million for the year ended December 31, 2010, an increase of $18.8 million, or 37%, from the comparable period in 2009. This increase was primarily the result of a $10.0 million increase in employee compensation and benefits, which included a $1.0 million decrease in employee stock-based compensation. The period-over-period growth in employee compensation and benefits is due to additional employee headcount as we continued to expand our operations and assumed the reporting requirements and compliance obligations of a public company. The increase in compensation and benefits expenses was also due to an $8.8 million increase in third-party call center contractor expenses as the number of active cards in our portfolio and associated call volumes increased during the year ended December 31, 2010.

Processing Expenses — Processing expenses totaled $57.0 million for the year ended December 31, 2010, an increase of $19.0 million, or 50%, from the comparable period in 2009. The increase was primarily the result of period-over-period growth of 26% in the number of active cards in our portfolio and 80% in gross dollar volume.

Other General and Administrative Expenses — Other general and administrative expenses totaled $44.6 million for the year ended December 31, 2010, an increase of $17.1 million, or 62%, from the comparable period in 2009. The increase was partly the result of an increase of $6.4 million relating to professional services expenses, $5.1 million of which resulted from expenses related to our initial public offering, and $1.3 million of which represented an increase in professional services fees primarily incurred in connection with our bank acquisition and other corporate development initiatives. The increase in other general and administrative expenses was also the result of a $3.2 million increase in telephone and communications expenses resulting from increased use of our call center and our IVR, as the number of active cards in our portfolio increased. Additionally, depreciation and amortization of property and equipment increased by $2.6 million due to expansion of our infrastructure to support our growth and we experienced a $2.4 million increase in transaction losses, primarily associated with customer disputed transactions.

Income Tax Expense

The following table presents a breakdown of our effective tax rate among federal, state and other:

	Twelve Months Ended December 31,	
	2010	**2009**
U.S. federal statutory tax rate	**35.0 %**	35.0%
State income taxes, net of federal benefit	**3.8**	6.0
Change in state apportionment method	**(4.6)**	—
Non-deductible offering costs	**2.4**	—
Other	**2.7**	0.9
Effective tax rate	**39.3 %**	41.9%

Our income tax expense decreased by $1.8 million to $27.4 million in the year ended December 31, 2010 from the comparable period in 2009, and our effective tax rate decreased 2.6% from 41.9% to 39.3% primarily as a result of a lower effective state tax rate in the year ended December 31, 2010. The lower effective state tax rate was the result of a change in the apportionment method we use to allocate income to California. Under the alternative apportionment method, approved by the FTB in May 2010, we apportioned less income to California, resulting in a lower effective state tax rate. Additionally, the effective tax rate for the year ended December 31, 2010 was impacted in large part by two discrete items. The FTB approved a retroactive application of the alternative apportionment method to our income tax returns filed for the five months ended December 31, 2009 and the year ended July 31, 2009. We recognized this for tax benefit in the year ended December 31, 2010. This tax benefit was partially offset by non-deductible expenses related to our initial public offering recognized in the year ended December 31, 2010. Excluding the impact of these discrete items, our effective tax rate would have been 41.5%.

Comparison of Five Months Ended December 31, 2009 and 2008

Operating Revenues

The following table presents a breakdown of our operating revenues among card revenues and other fees, cash transfer revenues and interchange revenues as well as contra-revenue items:

	Five Months Ended December 31,			
	2009		**2008**	
	Amount	**% of Total Operating Revenues**	**Amount**	**% of Total Operating Revenues**
	(in thousands, except percentages)			
Operating revenues:				
Card revenues and other fees	**$ 50,895**	45.1%	**$ 46,460**	52.2%
Cash transfer revenues	**30,509**	27.1	**24,391**	27.4
Interchange revenues	**31,353**	27.8	**18,212**	20.4
Total operating revenues	**$ 112,757**	100.0%	**$ 89,063**	100.0%

Card Revenues and Other Fees — Our card revenues and other fees totaled $50.9 million in the five months ended December 31, 2009, an increase of $4.4 million, or 10%, from the comparable period in 2008. This increase was primarily due to period-over-period growth of 116% in the number of GPR cards activated and 92% in the number of active cards in our portfolio, largely offset by the February 2009 reduction in new card and monthly maintenance fees for the Walmart MoneyCard and the July 2009 reduction in the new card fee for Green Dot-branded cards. These fee reductions also contributed to the decline in card revenues and other fees as a percentage of total operating revenues.

Cash Transfer Revenues — Our cash transfer revenues totaled $30.5 million in the five months ended December 31, 2009, an increase of $6.1 million, or 25%, from the comparable period in 2008. This increase was primarily due to period-over-period growth of 64% in the number of cash transfers sold, partially offset by a shift in our retail distributor mix toward Walmart, which generally has lower fees than our other retail distributors and significantly reduced the POS swipe reload fee in February 2009.

Interchange Revenues — Our interchange revenues totaled $31.4 million in the five months ended December 31, 2009, an increase of $13.1 million, or 72%, from the comparable period in 2008. This increase was primarily due to period-over-period growth of 92% in the number of active cards in our portfolio and 69% in gross dollar volume.

Operating Expenses

The following table presents a breakdown of our operating expenses among sales and marketing, compensation and benefits, processing, and other general and administrative expenses:

	Five Months Ended December 31,			
	2009		2008	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
	(in thousands, except percentages)			
Operating expenses:				
Sales and marketing expenses	$ 31,333	27.8%	$ 35,001	39.3%
Compensation and benefits expenses	26,610	23.6	15,409	17.3
Processing expenses	17,480	15.5	11,765	13.2
Other general and administrative expenses	14,020	12.4	9,463	10.6
Total operating expenses	$ 89,443	79.3%	$ 71,638	80.4%

Sales and Marketing Expenses — Our sales and marketing expenses were $31.3 million in the five months ended December 31, 2009, a decrease of $3.7 million, or 10%, from the comparable period in 2008. This decrease was primarily the result of a $4.3 million decline in advertising and marketing expenses. During the 2009 comparison period, we did no television advertising and deployed fewer new in-store displays. The decrease in sales and marketing expenses was also the result of a $2.7 million, or 12%, decline in the sales commissions we paid to our retail distributors and brokers because of reductions in the commission percentages we paid to our retail distributors, most significantly Walmart. These declines were partially offset by a $3.3 million increase in our manufacturing and distribution costs due to increased numbers of GPR cards and MoneyPaks sold.

Compensation and Benefits Expenses — Our compensation and benefits expenses were $26.6 million in the five months ended December 31, 2009, an increase of $11.2 million, or 73%, from the comparable period in 2008. This increase was primarily the result of a $7.1 million increase in employee compensation and benefits, which included a $5.8 million increase in stock-based compensation. In December 2009, our board of directors awarded 257,984 shares of common stock to our Chief Executive Officer to compensate him for past services rendered to our company. The number of shares awarded was equal to the number of shares subject to fully vested options that unintentionally expired unexercised in June 2009. The aggregate grant date fair value of this award was approximately $5.2 million, based on an estimated fair value of our common stock of $20.01, as determined by our board of directors on the date of the award. We recorded the aggregate grant date fair value as stock-based compensation on the date of the award. The increase in compensation and benefits expenses was also the result of a $4.1 million increase in third-party contractor expenses as the number of active cards in our portfolio and associated call volumes grew from the five months ended December 31, 2008 to the five months ended December 31, 2009.

Processing Expenses — Our processing expenses were $17.5 million in the five months ended December 31, 2009, an increase of $5.7 million, or 49%, from the comparable period in 2008. This increase was primarily the result of period-over-period growth of 92% in the number of active cards in our portfolio, partially offset by lower fees charged to us under agreements with one of the banks that issue our cards and our third-party card processor that became effective in November 2008 and by more efficient use of our card processor through the purging of inactive accounts and more effective use of analysis and reporting tools.

Other General and Administrative Expenses — Our other general and administrative expenses were $14.0 million in the five months ended December 31, 2009, an increase of $4.6 million, or 48%, from the comparable period in 2008. This increase was primarily the result of a $2.6 million increase in professional service fees due to our bank acquisition and other corporate development initiatives and a $1.2 million increase in telephone and communication expenses due to increased use of our call center and our IVR, as the number of active cards in our portfolio increased.

Income Tax Expense

The following table presents a breakdown of our effective tax rate among federal, state and other:

	Five Months Ended December 31,	
	2009	**2008**
U.S. federal statutory tax rate	**35.0%**	35.0%
State income taxes, net of federal benefit	**6.7**	5.9
Other	**—**	1.1
Effective tax rate	**41.7%**	42.0%

Our income tax expense increased by $2.3 million to $9.8 million in the five months ended December 31, 2009 from the comparable period in 2008, and there was a slight decline in the effective tax rate.

Liquidity and Capital Resources

The following table summarizes our major sources and uses of cash for the periods presented:

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	**2010**		
	(In thousands)			
Total cash provided by (used in)				
Operating activities	**$ 94,051**	$ 83,503	$ 26,121	$ 35,297
Investing activities	**(50,441)**	(3,213)	(5,063)	(19,400)
Financing activities	**14,320**	30,910	8,681	(28,618)
Increase (decrease) in unrestricted cash and cash equivalents	**$ 57,930**	$ 111,200	$ 29,739	$ (12,721)

In the years ended December 31, 2011 and 2010, the five months ended December 31, 2009 and the year ended July 31, 2009, we financed our operations primarily through our cash flows from operations. At December 31, 2011, our primary source of liquidity was unrestricted cash and cash equivalents totaling $223.0 million.

We use trend and variance analyses as well as our detailed budgets and forecasts to project future cash needs, making adjustments to the projections when needed. We believe that our current unrestricted cash and cash equivalents and cash flows from operations will be sufficient to meet our working capital and capital expenditure requirements for at least the next twelve months. Thereafter, we may need to raise additional funds through public or private financings or borrowings. Any additional financing we require may not be available on terms that are favorable to us, or at all. If we raise additional funds through the issuance of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Class A and Class B common stock and our Series A convertible junior participating non-cumulative perpetual preferred stock. No assurance can be given that additional financing will be available or that, if available, such financing can be obtained on terms favorable to our stockholders and us.

In December 2011, pursuant to our commitments to the Federal Reserve Board and Utah Department of Financial Institutions, we made a capital contribution of $14.3 million in cash to Green Dot Bank.

Cash Flows from Operating Activities

Our $94.1 million of net cash provided by operating activities in the year ended December 31, 2011 principally resulted from $52.1 million of net income, adjusted for certain non-cash operating expenses of $40.1 million. Our $83.5 million of net cash provided by operating activities in the year ended December 31, 2010 principally resulted from $42.2 million of net income, adjusted for certain non-cash operating expenses of $27.9 million. Our $26.1 million of net cash provided by operating activities in the five months ended December 31, 2009 resulted from $13.7 million of net income, adjusted for certain non-cash operating expenses of $12.6 million. Our $35.3 million of net cash provided by operating activities in the year ended July 31, 2009 resulted from $37.2 million of net income, adjusted for certain non-cash operating expenses of $5.7 million, offset by settlement payments to banks that issue our cards for amounts due to them for overdrawn card accounts. During the year ended July 31, 2009, we amended our agreement with one of the banks that issue our cards, expediting the settlement timing of these amounts.

Cash Flows from Investing Activities

Our $50.4 million of net cash used in investing activities in the year ended December 31, 2011 reflects purchases of available-for-sale investment securities of $45.1 million, payments for acquisition of property and equipment of $23.1 million and an increase in restricted cash of $7.8 million, partially offset by proceeds from the maturity of available-for-sale investment securities of $20.2 million. In March 2011, we increased our cash collateral requirements on our line of credit from $5.0 million to $10.0 million. We present our cash collateral on our consolidated balance sheets as restricted cash. Our $3.2 million of net cash provided by investing activities in the year ended December 31, 2010 reflects a decrease in restricted cash of $10.2 million offset by payments for acquisition of property and equipment of $13.5 million. In December 2010, we reduced our cash collateral on our line of credit from $15.0 million to $5.0 million. Our net cash used in investing activities in the five months ended December 31, 2009 consisted almost entirely of payments for acquisition of property and equipment of $5.1 million. Our net cash used in investing activities in the year ended July 31, 2009 consisted of an increase in restricted cash of $13.0 million and payments for acquisition of property and equipment of $6.4 million.

Cash Flows from Financing Activities

Our $14.3 million of net cash provided by financing activities in the year ended December 31, 2011 was the result of excess tax benefits of $3.0 million and proceeds from the exercise of stock options and the issuance of shares under our employee stock purchase plan of $6.1 million. Our $30.9 million of net cash provided by financing activities for the year ended December 31, 2010 was primarily the result of proceeds from the exercise of stock options and warrants. Our $8.7 million of net cash provided by financing activities for the five months ended December 31, 2009 was the result of the repayment to us of $5.9 million of related party notes receivable and excess tax benefits and proceeds from the exercise of stock options for an aggregate of $2.8 million. Our $28.6 million of net cash used in financing activities in the year ended July 31, 2009 was primarily associated with the redemption in full of our Series D redeemable preferred stock. We receive cash from the exercise of stock options and the sale of Class A common stock under our employee stock purchase plan. While we expect to continue to receive these proceeds in future periods, the timing and amount of such proceeds are difficult to predict and are contingent on a number of factors including the price of our Class A common stock, the number of employees participating in our equity incentive plan and our employee stock purchase plan and general market conditions

Commitments

We anticipate that we will continue to purchase property and equipment as necessary in the normal course of our business. The amount and timing of these purchases and the related cash outflows in future periods is difficult to predict and is dependent on a number of factors including the hiring of employees, the rate of change of computer hardware and software used in our business, the leasing of a new office facility and our business outlook. In 2012, we expect to purchase furniture and equipment and make leasehold improvements to our new headquarters in Pasadena, California.

We have used cash to acquire businesses and technologies and we anticipate that we will continue to do so in the future. The nature of these transactions makes it difficult to predict the amount and timing of such cash requirements. We may also be required to raise additional financing to complete future acquisitions

Contractual Obligations

Our contractual commitments will have an impact on our future liquidity. The following table summarizes our contractual obligations, including both on- and off-balance sheet transactions that represent material expected or contractually committed future obligations, at December 31, 2011. We believe that we will be able to fund these obligations through cash generated from operations and from our existing cash balances.

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(in thousands)				
Long-term debt obligations	$ —	$ —	$ —	$ —	$ —
Capital lease obligations	—	—	—	—	—
Operating lease obligations	43,979	3,169	7,480	8,031	25,299
Purchase obligations(1)	11,636	7,706	3,930	—	—
Other long-term liabilities	—	—	—	—	—
Total	$ 55,615	$ 10,875	$ 11,410	$ 8,031	$ 25,299

(1) Primarily future minimum payments under agreements with vendors and our retail distributors. See note 16 of the notes to our audited consolidated financial statements.

We have entered into a lease for a new headquarters in Pasadena, California. The lease commences November 1, 2012 and will expire on October 31, 2022. The table above includes $39.8 million in operating lease payments associated with our new headquarters.

Off-Balance Sheet Arrangements

During the years ended December 31, 2011 and 2010, the five months ended December 31, 2009 and the year ended July 31, 2009, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Statistical Disclosure by Bank Holding Companies

As discussed in Part I, Item 1. Business, we became a bank holding company in December 2011. This section presents information required by the SEC's Industry Guide 3, "Statistical Disclosure by Bank Holding Companies." The tables in this section include Green Dot Bank information only. All average balance data is calculated for the period December 8, 2011, the date of our acquisition of Green Dot Bank, to December 31, 2011.

Distribution of Assets, Liabilities and Shareholders' Equity

The following table presents average balance data for our bank operations:

	Average Balance
	(in thousands)
Interest-bearing assets	
Loans	$ 10,159
Taxable investment securities	4,025
Non-taxable investment securities	2,420
Federal funds sold	2,400
Total interest-bearing assets	19,004
Non-interest bearing assets	40,045
Total assets	$ 59,049

	Average Balance (in thousands)
Interest-bearing liabilities	
Negotiable order of withdrawal (NOW)	$ 1,634
Savings deposits	6,812
Time deposits, denominations greater or equal to $100	1,383
Time deposits, denominations less than $100	9,779
Total interest-bearing liabilities	19,608
Non-interest bearing liabilities	16,770
Total liabilities	36,378
Total shareholders' equity	22,671
Total liabilities and shareholders' equity	$ 59,049

Investment Portfolio

The following table presents the amortized cost and fair value of Green Dot Bank's investment portfolio at December 31, 2011:

	Amortized Cost	Fair Value
	(in thousands)	
Agency securities	$ 3,979	$ 3,987
Municipal bonds	2,379	2,391
Total fixed-income securities	$ 6,358	$ 6,378

The following table shows the scheduled maturities, by amortized cost, and average yields for Green Dot Bank's investment portfolio at December 31, 2011:

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Total
			(in thousands)		
Agency securities	$ —	$ 1,060	$ 2,080	$ 839	$ 3,979
Municipal bonds	—	1,315	961	103	2,379
Total fixed-income securities	$ —	$ 2,375	$ 3,041	$ 942	$ 6,358
Weighted-average yield	—%	2.98%	3.07%	3.26%	3.06%

Loan Portfolio and Summary of Loan Loss Experience

The following table shows the composition of Green Dot Bank's loan portfolio as of December 31, 2011:

	Due in one year or less	Due after one year through five years	Due after five years	Total
		(in thousands)		
Real estate				
Fixed rate	$ 3,630	$ 1,856	$ —	$ 5,486
Commercial				
Fixed rate	1,230	34		1,264
Floating rate	—	—	153	153
Installment				
Fixed rate	388	2,746	—	3,134
Total loans	$ 5,248	$ 4,636	$ 153	$ 10,037

Loan Portfolio Concentrations

Green Dot Bank operates at a single office in Provo, Utah located in the Utah County area. As of December 31, 2011, approximately 92% of our borrowers resided in the state of Utah and approximately 50% in the city of Provo. Consequently, we are susceptible to any adverse market or environmental conditions that may impact this specific geographic region.

As of December 31, 2011, the bank did not have any loans classified as non-accrual. Additionally, no allowance for loan losses was recorded because we purchased the loans at fair value on December 8, 2011, and there have been no material changes in credit quality associated with the loan portfolio since the acquisition date.

Deposits

The following table shows Green Dot Bank's average deposits and the annualized average rate paid on those deposits from December 8, 2011 through December 31, 2011:

	Average Balance	Weighted-Average Rate
	(In thousands)	
Interest-bearing deposit accounts		
Negotiable order of withdrawal (NOW)	$ 1,634	0.25%
Savings deposits	6,812	0.38%
Time deposits, denominations greater or equal than $100	1,383	1.05%
Time deposits, denominations less than $100	9,779	1.22%
Total interest-bearing deposit accounts	19,608	0.83%
Non-interest bearing deposit accounts	16,738	
Total deposits	$ 36,346	

Key Financial Ratios

The following table shows certain of Green Dot Bank's annualized key financial ratios for the period from December 8, 2011 through December 31, 2011:

Pretax return on assets	0.2%
Net return on equity	0.5%
Equity to assets ratio	38.4%

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the potential for economic losses from changes in market factors such as foreign currency exchange rates, credit, interest rates and equity prices. We believe that we have limited exposure to risks associated with changes in foreign currency exchange rates, interest rates and equity prices. We have no foreign operations, and we do not transact business in foreign currencies. We do not hold or enter into derivatives or other financial instruments for trading or speculative purposes. We do not consider our cash and cash equivalents or our investment securities to be subject to significant interest rate risk due to their short duration.

We do have exposure to credit and liquidity risk associated with the financial institutions that hold our cash and cash equivalents, restricted cash, available-for-sale investment securities, settlement assets due from our retail distributors that collect funds and fees from our customers, and amounts due from our issuing banks for fees collected on our behalf.

We manage the credit and liquidity risk associated with our cash and cash equivalents, available-for-sale investment securities and amounts due from issuing banks by maintaining an investment policy that restricts our correspondent banking relationships to approved, well capitalized institutions and restricts investments to highly liquid, low credit risk related assets. Our policy has limits related to liquidity ratios, the concentration that we may have with a single institution or issuer and effective maturity dates as well as restrictions on the type of assets that we may invest in. The management Asset Liability Committee is responsible for monitoring compliance with our Capital Asset Liability Management policy and related limits on an ongoing basis, and reports regularly to the audit committee of our board of directors.

Our exposure to credit risk associated with our retail distributors is mitigated due to the short time period, currently an average of two days, that retailer settlement assets are outstanding. We perform an initial credit review and assign a credit limit to each new retail distributor. We monitor each retail distributor’s settlement asset exposure and its compliance with its specified contractual settlement terms on a daily basis and assess their credit limit and financial condition on a periodic basis. Our management's Enterprise Risk Management Committee is responsible for monitoring our retail distributor exposure and assigning credit limits and reports regularly to the audit committee of our board of directors.

ITEM 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

	Page
Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting	49
Report of Independent Registered Public Accounting Firm	50
Consolidated Balance Sheets	51
Consolidated Statements of Operations	52
Consolidated Statements of Changes in Redeemable Convertible Preferred Stock and in Stockholders' Equity	53
Consolidated Statements of Cash Flows	54
Notes to Consolidated Financial Statements	55

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

The Board of Directors and Stockholders
Green Dot Corporation

We have audited Green Dot Corporation's internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Green Dot Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Green Dot Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in redeemable convertible preferred stock and in stockholders' equity, and cash flows for the years ended December 31, 2011 and 2010, the five months ended December 31, 2009, and the year ended July 31, 2009 of Green Dot Corporation and our report dated February 29, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California

February 29, 2012

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Green Dot Corporation

We have audited the accompanying consolidated balance sheets of Green Dot Corporation (the Company) as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in redeemable convertible preferred stock and in stockholders' equity, and cash flows for the years ended December 31, 2011 and 2010, the five months ended December 31, 2009 and the year ended July 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Green Dot Corporation at December 31, 2011 and 2010, and the related consolidated statements of operations, changes in redeemable convertible preferred stock and in stockholders' equity, and cash flows for the years ended December 31, 2011 and 2010, the five months ended December 31, 2009 and the year ended July 31, 2009, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Green Dot Corporation's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California

February 29, 2012

GREEN DOT CORPORATION
CONSOLIDATED BALANCE SHEET

	December 31, 2011	December 31, 2010
	(In thousands, except par value)	
Assets		
Current assets:		
Unrestricted cash and cash equivalents	**$ 223,033**	$ 167,503
Federal funds sold	**2,400**	—
Investment securities available-for-sale, at fair value	**20,647**	—
Settlement assets	**27,355**	19,968
Accounts receivable, net	**41,307**	33,412
Prepaid expenses and other assets	**12,248**	8,608
Income tax receivable	**3,371**	15,004
Net deferred tax assets	**6,664**	5,398
Total current assets	**337,025**	249,893
Restricted cash	**12,926**	5,135
Investment securities available-for-sale, at fair value	**10,563**	—
Accounts receivable, net	**4,147**	2,549
Loans to bank customers	**10,036**	—
Prepaid expenses and other assets	**460**	643
Property and equipment, net	**27,281**	18,034
Deferred expenses	**12,604**	9,504
Goodwill	**10,817**	—
Total assets	**$ 425,859**	$ 285,758
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	**$ 15,441**	$ 17,625
Deposits	**38,957**	—
Settlement obligations	**27,355**	19,968
Amounts due to card issuing banks for overdrawn accounts	**42,153**	35,068
Other accrued liabilities	**16,248**	21,633
Deferred revenue	**21,500**	17,214
Total current liabilities	**161,654**	111,508
Other accrued liabilities	**6,239**	3,737
Deferred revenue	**19**	44
Net deferred tax liabilities	**4,751**	5,338
Total liabilities	**172,663**	120,627
Stockholders' equity:		
Convertible Series A preferred stock, $0.001 par value: 10 shares authorized as of December 31, 2011 and 2010; 7 shares issued and outstanding as of December 31, 2011, no shares issued and outstanding as of December 31, 2010	**7**	—
Class A common stock, $0.001 par value; 100,000 shares authorized as of December 31, 2011 and 2010; 30,162 and 14,762 shares issued and outstanding as of December 31, 2011 and 2010, respectively	**30**	13
Class B convertible common stock, $0.001 par value, 100,000 shares authorized as of December 31, 2011 and 2010; 5,280 and 27,091 shares issued and outstanding as of December 31, 2011 and 2010, respectively	**5**	27
Additional paid-in capital	**131,383**	95,433
Retained earnings	**121,741**	69,658
Accumulated other comprehensive income	**30**	—
Total stockholders' equity	**253,196**	165,131
Total liabilities and stockholders' equity	**$ 425,859**	$ 285,758

See notes to consolidated financial statements

GREEN DOT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
	(In thousands, except per share data)			
Operating revenues:				
Card revenues and other fees	**$ 209,489**	$ 167,375	$ 50,895	$ 119,356
Cash transfer revenues	**134,143**	101,502	30,509	62,396
Interchange revenues	**141,103**	108,380	31,353	53,064
Stock-based retailer incentive compensation	**(17,337)**	(13,369)	—	—
Total operating revenues	**467,398**	363,888	112,757	234,816
Operating expenses:				
Sales and marketing expenses	**168,747**	122,890	31,333	75,786
Compensation and benefits expenses	**87,671**	70,102	26,610	40,096
Processing expenses	**70,953**	56,978	17,480	32,320
Other general and administrative expenses	**56,578**	44,599	14,020	22,944
Total operating expenses	**383,949**	294,569	89,443	171,146
Operating income	**83,449**	69,319	23,314	63,670
Interest income	**910**	365	115	396
Interest expense	**(346)**	(52)	(2)	(1)
Income before income taxes	**84,013**	69,632	23,427	64,065
Income tax expense	**31,930**	27,400	9,764	26,902
Net income	**52,083**	42,232	13,663	37,163
Dividends, accretion, and allocated earnings of preferred stock	**(558)**	(14,659)	(9,170)	(29,000)
Net income allocated to common stockholders	**$ 51,525**	$ 27,573	$ 4,493	$ 8,163
Basic earnings per common share:				
Class A common stock	**$ 1.24**	$ 1.06	$ —	$ —
Class B common stock	**$ 1.24**	$ 1.06	$ 0.37	$ 0.68
Basic weighted-average common shares issued and outstanding:				
Class A common stock	**22,238**	2,980	—	—
Class B common stock	**17,718**	21,589	12,222	12,036
Diluted earnings per common share:				
Class A common stock	**$ 1.19**	$ 0.98	$ —	$ —
Class B common stock	**$ 1.19**	$ 0.98	$ 0.29	$ 0.52
Diluted weighted-average common shares issued and outstanding:				
Class A common stock	**42,065**	27.782	—	—
Class B common stock	**19,822**	24,796	15,425	15,712

See notes to consolidated financial statements

GREEN DOT CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND IN STOCKHOLDERS' EQUITY

	Redeemable Convertible Preferred Stock		Stockholders' Equity										
			Convertible Preferred Stock		Class A Common Stock		Class B Common Stock						
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Related Party Notes Receivable	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity
									(in thousands)				
Balance at July 31, 2008	2,926	$ 26,816	23,837	$ 18,345	—	$ —	11,753	$ 12	$ 3,593	$ (5,235)	$ (12,247)	$ —	$ 4,468
Exercise of options	—	—	—	—	—	—	308	—	415	—	—	—	415
Issuance of related party notes receivable	—	—	—	—	—	—	—	—	—	(364)	—	—	(364)
Interest on related party notes receivable	—	—	—	—	—	—	—	—	215	(215)	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	2,468	—	—	—	2,468
Accretion of redeemable convertible preferred stock	—	1,956	—	—	—	—	—	—	—	—	(1,956)	—	(1,956)
Issuance of new shares and repurchase of existing shares, net	(2,926)	(28,772)	1,105	12,977	—	—	(21)	—	(1,778)	—	(9,197)	—	2,002
Exercise of call option on warrants	—	—	—	—	—	—	—	—	(1,958)	—	—	—	(1,958)
Net income	—	—	—	—	—	—	—	—	—	—	37,163	—	37,163
Balance at July 31, 2009	—	—	24,942	31,322	—	—	12,040	12	2,955	(5,814)	13,763	—	42,238
Exercise of options	—	—	—	—	—	—	562	1	2,811	—	—	—	2,812
Interest on related party notes receivable	—	—	—	—	—	—	—	—	55	(55)	—	—	—
Repayment of related party notes receivable	—	—	—	—	—	—	—	—	—	5,869	—	—	5,869
Stock-based compensation	—	—	—	—	—	—	258	—	6,782	—	—	—	6,782
Net income	—	—	—	—	—	—	—	—	—	—	13,663	—	13,663
Balance at December 31, 2009	—	—	24,942	31,322	—	—	12,860	13	12,603	—	27,426	—	71,364
Exercise of options and warrants	—	—	—	—	—	—	1,840	2	30,873	—	—	—	30,875
Stock-based compensation	—	—	—	—	—	—	2	—	7,256	—	—	—	7,256
Stock-based retailer incentive compensation	—	—	—	—	2,209	—		—	13,369	—	—	—	13,369
Conversion of preferred stock upon IPO	—	—	(24,942)	(31,322)	—	—	24,942	25	31,297	—	—	—	—
Conversion of Class B common stock upon IPO	—	—	—	—	5,242	5	(5,242)	(5)	—	—	—	—	—
Conversion of Class B common stock upon follow-on offering	—	—	—	—	3,686	4	(3,686)	(4)	35	—	—	—	35
Conversion of Class B common stock by stockholders	—	—	—	—	3,625	4	(3,625)	(4)	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—	—	—	42,232	—	42,232
Balance at December 31, 2010	—	—	—	—	14,762	13	27,091	27	95,433	—	69,658	—	165,131
Exercise of options and issuance of ESPP shares	—	—	—	—	104	2	344	—	9,089	—	—	—	9,091
Stock-based compensation	—	—	—	—	—	—	—	—	9,524	—	—	—	9,524
Stock-based retailer incentive compensation	—	—	—	—	—	—	—	—	17,337	—	—	—	17,337
Conversion of Class B common stock by stockholders	—	—	7	7	15,296	15	(22,155)	(22)	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—	—	—	52,083	—	52,083
Net change in unrealized gains on available-for-sale securities	—	—	—	—	—	—	—	—	—	—	—	30	30
Comprehensive income	—	—											52,113
Balance at December 31, 2011	**—**	**$ —**	**7**	**$ 7**	**30,162**	**$ 30**	**5,280**	**$ 5**	**$ 131,383**	**$ —**	**$ 121,741**	**$ 30**	**$ 253,196**

See notes to consolidated financial statements

GREEN DOT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
	(In thousands)			
Operating activities				
Net income	**$ 52,083**	$ 42,232	13,663	37,163
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	**12,330**	7,588	2,254	4,593
Provision for uncollectible overdrawn accounts	**60,562**	46,093	11,218	22,548
Employee stock-based compensation	**9,524**	7,256	6,782	2,468
Stock-based retailer incentive compensation	**17,337**	13,369	—	—
Amortization of discount on available-for-sale investment securities	**251**	—	—	—
Provision (benefit) for uncollectible trade receivables	**455**	(13)	60	61
Impairment of capitalized software	**397**	409	77	405
Deferred income taxes	**251**	(704)	3,530	(1,731)
Excess tax benefits from exercise of options	**(2,951)**	(24,842)	(1,866)	—
Changes in operating assets and liabilities:				
Settlement assets	**(7,387)**	22,601	(6,999)	(18,125)
Accounts receivable, net	**(70,510)**	(51,754)	(20,241)	(29,853)
Prepaid expenses and other assets	**(2,838)**	(1,042)	(919)	(903)
Deferred expenses	**(3,100)**	(1,304)	(5,548)	2,297
Accounts payable and accrued liabilities	**(4,489)**	16,042	8,135	3,170
Settlement obligations	**7,387**	(22,601)	6,999	18,125
Amounts due issuing bank for overdrawn accounts	**7,085**	11,646	5,153	(5,309)
Deferred revenue	**4,261**	2,113	7,603	(978)
Income tax receivable	**13,403**	16,414	(3,780)	1,366
Net cash provided by operating activities	**94,051**	83,503	26,121	35,297
Investing activities				
Purchases of available-for-sale investment securities	**(45,056)**	—	—	—
Proceeds from maturities of available-for-sale investment securities	**20,152**	—	—	—
(Increase) decrease in restricted cash	**(7,791)**	10,246	(14)	(13,039)
Payments for acquisition of property and equipment	**(23,076)**	(13,459)	(5,049)	(6,361)
Net increase in loans made to bank customers	**245**	—	—	—
Acquisition of Bonneville Bancorp, net of cash acquired	**5,085**	—	—	—
Net cash used in investing activities	**(50,441)**	(3,213)	(5,063)	(19,400)
Financing activities				
Borrowings from line of credit	**—**	—	—	12,404
Repayments on line of credit	**—**	—	—	(12,404)
Proceeds from exercise of options and warrants and issuance of ESPP shares	**6,138**	6,068	946	110
Excess tax benefits from exercise of options	**2,951**	24,842	1,866	—
Net increase in deposits	**5,231**	—	—	—
Exercise of call option on warrant	**—**	—	—	(1,958)
Issuance of preferred shares and freestanding warrant	**—**	—	—	13,000
Redemption of preferred and common shares	**—**	—	—	(39,770)
Proceeds from the repayment of related party notes receivable	**—**	—	5,869	—
Net cash provided by (used in) financing activities	**14,320**	30,910	8,681	(28,618)
Net increase (decrease) in unrestricted cash and cash equivalents	**57,930**	111,200	29,739	(12,721)
Unrestricted cash and cash equivalents, beginning of year	**167,503**	56,303	26,564	39,285
Unrestricted cash and cash equivalents, end of period	**$ 225,433**	$ 167,503	$ 56,303	$ 26,564
Cash paid for interest	**$ 108**	$ 42	$ —	$ 1
Cash paid for income taxes	**$ 18,291**	$ 14,282	$ 10,032	$ 27,403

See notes to consolidated financial statements

GREEN DOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Organization

Green Dot Corporation ("we," "us" and "our" refer to Green Dot Corporation and its wholly-owned subsidiaries, Next Estate Communications, Inc., Green Dot Bancorp (formerly Bonneville Bancorp) and Green Dot Bank (formerly Bonneville Bank) is a leading provider of general purpose reloadable, or GPR, prepaid debit cards and cash loading and transfer services in the United States. Our products include Green Dot MasterCard and Visa-branded prepaid debit cards and several co-branded reloadable prepaid card programs, collectively referred to as our GPR cards; Visa-branded gift cards; and our MoneyPak and swipe reload proprietary products, collectively referred to as our cash transfer products, which enable cash loading and transfer services through our Green Dot Network. The Green Dot Network enables consumers to use cash to reload our prepaid debit cards or to transfer cash to any of our Green Dot Network acceptance members, including competing prepaid card programs and other online accounts.

We market our cards and financial services to banked, underbanked and unbanked consumers in the United States using distribution channels other than traditional bank branches, such as third-party retailer locations nationwide and the Internet. Our prepaid debit cards are issued by Green Dot Bank and third-party issuing banks including GE Capital Retail Bank (formerly GE Money Bank) and Columbus Bank and Trust Company, a division of Synovus Bank. We also have multi-year distribution arrangements with many large and medium-sized retailers, such as Walmart, Walgreens, CVS, Rite Aid, 7-Eleven, Kroger, Kmart, Meijer and Radio Shack, and with various industry resellers, such as Blackhawk Network, Inc. and Incomm. We refer to participating retailers collectively as our "retail distributors."

Initial Public Offering

On July 27, 2010, we completed an initial public offering of 5,241,758 shares of our Class A common stock at an initial public offering price of $36.00 per share, all of which were sold by existing stockholders. We did not receive any proceeds from the sale of shares of our Class A common stock in the offering. Concurrent with the completion of the initial public offering, certain selling stockholders exercised a warrant to purchase 283,786 shares of Series C-1 preferred stock at an exercise price of $1.41 per share and vested options to purchase 377,840 shares of Class B common stock with a weighted-average exercise price of $2.63 in order to sell the underlying shares of Class A common stock in the offering. We received aggregate proceeds of $1.4 million from these exercises. Additionally, all of our outstanding shares of convertible preferred stock were automatically converted to 24,941,421 shares of our Class B common stock, and all shares of our Class B common stock sold in the offering were automatically converted into a like number of Class A common stock.

Bonneville Bank

On February 4, 2010, we entered into a definitive agreement to acquire 100% of the outstanding common shares and voting interest of Bonneville Bancorp for approximately $15.7 million in cash, subject to approval by various regulatory authorities. Bonneville Bancorp, a Utah bank holding company, offered a range of business and consumer banking products in the Provo, Utah area through its bank subsidiary, Bonneville Bank, or the Bank. The Bank also originates commercial, industrial, residential, real estate and personal loans. We expect to focus the Bank on issuing our Green Dot-branded debit cards linked to an FDIC-insured transactional account.

On November 23, 2011, the Board of Governors of the Federal Reserve System and Utah Department of Financial Institutions approved our applications to acquire Bonneville Bancorp and thereby we became a bank holding company under the Bank Holding Company Act of 1956. On December 8, 2011, we completed our acquisition of Bonneville Bancorp. The Bank's official name changed to Green Dot Bank, but the Bank will continue to do business and serve its customer base under the name Bonneville Bank at its current Provo, Utah location. We contributed $14.3 million in cash to the Bank in December 2011 to provide an initial capital base for its expanded operations.

Note 2—Summary of Significant Accounting Policies

Basis of Presentation

We have prepared the accompanying consolidated financial statements in conformity with U.S. generally accepted accounting principles, or GAAP. We have eliminated all significant intercompany balances and transactions in consolidation. Our consolidated financial statements include the results of entities that we control through a 50% or more ownership interest. Beginning December 8, 2011, our consolidated financial and operating results and cash flows reflect the operations of Green Dot Bank.

Note 2—Summary of Significant Accounting Policies (continued)

We consider an operating segment to be any component of our business whose operating results are regularly reviewed by our chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance based on discrete financial information. Only those operating segments that meet certain quantitative and qualitative criteria are reportable segments. Our Chief Executive Officer, our chief operating decision-maker, reviews our operating results on an aggregate basis and manages our operations and the allocation of resources as a single operating segment — prepaid cards and related services.

Change in Fiscal Year

On September 29, 2009, our board of directors approved a change to our fiscal year-end from July 31 to December 31. Included in this report is the transition period for the five months ended December 31, 2009. Accordingly, these financial statements present our results of our operations, changes in redeemable convertible preferred stock and in stockholders' equity and cash flows for the years ended December 31, 2011 and 2010, the five months ended December 31, 2009 and the year ended July 31, 2009.

Unaudited Comparative Financial Statements

As a result of our change in fiscal year-end, we have presented below, for comparative purposes, our unaudited consolidated statement of operations and condensed consolidated statement of cash flows for the five months ended December 31, 2008. In our opinion, the unaudited consolidated financial information reflects all adjustments, consisting of normal and recurring adjustments, necessary for the fair presentation of the results of our operations and our cash flows for the five months ended December 31, 2008.

	Five Months Ended December 31, 2008
	(In thousands)
Operating revenues:	
Card revenues and other fees	$ 46,460
Cash transfer revenues	24,391
Interchange revenues	18,212
Total operating revenues	89,063
Operating expenses:	
Sales and marketing expenses	35,001
Compensation and benefits expenses	15,409
Processing expenses	11,765
Other general and administrative expenses	9,463
Total operating expenses	71,638
Operating income	17,425
Interest income	255
Interest expense	(1)
Income before income taxes	17,679
Income tax expense	7,424
Net income	10,255
Dividends, accretion, and allocated earnings of preferred stock	(11,153)
Net loss allocated to common stockholders	$ (898)

Note 2—Summary of Significant Accounting Policies (continued)

	Five Months Ended December 31, 2008
	(In thousands, except per share data)
Loss per common share	
Basic	$ (0.07)
Diluted	$ (0.07)
Weighted-average common shares issued and outstanding	12,028
Weighted-average diluted common shares issued and outstanding	12,028
Net cash provided by operating activities	$ 5,999
Net cash used in operating activities	(2,452)
Net cash used in financing activities	(26,140)
Net decrease in unrestricted cash and cash equivalents	$ (22,593)

Use of Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements, including the accompanying notes. We base our estimates and assumptions on historical factors, current circumstances, and the experience and judgment of management. We evaluate our estimates and assumptions on an ongoing basis. Actual results could differ from those estimates.

Unrestricted Cash and Cash Equivalents

We consider all unrestricted highly liquid investments with an original maturity of three months or less to be unrestricted cash and cash equivalents. Federal funds sold consist of unsecured overnight advances of excess balances in our bank reserve account and are included in unrestricted cash and cash equivalents on our statements of cash flows.

Restricted Cash

We maintain restricted deposits in bank accounts to collateralize our line of credit and our standby letter of credit. Our line of credit is used to fund timing differences between funds remitted by our retail distributors to the banks that issue our cards and funds utilized by our cardholders. Our standby letter of credit, in the amount of $2.5 million, acts as a guarantee for our full performance of our obligations under our new ten year office lease in Pasadena.

For additional information on our new office lease, refer to *Note 17 – Commitments and Contingencies*.

Settlement Assets and Obligations

Our retail distributors collect customer funds for purchases of new cards and cash transfer products and then remit these funds directly to bank accounts established for the benefit of these customers by the third-party card issuing banks. The remittance of these funds by our retail distributors takes an average of two business days.

Settlement assets represent the amounts due from our retail distributors for customer funds collected at the point of sale that have not yet been remitted to the card issuing banks.

Settlement obligations represent the amounts due from us to the card issuing banks for funds collected but not yet remitted by our retail distributors and not funded by our line of credit.

We have no control over or access to customer funds remitted by our retail distributors to the third-party issuing bank accounts. Customer funds held by third-party issuing banks, therefore, are not our assets, and we do not recognize them in our consolidated financial statements. As of December 31, 2011 and 2010, total funds held in the bank accounts for the benefit of our customers totaled $710.6 million and $251.8 million, respectively, of which $16.1 million and $9.4 million, respectively, related to funds for prepaid debit cards and cash transfer products that had not yet been activated by the customers.

Note 2—Summary of Significant Accounting Policies (continued)

Accounts Receivable, Net

Accounts receivable is comprised principally of receivables due from card issuing banks, overdrawn account balances due from cardholders, trade accounts receivable and other receivables. We record accounts receivable net of reserves for estimated uncollectible accounts. Receivables due from card issuing banks primarily represent revenue-related funds collected by the card issuing banks from our retail distributors, merchant banks and cardholders that have yet to be remitted to us. These receivables are generally collected within a short period of time based on the remittance terms in our agreements with the card issuing banks.

Overdrawn Account Balances Due from Cardholders and Reserve for Uncollectible Overdrawn Accounts

Cardholder account overdrafts may arise from maintenance fee assessments on our GPR cards or from purchase transactions that we honor on GPR or gift cards, in each case in excess of the funds in a cardholder's account. We are exposed to losses from unrecovered cardholder account overdrafts. We establish a reserve for uncollectible overdrawn accounts. We classify overdrawn accounts into age groups based on the number of days that have elapsed since an account has had activity, such as a purchase, ATM transaction or maintenance fee assessment. We calculate a reserve factor for each age group based on the average recovery rate for the most recent six months. These factors are applied to these age groups to estimate our overall reserve. When more than 90 days have passed without activity in an account, we consider recovery to be remote and write off the full amount of the overdrawn account balance. We include our provision for uncollectible overdrawn accounts related to maintenance fees as an offset to card revenues and other fees in the accompanying consolidated statements of operations. We include our provision for uncollectible overdrawn accounts related to purchase transactions in other general and administrative expenses in the accompanying consolidated statements of operations.

Loans

In connection with our acquisition of Bonneville Bancorp, we acquired loans and recorded them at fair value on the acquisition date. We carry our loans at their outstanding principal balances, net of any unaccreted discounts. We generally accrete these discounts into interest income over the remaining contractual term of the loans using a level yield methodology. We recognize interest income as it is earned.

Purchased Credit-Impaired Loans

Some of our purchased loans have evidence of credit quality deterioration since origination. We consider purchased loans to be impaired if we do not expect to receive all contractually required cash flows due to concerns about credit quality. The excess of the cash flows expected to be collected measured as of the acquisition date, over the estimated fair value is referred to as the accretable yield and is recognized in interest income over the remaining life of the loan using a level yield methodology. The difference between contractually-required payments as of the acquisition date and the cash flows expected to be collected is referred to as the nonaccretable difference.

We determine the initial fair values of purchased credit-impaired loans, or PCI loans, using a discounted cash flow model based on assumptions about the amount and timing of principal and interest payments, estimates of principal losses and current market rates.

If there are subsequent decreases in expected principal cash flows, we record a charge to the provision for credit losses and a corresponding increase to the allowance for loan losses. If there are subsequent increases in expected principal cash flows, we record a recovery of any previously recorded allowance for loan losses, to the extent applicable, and a reclassification from nonaccretable difference to accretable yield for any remaining increase.

Since PCI loans are recorded at fair value at the acquisition date, we do not classify these loans as nonperforming as the loans were written down to fair value at the acquisition date and the accretable yield is recognized in interest income over the remaining life of the loan.

Nonperforming Loans

Nonperforming loans generally include loans, other than PCI loans, that have been placed on nonaccrual status. We generally place loans on nonaccrual status when they are past due 90 days or more. We reverse the related accrued interest receivable and apply interest collections on nonaccruing loans as principal reductions; otherwise, we credit such collections to interest income when received. These loans may be restored to accrual status when all principal and interest is current and full repayment of the remaining contractual principal and interest is expected.

Note 2—Summary of Significant Accounting Policies (continued)

We consider a loan to be impaired when it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement. Once we determine a loan to be impaired, we measure the impairment based on the present value of the expected future cash flows discounted at the loan's effective interest rate. We may also measure impairment based on observable market prices, or for loans that are solely dependent on the collateral for repayment, the estimated fair value of the collateral less estimated costs to sell. If the recorded investment in impaired loans exceeds this amount, we establish a specific allowance as a component of the allowance for loan losses or by adjusting an existing valuation allowance for the impaired loan.

We establish an allowance for loan losses to account for estimated credit impairment in the loan portfolio. However, as our loan portfolio was acquired on December 8, 2011 at fair value, there was no perceived credit impairment as of December 31, 2011 and therefore no allowance has been established.

Property and Equipment

We carry our property and equipment at cost less accumulated depreciation and amortization. We generally compute depreciation on property and equipment using the straight-line method over the estimated useful lives of the assets, except for internal-use software in development and land, which are not depreciated. We generally compute amortization on tenant improvements using the straight-line method over the shorter of the related lease term or estimated useful lives of the improvements. We expense expenditures for maintenance and repairs as incurred.

The estimated useful lives of the respective classes of assets are as follows:

Land	N/A
Building	30 years
Computer equipment, furniture and office equipment	3-4 years
Computer software purchased	3 years
Capitalized internal-use software	2 years
Tenant improvements	Shorter of the useful life or the lease term

We capitalize certain internal and external costs incurred to develop internal-use software during the application development stage. We also capitalize the cost of specified upgrades and enhancements to internal-use software that result in additional functionality. Once a development project is substantially complete and the software is ready for its intended use, we begin depreciating these costs on a straight-line basis over the internal-use software’s estimated useful life.

Impairment of Long Lived Assets

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of expected undiscounted future cash flows from an asset is less than the carrying amount of the asset, we recognize an impairment loss. We measure the loss as the amount by which the carrying amount exceeds its fair value calculated using the present value of estimated net future cash flows. Included in other general and administrative expenses in our consolidated statements of operations for the years ended December 31, 2011 and 2010, the five months ended December 31, 2009 and the year ended July 31, 2009 were $397,000, $409,000, $77,000 and $405,000, respectively, of recognized impairment losses on internal-use software.

Goodwill

We test goodwill annually for impairment or more frequently upon the occurrence of certain events or substantive changes in circumstances that indicate goodwill is more likely than not impaired. The testing of goodwill for impairment is required to be performed at the level referred to as the reporting unit. A reporting unit is either the “operating segment level” or one level below, which is referred to as a “component.”

Goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of a reporting unit to its carrying amount, including goodwill. In performing the first step, we determine the fair value of its reporting unit using a market-based approach based on the our market capitalization. If the estimated fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying amount of a reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment

Note 2—Summary of Significant Accounting Policies (continued)

test compares the implied fair value of the reporting unit's goodwill with its carrying amount to measure the amount of impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

Amounts Due to Card Issuing Banks for Overdrawn Accounts

Our card issuing banks fund overdrawn cardholder account balances on our behalf. Amounts funded are due from us to the card issuing banks based on terms specified in the agreements with the card issuing banks. Generally, we expect to settle these obligations within 12 months.

Amounts Due Under Line of Credit

After a consumer purchases a new card or cash transfer product at a retail location, we make the funds immediately available once the consumer goes online or calls a toll-free number to activate the new card or add funds from a cash transfer product. Since our retail distributors do not remit funds to our card issuing banks, on average, for two business days, we maintain a line of credit with certain card issuing banks that is available to fund any cash requirements related to the timing difference between funds remitted by our retail distributors to the card issuing banks and funds utilized by consumers. We repay any draws on this line of credit when our retail distributors remit the funds to the card issuing banks' bank accounts.

Revenue Recognition

Our operating revenues consist of card revenues and other fees, cash transfer revenues and interchange revenues. We recognize revenue when the price is fixed or determinable, persuasive evidence of an arrangement exists, the product is sold or the service is performed, and collectibility of the resulting receivable is reasonably assured.

Card revenues and other fees consist of monthly maintenance fees, ATM fees, new card fees and other revenues. We charge maintenance fees on a monthly basis pursuant to the terms and conditions in the applicable cardholder agreements. We recognize monthly maintenance fees ratably over the month for which they are assessed. We charge ATM fees to cardholders when they withdraw money at certain ATMs in accordance with the terms and conditions in our cardholder agreements. We recognize ATM fees when the withdrawal is made by the cardholder, which is the same time our service is completed and the fees are assessed. We charge new card fees when a consumer purchases a new card in a retail store. We defer and recognize new card fee revenues on a straight-line basis over our average card lifetime, which is currently nine months for our GPR cards and six months for our gift cards. We determine the average card lifetime based on our recent historical data for comparable products. We measure card lifetime for our GPR cards as the period of time, inclusive of reload activity, between sale (or activation) of the card and the date of the last positive balance. We measure the card lifetime for our gift cards as the redemption period during which cardholders perform the substantial majority of their transactions. We reassess average card lifetime quarterly. We report the unearned portion of new card fees as a component of deferred revenue in our consolidated balance sheets. Other revenues consist primarily of fees associated with optional products or services, which we generally offer to consumers during the card activation process. Optional products and services include providing a second card for an account, expediting delivery of the personalized debit card that replaces the temporary card obtained at the retail store, and upgrading a cardholder account to one of our upgrade programs. We generally recognize revenue related to optional products and services when the underlying services are completed, but we treat revenues related to our upgrade programs in a manner similar to new card fees and monthly maintenance fees.

We generate cash transfer revenues when consumers purchase our cash transfer products (reload services) in a retail store. We recognize these revenues when the cash transfer transactions are completed, generally within two business days from the time of sale of these products.

We earn interchange revenues from fees remitted by the merchant's bank, which are based on rates established by the payment networks, such as Visa and MasterCard, when cardholders make purchase transactions using our cards. We recognize interchange revenues as these transactions occur.

We report our different types of revenues on a gross or net basis based on our assessment of whether we act as a principal or an agent in the transaction. To the extent we act as a principal in the transaction, we report revenues on a gross basis. In concluding whether or not we act as a principal or an agent, we evaluate whether we have the substantial risks and rewards under the terms of the revenue-generating arrangements, whether we are the party responsible for fulfillment of the services purchased by the cardholders, and other factors. For all of our significant revenue-generating arrangements, including GPR and gift cards, we record revenues on a gross basis.

Note 2—Summary of Significant Accounting Policies (continued)

Generally, customers have limited rights to a refund of a new card fee or a cash transfer fee. We have elected to recognize revenues prior to the expiration of the refund period, but reduce revenues by the amount of expected refunds, which we estimate based on actual historical refunds.

On occasion, we enter into incentive agreements with our retail distributors and offer incentives to customers designed to increase product acceptance and sales volume. We record incentive payments, including the issuance of equity instruments, as a reduction of revenues and recognize them over the period the related revenues are recognized or as services are rendered, as applicable.

Sales and Marketing Expenses

Sales and marketing expenses primarily consist of sales commissions, advertising and marketing expenses, and the costs of manufacturing and distributing card packages, placards, and promotional materials to our retail distributors' locations and personalized GPR cards to consumers who have activated their cards.

We pay our retail distributors and brokers commissions based on sales of our prepaid debit cards and cash transfer products in their stores. We defer and expense commissions related to new cards sales ratably over the average card lifetime, which is currently nine months for our GPR cards and six months for our gift cards. We expense commissions related to cash transfer products when the cash transfer transactions are completed. Sales commissions were $121.4 million and $82.4 million for the years ended December 31, 2011 and 2010, respectively, $19.0 million for the five months ended December 31, 2009, and $50.8 million for the year ended July 31, 2009.

We expense costs for the production of advertising as incurred. The cost of media advertising is expensed when the advertising first takes place. Advertising and marketing expenses were $14.7 million and $15.6 million for the years ended December 31, 2011 and 2010, respectively, $1.5 million for the five months ended December 31, 2009, and $7.0 million for the year ended July 31, 2009.

We record the costs associated with card packages and placards as prepaid expenses, and we record the costs associated with personalized GPR cards as deferred expenses. We recognize the prepaid cost of card packages and placards over the related sales period, and we amortize the deferred cost of personalized GPR cards, when activated, over the average card lifetime, currently nine months. Our manufacturing and distributing costs were $32.6 million and $24.9 million for the years ended December 31, 2011 and 2010, respectively, $10.8 million for the five months ended December 31, 2009, and $18.0 million for the year ended July 31, 2009. Included in our manufacturing and distributing costs were shipping and handling costs of $3.4 million and $2.7 million for the years ended December 31, 2011 and 2010, respectively, $1.2 million for the five months ended December 31, 2009, and $2.3 million for the year ended July 31, 2009. Also included in our manufacturing and distributing costs was a liability that we incurred for use tax to various states related to purchases of materials since no sales tax is charged to customers when new cards or cash transfer transactions are purchased.

Employee Stock-Based Compensation

We record employee stock-based compensation expense using the fair value method of accounting. For stock options and stock purchases under our employee stock purchase plan, or ESPP, we base compensation expense on fair values estimated at the grant date using the Black-Scholes option-pricing model. For stock awards, including restricted stock units, we base compensation expense on the fair value of our common stock at the grant date. We recognize compensation expense for awards with only service conditions that have graded vesting schedules on a straight-line basis over the vesting period of the award. Vesting is based upon continued service to our company.

For additional information, refer to *Note 14 – Stock-Based Compensation*.

Income Taxes

Our income tax expense is comprised of current and deferred income tax expense. Current income tax expense approximates taxes to be paid or refunded for the current period. Deferred income tax expense results from the changes in deferred tax assets and liabilities during the periods. These gross deferred tax assets and liabilities represent decreases or increases in taxes expected to be paid in the future because of future reversals of temporary differences between the bases of assets and liabilities as measured by tax laws and their bases as reported in our consolidated financial statements. We also recognize deferred tax assets for tax attributes such as net operating loss carryforwards and tax credit carryforwards. We record valuation allowances to reduce deferred tax assets to the amounts we conclude are more likely-than-not to be realized in the foreseeable future.

Note 2—Summary of Significant Accounting Policies (continued)

We recognize and measure income tax benefits based upon a two-step model: 1) a tax position must be more likely-than-not to be sustained based solely on its technical merits in order to be recognized, and 2) the benefit is measured as the largest dollar amount of that position that is more likely-than-not to be sustained upon settlement. The difference between the benefit recognized for a position and the tax benefit claimed on a tax return is referred to as an unrecognized tax benefit. We accrue income tax related interest and penalties, if applicable, within income tax expense.

For additional information, refer to *Note 10 – Income Taxes*.

Earnings Per Common Share

We have multiple classes of common stock and our preferred stockholders, during the periods their shares are outstanding, are entitled to participate with common stockholders in the distributions of earnings through dividends. Therefore, we apply the two-class method in calculating earnings per common share, or EPS. The two-class method requires net income, after deduction of any preferred stock dividends, deemed dividends on preferred stock redemptions, and accretions in the carrying value on preferred stock, to be allocated between each class or series of common and preferred stockholders based on their respective rights to receive dividends, whether or not declared. Basic EPS is then calculated by dividing net income allocated to each class of common stockholders by the respective weighted-average common shares issued and outstanding.

In addition, for diluted EPS, the conversion of Class B common stock can affect net income allocated to Class A common stockholders. Where the effect of this conversion is dilutive, we adjust net income allocated to Class A common stockholders by the associated allocated earnings of the convertible securities. We divide adjusted net income for each class of common stock by the respective weighted-average number of the common shares issued and outstanding for each period plus amounts representing the dilutive effect of outstanding stock options and restricted stock units and outstanding warrants, shares to be purchased under our employee stock purchase plan and the dilution resulting from the conversion of convertible securities, if applicable. We exclude the effects of convertible securities and outstanding warrants and stock options from the computation of diluted EPS in periods in which the effect would be anti-dilutive. We calculate dilutive potential common shares using the treasury stock method, if-converted method and the two-class method, as applicable.

For additional information, refer to *Note 15 – Earnings Per Common Share*.

Fair Value of Financial Instruments

The following describes the valuation technique for determining the fair value of financial instruments, whether or not carried as such on our consolidated balance sheets.

Short-term Financial Instruments

Our short-term financial instruments consist principally of unrestricted and restricted cash and cash equivalents, federal funds sold,and settlement assets and obligations. These financial instruments are short-term in nature, and, accordingly, we believe their carrying amounts approximate their fair values.

Investment Securities

The fair values of investment securities have been derived using methodologies described in *Note 3 – Investment Securities*.

Loans

We determined the fair values of loans by discounting both principal and interest cash flows expected to be collected using a discount rate commensurate with the risk that we believe a market participant would consider in determining fair value. The carrying value and fair value of our loans at December 31, 2011 were $10.0 million and $10.0 million, respectively.

Deposits

The fair value of demand and interest checking deposits and savings deposits is the amount payable on demand at the reporting date. We determined the fair value of time deposits by discounting expected future cash flows using market-derived rates based on our market yields on certificates of deposit, by maturity, at the measurement date. The carrying value and fair value of our deposits at December 31, 2011 were $39.0 million and $39.0 million, respectively.

Note 2—Summary of Significant Accounting Policies (continued)

Regulatory Matters and Capital Adequacy

We became a bank holding company on December 8, 2011. As a bank holding company, we are subject to comprehensive supervision and examination by the Federal Reserve Board and must comply with applicable regulations, including minimum capital and leverage requirements. If we fail to comply with any of these requirements, we may become subject to formal or informal enforcement actions, proceedings, or investigations, which could result in regulatory orders, restrictions on our business operations or requirements to take corrective actions, which may, individually or in the aggregate, affect our results of operations and restrict our ability to grow. If we fail to comply with the applicable capital and leverage requirements, or if our subsidiary bank fails to comply with its applicable capital and leverage requirements, the Federal Reserve Board may limit our or Green Dot Bank's ability to pay dividends. In addition, as a bank holding company and a financial holding company, we are generally prohibited from engaging, directly or indirectly, in any activities other than those permissible for bank holding companies and financial holding companies. This restriction might limit our ability to pursue future business opportunities which we might otherwise consider but which might fall outside the scope of permissible activities. We may also be required to serve as a “source of strength” to Green Dot Bank if it becomes less than adequately capitalized.

Recent Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2011-12, *Deferral of the Effective Date for Amendments to the Presentation of Reclassification of Items Out of Accumulated Other Comprehensive Income*. In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income: Presentation of Comprehensive Income*, which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. It eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. ASU 2011-05 does not change the items which must be reported in other comprehensive income, how such items are measured or when they must be reclassified to net income. ASU 2011-12 only defers those changes in ASU 2011-05 that relate to the presentation of reclassification adjustments. Both ASUs are effective for interim and annual periods beginning after December 15, 2011. Our adoption of this ASU is not expected to have a material impact on our consolidated financial statements.

In September 2011, the FASB issued ASU No. 2011-08, *Testing Goodwill for Impairment,* which provides entities testing goodwill for impairment to now have an option of performing a qualitative assessment before having to calculate the fair value of a reporting unit. If an entity determines, on the basis of qualitative factors, that the fair value of the reporting unit is more-likely-than-not less than the carrying amount, the existing quantitative impairment test is required. Otherwise, no further impairment testing is required. This ASU is effective for fiscal years beginning after December 15, 2011. Our adoption of this ASU is not expected to have a material impact on our consolidated financial statements.

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which converges common fair value measurement and disclosure requirements in accordance with GAAP and International Financial Reporting Standards, or IFRS. This ASU is effective for interim and annual periods beginning after December 15, 2011. Our adoption of this ASU is not expected to have a material impact on our consolidated financial statements.

In January 2010, the FASB issued ASU 2010-06, *Improving Disclosures about Fair Value Measurements*, which requires additional information in the roll-forward of Level 3 assets and liabilities, including the presentation of purchases, sales, issuances and settlements on a gross basis. This ASU impacts disclosures only. We adopted this ASU in the first quarter of 2011.

Note 3—Investment Securities

We classify our investment securities as available-for-sale and report them at fair value with the related unrealized gains and losses, net of tax, included in accumulated other comprehensive income, a component of stockholders’ equity. We classify investment securities with original maturities greater than 90 days, but less than or equal to 365 days as current assets.

Note 3—Investment Securities (continued)

The following table presents the amortized cost, gross unrealized gains and losses and fair value for investments securities aggregated by major security type:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair Value
		(In thousands)		
December 31, 2011				
Corporate bonds	$ 16,307	$ 27	$ (1)	$ 16,333
Commercial paper	4,998	1	—	4,999
Negotiable certificate of deposit	3,500	—	—	3,500
Agency securities	3,979	12	(4)	3,987
Municipal bonds	2,379	13	(1)	2,391
Total fixed income securities	$ 31,163	$ 53	$ (6)	$ 31,210

We had no investment securities as of December 31, 2010.

The following table summarizes the gross unrealized losses and fair value of fixed income securities by the length of time that individual securities have been in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or More		Total Fair Value	Total Unrealized Loss
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss		
			(In thousands)			
December 31, 2011						
Fixed income securities						
Corporate bonds	$ 2,999	$ (1)	$ —	$ —	$ 2,999	$ (1)
Agency securities	1,663	(4)	—	—	1,663	(4)
Municipal bonds	324	(1)	—	—	324	(1)
Total fixed income securities	$ 4,986	$ (6)	$ —	$ —	$ 4,986	$ (6)

We did not record any other-than-temporary impairment losses during the year ended December 31, 2011 because we do not intend to sell these investments and it is more likely than not that we will not be required to sell these investments before recovery of their amortized cost bases, which may be at maturity.

The scheduled maturities of our fixed income securities are as follows:

	Amortized Cost	Fair Value
	(In thousands)	
December 31, 2011		
Due in one year or less	$ 6,001	$ 5,999
Due after one year through five years	21,178	21,205
Due after five years through ten years	3,042	3,056
Due after ten years	942	950
Total	$ 31,163	$ 31,210

Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be

Note 3—Investment Securities (continued)

corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The following table is a summary of our assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Fair value
		(In thousands)		
December 31, 2011				
Corporate bonds	$ —	$ 16,333	$ —	$ 16,333
Commercial paper	—	4,999	—	4,999
Certificate of deposit	—	3,500	—	3,500
Agency securities	—	3,987	—	3,987
Municipal bonds	—	$ 2,391	—	2,391
Total	$ —	$ 31,210	$ —	$ 31,210

We had no assets measured at fair value on a recurring basis as of December 31, 2010. We based the fair value of our investment securities held as of December 31, 2011 on quoted prices in active markets for similar assets. We had no transfers between Level 1, Level 2 or Level 3 assets during the year ended December 31, 2011.

Note 4—Accounts Receivable

Accounts receivable, net consisted of the following:

	December 31, 2011	December 31, 2010
	(In thousands)	
Overdrawn account balances due from cardholders	**$ 22,139**	$ 17,560
Reserve for uncollectible overdrawn accounts	**(15,309)**	(11,823)
Net overdrawn account balances due from cardholders	**6,830**	5,737
Trade receivables	**5,574**	968
Reserve for uncollectible trade receivables	**(453)**	(3)
Net trade receivables	**5,121**	965
Receivables due from card issuing banks	**28,812**	27,588
Other receivables	**4,691**	1,671
Accounts receivable, net	**$ 45,454**	$ 35,961

Activity in the reserve for uncollectible overdrawn accounts consisted of the following:

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
		(In thousands)		
Balance, beginning of period	**$ 11,823**	$ 7,460	$ 6,448	$ 5,277
Provision for uncollectible overdrawn accounts:				
Fees	**55,048**	43,634	10,255	20,187
Purchase transactions	**5,514**	2,459	963	2,361
Charge-offs	**(57,076)**	(41,730)	(10,206)	(21,377)
Balance, end of period	**$ 15,309**	$ 11,823	$ 7,460	$ 6,448

Note 5—Loans

In connection with our acquisition of Bonneville Bancorp, we acquired loans with a contractual outstanding unpaid principal and interest balance at the acquisition date of $13.7 million. We recorded these loans on our consolidated

Note 5—Loans (continued)

balance sheet at estimated fair value at the date of acquisition of $10.3 million.

The following table presents total outstanding loans and a summary of the related payment status:

	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due 30 Days or More	Total Current or Less Than 30 Days Past Due	Purchased Credit-Impaired Loans	Total Outstanding
				(in thousands)			
December 31, 2011							
Real estate	$ —	$ —	$ —	$ —	$ 4,983	$ 503	$ 5,486
Commercial	2	—	—	2	1,371	44	1,417
Installment	—	—	—	—	2,882	252	3,134
Total loans	$ 2	$ —	$ —	$ 2	$ 9,236	$ 799	$ 10,037
Percentage of outstanding	0.02%	—%	—%	0.02%	92.02%	7.96%	100.00%

We had no loans as of December 31, 2010. As of December 31, 2011, no allowance for loan losses was recorded because we recorded the purchased loans at fair value on December 8, 2011 in conjunction with our acquisition of Bonneville Bancorp and there have been no material changes in credit quality associated with the loan portfolio since the acquisition date.

We closely monitor and assess the credit quality and credit risk of our loan portfolio on an ongoing basis. We continuously review and update loan risk classifications. We evaluate our loans using non-classified or classified as the primary credit quality indicator. Classified loans are those loans that have demonstrated credit weakness where we believe there is a heightened risk of principal loss. Classified loans are internally classified as substandard, doubtful or loss consistent with regulatory guidelines. The tables below present our primary credit quality indicators related to our loan portfolio:

	Non-Classified	Classified
	(in thousands)	
December 31, 2011		
Real estate	$ 5,125	$ 361
Commercial	1,407	10
Installment	2,983	151
Total loans	$ 9,515	$ 522

The table below presents the remaining unpaid principal balance and carrying amount for PCI loans:

	December 31, 2011
	(in thousands)
Unpaid principal balance	$ 1,506
Carrying value	799
Contractually required principal balance	1,506
Less: Nonaccretable difference	(608)
Cash flows expected to be collected at acquisition	898
Less: Accretable yield	(99)
Fair value of loans acquired	$ 799

Note 5—Loans (continued)

The table below shows activity for the accretable yield on PCI loans:

	Year Ended December 31, 2011
	(in thousands)
Accretable yield at beginning of period	$ —
Additions	99
Accretion	—
Accretable yield at end of period	$ 99

Note 6—Property and Equipment

Property and equipment consisted of the following:

	December 31, 2011	December 31, 2010
	(In thousands)	
Land	**$ 205**	$ —
Building	**568**	—
Computer equipment, furniture, and office equipment	**17,119**	14,643
Computer software purchased	**6,284**	6,035
Capitalized internal-use software	**29,673**	21,816
Tenant improvements	**2,182**	1,427
	56,031	43,921
Less accumulated depreciation and amortization	**(28,750)**	(25,887)
Property and equipment, net	**$ 27,281**	$ 18,034

Depreciation and amortization expense was $12.3 million and $7.6 million for the years ended December 31, 2011 and 2010, respectively, $2.3 million for the five months ended December 31, 2009 and $4.6 million for the year ended July 31, 2009. Included in those amounts are depreciation expense related to internal-use software of $6.0 million and $3.8 million for the years ended December 31, 2011 and 2010, respectively, $1.3 million for the five months ended December 31, 2009 and $2.5 million for the year ended July 31, 2009. The net carrying value of capitalized internal-use software was $14.6 and $8.4 million at December 31, 2011 and 2010, respectively.

Note 7—Goodwill and Intangible Assets

In December 2011, we acquired Bonneville Bancorp, which resulted in $10.8 million of goodwill and $0.4 million of core deposit intangibles. The core deposit intangibles reflect the estimated value of deposit relationships and is subject to amortization. The estimated remaining amortization period of our core deposit intangibles is fifteen years. We recorded our core deposit intangibles as a component of prepaid expenses and other assets in our consolidated balance sheet as of December 31, 2011.

Note 8—Deposits

In connection with our acquisition of Bonneville Bancorp, we acquired deposits of $33.7 million at the acquisition date. Deposits consisted of the following:

	December 31, 2011
	(In thousands)
Non-interest bearing deposit accounts	
Checking	$ 19,095
Demand deposit	51
Total non-interest bearing deposit accounts	19,146
Interest-bearing deposit accounts	
Negotiable order of withdrawal (NOW)	1,612
Savings	7,118
Time deposits, denominations greater or equal than $100	1,381
Time deposits, denominations less than $100	9,700
Total interest-bearing deposit accounts	19,811
Total deposits	$ 38,957

We had no deposits at December 31, 2010. The scheduled contractual maturities for total time deposits are presented in the table below:

December 31, 2011	(in thousands)
Due in 2012	$ 7,554
Due in 2013	1,700
Due in 2014	459
Due in 2015	319
Due in 2016	1,049
Thereafter	—
Total time deposits	$ 11,081

Note 9—Related Party Transactions

At December 31, 2011 and 2010, we had no related party receivables or payables.

Prior to December 31, 2009, we had related party notes receivable, as described below. All of these related party notes receivable were repaid in full, including accrued interest of $936,000, in November 2009.

We loaned $3.0 million in March 2004 and $0.8 million in February 2006 to our current Chief Executive Officer bearing interest at rates of 3.5% and 4.5%, respectively, compounded semiannually. All principal and unpaid interest outstanding under the loans was due in March 2011. The loans were collateralized by 2,500,000 shares of our common stock owned by the officer and pledged under a stock pledge agreement. We classified the outstanding balance of these loans, including capitalized interest of $735,000 at July 31, 2009 as a reduction in stockholders' equity. We recorded interest on these loans of $41,000 for the five months ended December 31, 2009 and $160,000 for the year ended July 31, 2009 as additional paid-in-capital.

During the three-year period ended July 31, 2009, we loaned an aggregate amount of $1.1 million to an executive to purchase common stock. The $1.1 million was loaned in seven installments, each installment ranging from $18,000 to $622,000. The interest rate on the loan was specified for each installment and ranged from 2.72% to 5.14%, compounded semiannually. All principal and unpaid interest outstanding under the loan was due in May 2013. The loan was collateralized by 898,000 shares of our common stock owned by the officer and a full recourse promissory note. We classified the outstanding balance of the loan, including capitalized interest of $127,000 at July 31, 2009 as a reduction in stockholders' equity. We recorded interest on these loans of $13,000 for the five months ended December 31, 2009 and $50,000 for the year ended July 31, 2009 as additional paid-in-capital.

We loaned $120,000 in February 2008 to our current Chief Financial Officer to purchase common stock. The loan had an interest rate of 3.48%, compounded semiannually. All principal and unpaid interest outstanding under the loan

Note 9—Related Party Transactions (continued)

was due in February 2015. The loan was collateralized by 85,000 shares of our common stock owned by the officer and a full recourse promissory note. We classified the outstanding balance of the loan, including capitalized interest of $7,000 at July 31, 2009 as a reduction in stockholders' equity. We recorded interest on the loan of $1,000 for the five months ended December 31, 2009 and $5,000 for the year ended July 31, 2009 as additional paid-in-capital.

Note 10—Income Taxes

The components of income tax expense were as follows:

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
	(In thousands)			
Current:				
Federal	**$ 29,583**	$ 26,638	$ 4,389	$ 22,645
State	**2,096**	1,466	1,845	5,988
Current income tax expense	**31,679**	28,104	6,234	28,633
Deferred:				
Federal	**251**	(579)	3,114	(1,662)
State	**—**	(125)	416	(69)
Deferred income tax expense (benefit)	**251**	(704)	3,530	(1,731)
Income tax expense	**$ 31,930**	$ 27,400	$ 9,764	$ 26,902

Income tax expense for the years ended December 31, 2011 and 2010, the five months ended December 31, 2009 and the year ended July 31, 2009 varied from the amount computed by applying the federal statutory income tax rate to income before income taxes. A reconciliation between the expected federal income tax expense using the federal statutory tax rate of 35% and our actual income tax expense was as follows:

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
U.S. federal statutory tax rate	**35.0%**	35.0 %	35.0%	35.0%
State income taxes, net of federal benefit	**1.6**	3.8	6.7	6.1
Non-deductible offering costs	**—**	2.4	—	—
Change in tax state apportionment method	**—**	(4.6)	—	—
Other	**1.4**	2.7	—	0.9
Effective tax rate	**38.0%**	39.3 %	41.7%	42.0%

The effective tax rates for the periods above differ from the expected federal statutory tax rate of 35% primarily due to state income taxes, net of the federal tax benefit. Certain enacted tax law changes, which became effective January 1, 2011, reduced the income we apportion to California from the comparable period in 2010, resulting in a lower effective state tax rate in 2011. The year ended December 31, 2010 was impacted in large part by two discrete items. The California Franchise Tax Board, or FTB, approved our petition to retroactively apply an alternative apportionment method to our income tax returns filed for the five months ended December 31, 2009 and the year ended July 31, 2009. We recognized this benefit in the year ended December 31, 2010. This tax benefit was partially offset by non-deductible expenses related to our initial public offering recognized in the year ended December 31, 2010. Excluding the impact of these discrete items, our effective tax rate in 2010 would have been 41.5%.

Note 10—Income Taxes (continued)

The tax effects of temporary differences that give rise to significant portions of our deferred tax assets and liabilities were as follows:

	December 31, 2011	December 31, 2010
	(In thousands)	
Deferred tax assets:		
Reserve for overdrawn accounts	**$ 5,726**	$ 4,811
State income taxes	**486**	(8)
Stock-based compensation	**4,143**	2,632
Fair value adjustment on acquired loans	**1,308**	—
Other	**1,090**	595
Total deferred tax assets	**12,753**	8,030
Deferred tax liabilities:		
Internal-use software costs	**(3,669)**	(3,254)
Deferred expenses	**(3,987)**	(3,378)
Core deposit intangible	**(162)**	—
Property and equipment, net	**(3,022)**	(1,338)
Total deferred tax liabilities	**(10,840)**	(7,970)
Net deferred tax assets	**$ 1,913**	$ 60

Total net deferred tax assets and liabilities are included in our consolidated balance sheets as follows:

	December 31, 2011	December 31, 2010
	(In thousands)	
Current net deferred tax assets	**$ 6,664**	$ 5,398
Noncurrent net deferred tax liabilities	**(4,751)**	(5,338)
Net deferred tax assets	**$ 1,913**	$ 60

In assessing whether a valuation allowance is needed for our deferred tax assets, we consider whether it is more likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of our deferred tax assets is dependent upon our generation of sufficient taxable income of the appropriate character during the periods in which those temporary differences become deductible. We consider the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of our historical taxable income and projections of our future taxable income over the periods in which the temporary differences resulting in the deferred tax assets are deductible, we believe it is more likely than not that we will realize the benefits of our deferred tax assets. Accordingly, we recorded no valuation allowance as of December 31, 2011 or 2010.

As of December 31, 2011, we had approximately $316,000 of net operating loss carryforwards, which are expected to expire in 2021. As of December 31, 2010, we had no unutilized net operating loss carryforwards.

In accounting for income taxes, we follow the guidance related to uncertainty in income taxes. The guidance prescribes a comprehensive framework for the financial statement recognition, measurement, presentation, and disclosure of uncertain income tax positions that we have taken or anticipate taking in a tax return, and includes guidance on de-recognition, classification, interest and penalties, accounting in interim periods, and transition rules. We have concluded that we have no significant unrecognized tax benefits. We are subject to examination by the Internal Revenue Service, or IRS, and various state tax authorities. Our consolidated federal income tax returns for the years ended July 31, 2005 and 2008 have been examined by the IRS, and there have been no material changes in our tax liabilities for those years. We generally remain subject to examination of our federal income tax returns for the year ended July 31, 2008 and later years. We generally remain subject to examination of our various state income tax returns for a period of four to five years from the respective dates the returns were filed.

Note 11—Borrowing Agreements

We have a line of credit used to fund timing differences between funds remitted by our retail distributors to the banks that issue our cards and funds utilized by our cardholders. For the periods presented below, our line of credit had the following terms:

	Line of Credit	Interest Rate	Cash Collateral Requirements
	(in millions, except interest rates)		
March 2009 - March 2010	$ 15.0	LIBOR + 1.50%	$ 15.0
March 2010 - March 2011	$ 10.0	LIBOR + 3.50%	$ 5.0
March 2011 - March 2012	$ 10.0	LIBOR + 2.00%	$ 10.0

We present our cash collateral requirements on our consolidated balance sheets as restricted cash. There were no outstanding borrowings at December 31, 2011 or 2010.

Note 12—Concentrations of Credit Risk

Financial instruments that subject us to concentration of credit risk consist primarily of unrestricted cash and cash equivalents, restricted cash, investment securities, accounts receivable, loans and settlement assets. We deposit our unrestricted cash and cash equivalents and our restricted cash with regional and national banking institutions, including certain of our card issuing banks, that we periodically monitor and evaluate for creditworthiness. Credit risk for our investment securities is mitigated by the types of investment securities in our portfolio, which must comply with strict investment guidelines that we believe appropriately ensures the preservation of invested capital. Credit risk for our accounts receivable is concentrated with card issuing banks and our customers, and this risk is mitigated by the relatively short collection period and our large customer base. We do not require or maintain collateral for accounts receivable. We maintain reserves for uncollectible overdrawn accounts and uncollectible trade receivables. Approximately 92% of our borrowers reside in the state of Utah and approximately 50% in the city of Provo. Consequently, we are susceptible to any adverse market or environmental conditions that may impact this specific geographic region. Credit risk for our settlement assets is concentrated with our retail distributors, which we periodically monitor.

Note 13—Stockholders' Equity

In March 2010, our board of directors amended our Certificate of Incorporation to adopt a dual class structure for our common stock. The two classes of common stock are Class A common stock and Class B common stock. Upon adoption, all of our common stock outstanding converted to Class B common stock. In July 2010, we filed a restated Certificate of Incorporation that increased the number of authorized Class A and Class B common stock from 75,000,000 shares each to 100,000,000 shares each and reduced the number of authorized shares of preferred stock from 25,553,267 to 5,000,000. In December 2011, we filed a restated Certificate of Incorporation that authorized 10,085 shares of Series A Convertible Junior Participating Non-Cumulative Perpetual Preferred Stock, or Series A Preferred Stock.

Convertible Preferred Stock

On December 8, 2011, we entered into and completed a share exchange with a significant shareholder, whereby 6,859,000 shares of our Class B common stock were exchanged for 6,859 shares of our newly created series of preferred stock, Series A Junior Preferred Stock. We had no shares of convertible preferred stock outstanding as of December 31, 2010. Our Certificate of Incorporation specified the following rights, preferences, and privileges for our Series A preferred stockholders.

Voting

Series A Preferred Stock is non-voting, subject to limited exceptions.

Dividends

Holders of shares of the Series A Preferred Stock are entitled to receive ratable dividends (on an as-converted basis, taking into account the conversion rate applicable to the Series A Preferred Stock at the time) only as, if and when any dividends are paid in respect of our Class A Common Stock.

Note 13—Stockholders' Equity (continued)

Liquidation

In the event of any liquidation, dissolution or winding-up of the affairs of our company (excluding a Reorganization Event (defined below)), of the assets of our company or the proceeds thereof legally available for distribution to our stockholders are distributable ratably among the holders of our Class A Common Stock, Class B Common Stock and any Series A Preferred Stock outstanding at that time after payment to the holders of shares of our Series A Preferred Stock of an amount per share equal to (i) $0.01 plus (ii) any dividends on our Series A Preferred Stock that have been declared but not paid prior to the date of payment of such distribution.

In connection with any merger, sale of all or substantially all of the assets or other reorganization involving our company (a “Reorganization Event”) and in which our Class A Common Stock is converted into or exchanged for cash, securities or other consideration, holders of shares of our Series A Preferred Stock will be entitled to receive ratable amounts (on an as-converted basis, taking into account the conversion rate applicable to Series A Preferred Stock at the time) of the same consideration as is payable to holders of our Class A Common Stock pursuant to a Reorganization Event.

Conversion

Our Series A Preferred Stock is not convertible into any other security except that it converts into Class A Common Stock if it is transferred by a holder (i) in a widespread public distribution, (ii) in a private sale or transfer in which the transferee acquires no more than 2% of any class of voting shares of our company, (iii) to a transferee that owns or controls more than 50% of the voting shares of our company without regard to any transfer from the transferring shareholder or (iv) to our company. Each share of Series A Preferred Stock so transferred will automatically convert into 1,000 shares (subject to appropriate adjustment for any stock split, reverse stock split, stock dividend, recapitalization or other similar event) of our Class A Common Stock.

Common Stock

Our Certificate of Incorporation specifies the following rights, preferences, and privileges for our common stockholders.

Voting

Holders of our Class A common stock are entitled to one vote per share and holders of our Class B common stock are entitled to ten votes per share. In general, holders of our Class A common stock and Class B common stock will vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by law. Delaware law could require either our Class A common stock or our Class B common stock to vote separately as a single class in the following circumstances:

- If we were to seek to amend our Certificate of Incorporation to increase the authorized number of shares of a class of stock, or to increase or decrease the par value of a class of stock, then that class would be required to vote separately to approve the proposed amendment; and
- If we were to seek to amend our Certificate of Incorporation in a manner that altered or changed the powers, preferences or special rights of a class of stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

Our Certificate of Incorporation requires the separate vote and majority approval of each class of our common stock prior to distributions, reclassifications and mergers or consolidations that would result in one class of common stock being treated in a manner different from the other, subject to limited exceptions, and amendments of our Certificate of Incorporation that would affect our dual class stock structure.

We have not provided for cumulative voting for the election of directors in our restated Certificate of Incorporation. In addition, our Certificate of Incorporation provides that a holder, or group of affiliated holders, of more than 24.9% of our common stock may not vote shares representing more than 14.9% of the voting power represented by the outstanding shares of our Class A and Class B common stock.

Dividends

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of outstanding shares of our Class A and Class B common stock are entitled to receive dividends out of funds legally available at the times and in the amounts that our board of directors may determine. In the event a dividend is paid in the form of shares of common stock or rights to acquire shares of common stock, the holders of Class A common stock

Note 13—Stockholders' Equity (continued)

will receive Class A common stock, or rights to acquire Class A common stock, as the case may be, and the holders of Class B common stock will receive Class B common stock, or rights to acquire Class B common stock, as the case may be. However, in general and subject to certain limited exceptions, without approval of each class of our common stock, we may not pay any dividends or make other distributions with respect to any class of common stock unless at the same time we make a ratable dividend or distribution with respect to each outstanding share of common stock, regardless of class.

Liquidation

Upon our liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our Class A and Class B common stock and any participating preferred stock outstanding at that time after payment of liquidation preferences, if any, on any outstanding shares of our preferred stock and payment of other claims of creditors.

Preemptive or Similar Rights

Neither our Class A nor our Class B common stock is entitled to preemptive rights, and neither is subject to redemption.

Conversion

Our Class A common stock is not convertible into any other shares of our capital stock. Each share of our Class B common stock is convertible at any time at the option of the holder into one share of our Class A common stock. In addition, each share of our Class B common stock will convert automatically into one share of our Class A common stock upon any transfer, whether or not for value, except for estate planning, intercompany and other similar transfers or upon the date that the total number of shares of our Class B common stock outstanding represents less than 10% of the total number of shares of our Class A and Class B common stock outstanding. Once transferred and converted into Class A common stock, the Class B common stock may not be reissued. No class of our common stock may be subdivided or combined unless the other class of our common stock concurrently is subdivided or combined in the same proportion and in the same manner.

Non-Employee Stock-Based Payments

Shares Subject to Repurchase

In May 2010, we amended our commercial agreement with Walmart, our largest retail distributor, and GE Money Bank. The amendment modifies the terms of our agreement related to our co-branded GPR MoneyCard, which significantly increased the sales commission rates we pay to Walmart for our products sold in their stores. The new agreement commenced on May 1, 2010 with a five-year term. As an incentive to amend our prepaid card program agreement, we issued Walmart 2,208,552 shares of our Class A common stock. These shares are subject to our right to repurchase them at $0.01 per share upon termination of our agreement with Walmart other than a termination arising out of our knowing, intentional and material breach of the agreement. Our right to repurchase the shares lapses with respect to 36,810 shares per month over the 60-month term of the agreement. The repurchase right will expire as to all shares of Class A common stock that remain subject to the repurchase right if we experience a “prohibited change of control,” as defined in the agreement, if we experience a “change of control,” as defined in the stock issuance agreement, or under certain other limited circumstances, which we currently believe are remote. As of December 31, 2011, 1,472,352 shares of Class A common stock issued to Walmart were subject to our repurchase right.

Warrant

On March 3, 2009, we entered into a sales and marketing agreement with a third party that contained a contingent warrant feature. The warrant provides the third party with an option to purchase 3,426,765 shares of our common stock at a per share price of $23.70 if certain sales volume or revenue targets are achieved. A further 856,691 shares become eligible for purchase under the warrant should either of these targets be achieved and additional specified marketing and promotional activities take place.

The shares become eligible for purchase under the warrant at any time the targets are achieved prior to the earlier of March 3, 2014 or the termination of the sales and marketing agreement. Once eligible for purchase, the purchase option expires on the earliest of: (1) the date at which the sales and marketing agreement with the third party is terminated; (2) the date of a change of control transaction of our company; or (3) March 3, 2017.

Note 13—Stockholders' Equity (continued)

The warrant is redeemable for cash by the holder if we fail to perform in accordance with the customary contractual terms of the sales and marketing agreement. Should the third party fail to perform in accordance with the terms of the sales and marketing agreement, we obtain an option to repurchase any shares previously issued under the warrant.

As the option to purchase shares under the warrant is contingent upon the achievement of certain sales volume or revenue targets, there is a possibility that no shares will become eligible for purchase. Based on different possible outcomes, we developed a range of fair values for the warrant, and we measured the warrant at its current lowest aggregate fair value within that range. As none of the performance conditions have been met, the lowest aggregate fair value is zero. Accordingly, we have not assigned any value to the warrant in our consolidated financial statements as of December 31, 2011 or 2010.

Follow-on Offering

On December 13, 2010, we completed a follow-on offering of 4,269,051 shares of our Class A common stock at an offering price of $61.00 per share, all of which were sold by existing stockholders. We did not receive any proceeds from the sale of shares of our Class A common stock on the follow-on offering. Concurrent with the completion of the follow-on offering, certain selling stockholders exercised vested options to purchase 936,301 shares of Class B common stock with a weighted-average exercise price of $4.32 in order to sell the underlying shares of Class A common stock in the follow-on offering. We received aggregate proceeds of $4.0 million from these exercises.

Registration Rights Agreement

We are a party to a registration rights agreement with certain of our investors, pursuant to which we have granted those persons or entities the right to register shares of common stock held by them under the Securities Act of 1933, as amended, or the Securities Act. Holders of these rights are entitled to demand that we register their shares of common stock under the Securities Act so long as certain conditions are satisfied and require us to include their shares of common stock in future registration statements that may be filed, either for our own account or for the account of other security holders exercising registration rights. In addition, after an initial public offering, these holders have the right to request that their shares of common stock be registered on a Form S-3 registration statement so long as certain conditions are satisfied and the anticipated aggregate sales price of the registered shares as of the date of filing of the Form S-3 registration statement is at least $1 million. The foregoing registration rights are subject to various conditions and limitations, including the right of underwriters of an offering to limit the number of registrable securities that may be included in an offering. The registration rights terminate as to any particular shares on the date on which the holder sells such shares to the public in a registered offering or pursuant to Rule 144 under the Securities Act. We are generally required to bear all of the expenses of these registrations, except underwriting commissions, selling discounts and transfer taxes.

We are not obligated under the registration rights agreement to transfer consideration, whether in cash, equity instruments, or adjustments to the terms of the financial instruments that are subject to the registration payment arrangement, to the investors, if the registration statement is not declared effective within the specified time or if effectiveness of the registration statement is not maintained.

Redeemable Convertible Preferred Stock

In October 2006, we entered into an agreement with a card issuing bank to provide a co-branded GPR card program with a major retail distributor. We also entered into equity financing transactions with the bank and an affiliated investment entity, under which we issued a warrant to purchase 500,000 shares of our common stock in October 2006 and 2,926,458 shares of Series D redeemable convertible preferred stock, or Series D, in December 2006. We received cash consideration of $20.0 million from the equity financing transactions. The holder of Series D was entitled to receive noncumulative dividends at a per annum rate of $0.547 per share and to participate in dividends on common stock on an as-converted basis, subject to the declaration by our board of directors out of funds legally available. Series D was redeemable for cash at the option of the holder on the seventh anniversary of its issuance. Series D was also convertible into our common stock any time prior to redemption, at the option of the holder, based on a conversion ratio. In the event of any liquidation, dissolution or winding up of our company, the holder of Series D was entitled to receive an amount equal to $6.834 per share plus 20% per annum from the date of issuance.

The freestanding warrant we issued entitled the holder to purchase 500,000 shares of our common stock at a per share price of $6.834 any time prior to the earliest of: a) the date of our initial public offering; b) the date of a change in control of our company; or c) October 27, 2013. The warrant was not redeemable.

Note 13—Stockholders' Equity (continued)

We allocated the proceeds from the issuance of the Series D and the freestanding warrant to these instruments on a relative fair value basis. The initial allocated value of the warrant calculated using an option-pricing model was $1.3 million. As the warrant allowed settlement only in the underlying common stock, it was recorded at its initial allocated value as a component of additional paid-in capital.

Due to the nature of the redemption feature and other provisions, we classified Series D as temporary equity at its initial allocated value of $18.7 million. We determined that Series D did not contain any beneficial conversion features. We accreted the carrying value of the stock to its redemption value at each reporting period with a charge to retained earnings.

On December 19, 2008, we entered into an agreement with the sole holder of Series D for an early redemption of the 2,926,458 outstanding shares. The agreed redemption value was $39.2 million, or $13.38 per share, which we paid in cash on December 19, 2008. Upon redemption, the Series D preferred shares were canceled.

In addition, on December 19, 2008, we purchased a call option, which entitled us to purchase the freestanding warrant on 500,000 shares of common stock at an exercise price of approximately $2.0 million. The call option was exercisable any time during the period March 1, 2009 to September 1, 2009. In June 2009, we exercised the call option and repurchased the warrant.

Comprehensive Income

The components of comprehensive income, net of tax, are as follows:

	Twelve Months Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
	(In thousands)			
Net income	**$ 52,083**	$ 42,232	$ 13,663	$ 37,163
Other comprehensive income:				
Net change in unrealized gains on investment securities available-for-sale, net	**30**	—	—	—
Total comprehensive income	**$ 52,113**	$ 42,232	$ 13,663	$ 37,163

The tax impact for the year ended December 31, 2011 for the unrealized gain on investment securities available-for-sale was approximately $18,000.

Note 14— Stock-Based Compensation

Employee Stock-Based Compensation

In January 2001, we adopted the 2001 Stock Plan. The 2001 Stock Plan provided for the granting of incentive stock options, nonqualified stock options and other stock awards. Options granted under the 2001 Stock Plan generally vest over four years and expire five or ten years from the date of grant.

In June 2010, our board of directors adopted, and in July 2010 our stockholders approved, the 2010 Equity Incentive Plan, which replaced our 2001 Stock Plan, and the 2010 Employee Stock Purchase Plan. We reserved 2,000,000 shares of our Class A common stock for issuance under our 2010 Equity Incentive Plan. The number of shares reserved for issuance under our 2010 Equity Incentive Plan will increase automatically on the first day of January of each of 2011 through 2014 by up to a number of shares equal to 3% of the total outstanding shares our Class A and Class B common stock as of the immediately preceding December 31st. The 2010 Equity Incentive Plan authorizes the award of stock options, restricted stock awards, stock appreciation rights, restricted stock units, performance shares and stock bonuses. Options granted under the 2010 Equity Incentive Plan generally vest over four years and expire five or ten years from the date of grant.

The 2010 Employee Stock Purchase Plan enables eligible employees to purchase shares of our Class A common stock periodically at a discount. Our 2010 Employee Stock Purchase Plan is intended to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code. We reserved 200,000 shares of our Class A common stock for issuance under our 2010 Employee Stock Purchase Plan. The number of shares reserved for issuance under our 2010 Employee Stock Purchase Plan automatically increase on the first day of January of each of 2011 through 2018 by up to the number of shares equal to 1% of the total outstanding shares of our Class A and Class B common stock as of the immediately preceding December 31st.

Note 14—Stock-Based Compensation (continued)

Our board of directors or its compensation committee may reduce the amount of the annual increase under the 2010 Equity Incentive Plan or 2010 Employee Stock Purchase Plan in any particular year. Options granted under the 2010 Equity Incentive Plan generally vest over four years and expire five or ten years from the date of grant.

The total stock-based compensation expense recognized was $9.5 million and $7.3 million for the years ended December 31, 2011 and 2010, respectively, $6.8 million for the five months ended December 31, 2009 and $2.5 million for the year ended July 31, 2009. Stock-based compensation for the years ended December 31, 2011 and 2010 includes expense related to awards of stock options and restricted stock units and purchases under the 2010 Employee Stock Purchase Plan. The total income tax expense recognized as a component of stock-based compensation was $1.8 million and $1.3 million for the years ended December 31, 2011 and 2010, respectively, $2.6 million for the five months ended December 31, 2009 and $0.4 million for the year ended July 31, 2009.

Options and restricted stock units granted on or after July 21, 2010 are issued under the 2010 Equity Incentive Plan and options granted prior to July 21, 2010 were issued under the 2001 Stock Plan, the predecessor to our 2010 Equity Incentive Plan. We have reserved shares of our Class A common stock and Class B common stock for issuance under the 2010 Equity Incentive Plan and 2001 Stock Plan, respectively.

The following table summarizes information for the stock options and restricted stock units that we granted:

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
Stock options granted	**889,254**	349,000	1,389,250	749,300
Weighted-average exercise price	**$ 38.70**	$ 32.38	$ 19.75	$ 11.32
Weighted-average grant-date fair value	**$ 18.62**	$ 15.66	$ 9.47	$ 6.98
Restricted stock units granted	**110,503**	—	—	—
Weighted-average grant-date fair value	**$ 33.46**	$ —	$ —	$ —

We estimated the fair value of each stock option grant on the date of grant using the following weighted-average assumptions:

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
Risk-free interest rate	**1.92%**	2.18%	2.56%	2.26%
Expected term (life) of options (in years)	**6.06**	5.92	6.08	6.08
Expected dividends	**—**	—	—	—
Expected volatility	**48.35%**	49.41%	46.9%	53.2%

Determining the fair value of stock-based awards at their respective grant dates requires considerable judgment, including estimating expected volatility and expected term (life). We based our expected volatility on the historical volatility of comparable public companies over the option's expected term. We calculated our expected term based on the simplified method, which is the mid-point between the weighted-average graded-vesting term and the contractual term. The simplified method was chosen as a means to determine expected term as there is limited historical option exercise experience due to our company being newly public. We derived the risk-free rate from the average yield for the five-and seven-year zero-coupon U.S. Treasury Strips. We estimate forfeitures at the grant date based on our historical forfeiture rate since the Plan's inception and revise the estimate, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Stock Awards

In December 2009, our board of directors awarded 257,984 shares of common stock to our Chief Executive Officer to compensate him for past services rendered to our company. The number of shares awarded was equal to the number of shares subject to fully vested options that unintentionally expired unexercised in June 2009. The aggregate grant date fair value of the December 2009 award was approximately $5.2 million, based on an estimated fair value of our common stock of $20.01, as determined by our board of directors on the date of the award. We recorded the aggregate grant date fair value as compensation and benefits expense on the date of the award.

GREEN DOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Note 14—Stock-Based Compensation (continued)

Option activity for the year ended July 31, 2009, the five months ended December 31, 2009 and the years ended December 31, 2010 and 2011 was as follows:

	Number of Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value
	(in thousands, except per share data)		
Outstanding at July 31, 2008	4,795	2.76	
Options granted	812	11.32	
Options canceled	(664)	4.24	
Options exercised	(35)	3.21	
Outstanding at July 31, 2009	4,908	3.88	
Options granted	1,389	19.75	
Options canceled	(48)	10.15	
Options exercised	(562)	1.68	
Outstanding at December 31, 2009	5,687	7.98	
Options granted	349	32.38	
Options canceled	(143)	21.38	
Options exercised	(1,550)	3.61	
Outstanding at December 31, 2010	4,343	11.25	
Options granted	889	38.70	
Options canceled	(132)	37.38	
Options exercised	(344)	9.18	
Outstanding at December 31, 2011	4,756	15.79	$ 79,696
Vested or expected to vest at December 31, 2011	4,711	15.64	$ 79,609
Exercisable at December 31, 2011	3,035	8.43	$ 69,521

The total intrinsic value of options exercised was $4.4 million and $76.8 million for the years ended December 31, 2011 and 2010, respectively, $10.0 million for the five months ended December 31, 2009 and $0.3 million for the year ended July 31, 2009. Approximately 2.3 million shares are available for grant under the 2010 Equity Incentive Plan as of December 31, 2011.

Restricted stock unit activity for the year ended December 31, 2011 was as follows:

	Number of RSUs	Unvested RSUs
	(in thousands)	
Outstanding at December 31, 2010	—	—
RSUs granted	111	111
RSUs canceled	(1)	(1)
RSUs vested	—	—
Outstanding at December 31, 2011	110	110

Note 14—Stock-Based Compensation (continued)

The following table summarizes information with respect to stock options outstanding and exercisable at December 31, 2011:

	Options Outstanding			Options Currently Exercisable		
Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life (in Years)	Weighted-Average Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life (in Years)	Weighted-Average Exercise Price
0.83-1.41	364,599	2.64	$ 1.17	364,599	2.64	$ 1.17
1.55-4.00	542,710	2.46	1.58	542,710	2.46	1.58
4.64-10.75	1,474,366	6.31	6.16	1,363,809	6.26	5.79
10.84-17.19	136,140	7.51	15.83	63,709	7.50	15.85
20.01-31.61	1,422,169	8.09	21.69	628,652	7.89	20.37
31.63-55.52	815,684	9.23	38.91	71,992	7.78	36.02
	4,755,668			3,035,471		

Tax benefits realized from the exercise of stock options were $3.0 million and $24.8 million for the years ended December 31, 2011 and 2010, respectively, $1.9 million for the five months ended December 31, 2009 and $0 for the year ended July 31, 2009. Cash proceeds from the exercise of stock options were $3.2 million and $5.6 million for the years ended December 31, 2011 and 2010, respectively, $0.9 million for the five months ended December 31, 2009 and $0.1 million for the year ended July 31, 2009. The aggregate unrecognized compensation cost for unvested stock options and RSU awards expected to be recognized in compensation expense in future periods was $19.0 million and $3.4 million at December 31, 2011, respectively, and the related weighted-average period over which the compensation expense is expected to be recognized was estimated at 2.8 years and 0.8 years, respectively.

Stock-Based Retailer Incentive Compensation

As discussed in *Note 13 — Stockholders' Equity*, we issued Walmart 2,208,552 shares of our Class A common stock. We recognize the fair value of 36,810 shares each month over the 60-month term of the commercial agreement. An early expiration of our right to repurchase as described above would, however, result in the recognition of the fair value of all the shares still subject to repurchase on the date of the expiration. We currently assess an early expiration of our repurchase right to be remote. We record the fair value recognized as stock-based retailer incentive compensation, a contra-revenue component of our total operating revenues. We recognize monthly the fair value of the shares for which our right to repurchase has lapsed using the then-current fair market value of our Class A common stock. We recognized $17.3 million and $13.4 million of stock-based retailer incentive compensation for the years ended December 31, 2011 and 2010, respectively.

Note 15— Earnings per Common Share

We calculate EPS using the two-class method. Refer to *Note 2 — Summary of Significant Accounting Policies* for a discussion of the calculation of EPS. The calculation of basic EPS and diluted EPS was as follows:

GREEN DOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Note 15—Earnings per Common Share (continued)

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
	(In thousands, except per share data)			
Basic earnings per Class A common share				
Net income	**$ 52,083**	$ 42,232	$ —	$ —
Allocated earnings to preferred stock	**(558)**	(14,659)	—	—
Allocated earnings to other classes of common stock	**(24,022)**	(24,408)	—	—
Net income allocated to Class A common stockholders	**27,503**	3,165	—	—
Weighted-average Class A shares issued and outstanding	**22,238**	2,980	—	—
Basic earnings per Class A common share	**$ 1.24**	$ 1.06	$ —	$ —
Diluted earnings per Class A common share				
Net income allocated to Class A common stockholders	**$ 27,503**	$ 3,165	$ —	$ —
Allocated earnings to participating securities, net of re-allocated earnings	**23,585**	24,366	—	—
Re-allocated earnings	**(1,036)**	(231)	—	—
Diluted net income allocated to Class A common stockholders	**50,052**	27,300	—	—
Weighted-average Class A shares issued and outstanding	**22,238**	2,980	—	—
Dilutive potential common shares:				
Class B common stock	**19,822**	24,796	—	—
Stock options	**—**	—	—	—
Restricted stock units	**3**	—	—	—
Employee stock purchase plan	**2**	6	—	—
Diluted weighted-average Class A shares issued and outstanding	**42,065**	27,782	—	—
Diluted earnings per Class A common share	**$ 1.19**	$ 0.98	$ —	$ —

Note 15—Earnings per Common Share (continued)

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
	(In thousands, except per share data)			
Basic earnings per Class B common share				
Net income	**$ 52,083**	$ 42,232	$ 13,663	$ 37,163
Allocated earnings and deemed dividends to preferred stock	**(558)**	(14,659)	(9,170)	(27,044)
Allocated earnings to other classes of common stock	**(29,613)**	(4,644)	—	—
Accretion of redeemable convertible preferred stock	**—**	—	—	(1,956)
Net income allocated to Class B common stockholders	**21,912**	22,929	4,493	8,163
Weighted-average Class B shares issued and outstanding	**17,718**	21,589	12,222	12,036
Basic earnings per Class B common share	**$ 1.24**	$ 1.06	$ 0.37	$ 0.68
Diluted earnings per Class B common share				
Net income allocated to Class B common stockholders	**$ 21,912**	$ 22,929	$ 4,493	$ 8,163
Re-allocated earnings	**1,673**	1,437	—	—
Diluted net income allocated to Class B common stockholders	**23,585**	24,366	4,493	8,163
Weighted-average Class B shares issued and outstanding	**17,718**	21,589	12,222	12,036
Dilutive potential common shares:				
Stock options	**2,104**	3,061	2,941	2,978
Warrants	**—**	146	262	698
Diluted weighted-average Class B shares issued and outstanding	**19,822**	24,796	15,425	15,712
Diluted earnings per Class B common share	**$ 1.19**	$ 0.98	$ 0.29	$ 0.52

As of December 31, 2011, 1,472,352 shares of Class A common stock issued to Walmart were subject to our repurchase right. Basic and diluted EPS for these shares were the same as basic and diluted EPS for our Class A common stock for the years ended December 31, 2011 and 2010.

We excluded from the computation of basic EPS all shares issuable under an unvested warrant to purchase 4,283,456 shares of our Class B common stock, as the related performance conditions had not been satisfied.

For the periods presented, we excluded all shares of convertible preferred stock and certain stock options outstanding, which could potentially dilute basic EPS in the future, from the computation of diluted EPS as their effect was anti-dilutive. The following table shows the weighted-average number of anti-dilutive shares excluded from the diluted EPS calculation:

GREEN DOT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

Note 15—Earnings per Common Share (continued)

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
	(In thousands)			
Class A common stock				
Options to purchase Class A common stock	**258**	22	—	—
Restricted stock units	**—**	—	—	—
Conversion of convertible preferred stock	**451**	—		
Total options and restricted stock units	**709**	22	—	—
Class B common stock				
Options to purchase Class B common stock	**5**	11	223	97
Conversion of convertible preferred stock	**—**	13,803	24,942	25,674
Total options and convertible preferred stock	**5**	13,814	25,165	25,771

Note 16—401(k) Plan

On January 1, 2004, we established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code. Employees who have attained at least 21 years of age are generally eligible to participate in the plan on the first day of the calendar month following the month in which they commence service with us. Participants may make pre-tax contributions to the plan from their eligible earnings up to the statutorily prescribed annual limit on pre-tax contributions under the code. We may contribute to the plan at the discretion of our board of directors. Effective January 1, 2010, our board elected to include a discretionary employer matching contribution equal to 50% of the first 6% of the participant's eligible compensation as defined by the Plan. Our contributions are allocated in the same manner as that of the participant's elective contributions. We made contributions to the plan of $944,000 and $686,000 for the years ended December 31, 2011 and 2010, $0 for the five months ended December 31, 2009 and $58,000 for the year ended July 31, 2009.

Note 17—Commitments and Contingencies

We currently lease approximately 84,000 square feet in Monrovia, California for our corporate headquarters, pursuant to lease agreements for approximately 75,000 square feet that expire in September 2012 and 4,000 square feet that expire in December 2012 and a sub-lease agreement of approximately 5,000 square feet that expires in December 2013. We also maintain smaller administrative or project offices. Our total rental expense for these leases amounted to $2.6 million and $1.8 million for the years ended December 31, 2011 and 2010, $0.6 million for the five months ended December 31, 2009, and $1.4 million for the year ended July 31, 2009.

On December 6, 2011, we entered into a ten-year office lease pursuant to which we will lease a new headquarters facility, consisting of 140,000 square feet of office space in Pasadena, California. The initial term of the lease is ten years and is scheduled to commence November 1, 2012 and expire on October 31, 2022. We will relocate our employees to this new office space prior to the expiration of the lease on our current headquarters. We did not take possession of or control the physical use of this property during 2011, and accordingly, we did not recognize any rent expense associated with this lease agreement.

At December 31, 2011, the minimum aggregate rental commitment under all operating leases was:

Year Ending December 31,	(in thousands)
2012	$ 3,169
2013	3,943
2014	3,537
2015	3,963
Thereafter	29,367
	$ 43,979

Note 17—Commitments and Contingencies (continued)

We have various agreements with vendors and retail distributors that include future minimum annual payments. At December 31, 2011, the minimum aggregate commitment under these agreements was:

Year Ending December 31,		(in thousands)
2012	$	7,706
2013		3,602
2014		328
2015		—
Thereafter		—
	$	11,636

In the event we terminate our processing services agreement for convenience, we are required to pay a single lump sum equal to any minimum payments remaining on the date of termination.

We have retained outside regulatory counsel to survey and monitor the laws of all 50 states to identify state laws or regulations that apply to prepaid debit cards and other stored value products. Many state laws do not specifically address stored value products and what, if any, legal or regulatory requirements (including licensing) apply to the sale of these products. We have obtained money transmitter licenses (or similar such licenses) where applicable, based on advice of counsel or when we have been requested to do so. If we were found to be in violation of any laws and regulations governing banking, money transmitters, electronic fund transfers, or money laundering in the United States or abroad, we could be subject to penalties or could be forced to change our business practices.

In the ordinary course of business, we are a party to various legal proceedings. We review these actions on an ongoing basis to determine whether it is probable that a loss has occurred and use that information when making accrual and disclosure decisions. We have not established reserves or possible ranges of losses related to these proceedings because, at this time in the proceedings, the matters do not relate to a probable loss and/or the amounts are not reasonably estimable.

From time to time we enter into contracts containing provisions that contingently require us to indemnify various parties against claims from third parties. These contracts primarily relate to (i) contracts with our card issuing banks, under which we are responsible to them for any unrecovered overdrafts on cardholders' accounts; (ii) certain real estate leases, under which we may be required to indemnify property owners for environmental and other liabilities, and other claims arising from our use of the premises, (iii) certain agreements with our officers, directors, and employees, under which we may be required to indemnify these persons for liabilities arising out of their relationship with us, (iv) contracts under which we may be required to indemnify our retail distributors, suppliers, vendors and other parties with whom we have contracts against third-party claims that our products infringe a patent, copyright, or other intellectual property right claims arising from our acts, omissions, or violation of law.

Generally, a maximum obligation under these contracts is not explicitly stated. Because the obligated amounts associated with these types of agreements are not explicitly stated, the overall maximum amount of the obligation cannot be reasonably estimated. With the exception of overdrafts on cardholders' accounts, historically, we have not been required to make payments under these and similar contingent obligations, and no liabilities have been recorded for these obligations in our consolidated balance sheets.

For additional information regarding overdrafts on cardholders' accounts, refer to *Note 4 — Accounts Receivable*.

Note 18—Significant Customer Concentrations

A credit concentration may exist if customers are involved in similar industries, economic sectors, and geographic regions. Our retail distributors operate in similar economic sectors but diverse domestic geographic regions. The loss of a significant retail distributor could have a material adverse effect upon our card sales, profitability, and revenue growth.

Note 18—Significant Customer Concentration (continued)

Revenues derived from our products sold at our four largest retail distributors represented the following percentages of our total operating revenues:

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
Walmart	61%	63%	63%	56%
Three other largest retail distributors, as a group	20%	20%	23%	27%

Excluding stock-based retailer incentive compensation of $17.3 million and $13.4 million for the years ended December 31, 2011 and 2010, respectively, revenues derived from our products sold at our four largest retail distributors represented the following percentages of our total operating revenues:

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
Walmart	62%	64%	63%	56%
Three other largest retail distributors, as a group	19%	18%	23%	27%

The concentration of GPR cards activated (in units) and the concentration of sales of cash transfer products (in units) derived from our products sold at our four largest retail distributors was as follows:

	Year Ended December 31,		Five Months Ended December 31, 2009	Year Ended July 31, 2009
	2011	2010		
Concentration of GPR cards activated (in units)	80%	84%	94%	95%
Concentration of sales of cash transfer products (in units)	90%	93%	93%	92%

Settlement assets derived from our products sold at our four largest retail distributors comprised the following percentages of the settlement assets recorded on our consolidated balance sheet:

	December 31, 2011	December 31, 2010
Walmart	33%	26%
Three other largest retail distributors, as a group	39%	31%

During the years ended December 31, 2011 and 2010, the five months ended December 31, 2009, and the year ended July 31, 2009, the substantial majority of the customer funds underlying our products were held in bank accounts at two card issuing banks. These funds are held in trust for the benefit of the customers, and we have no legal rights to the customer funds or deposits at the card issuing banks. Additionally, we have receivables due from these card issuing banks included in accounts receivable, net, on our consolidated balance sheets. The failure of either of these card issuing banks could result in significant business disruption, a potential material adverse affect on our ability to service our customers, potential contingent obligations by us to customers and material write-offs of uncollectible receivables due from these card issuing banks.

Note 19—Regulatory Requirements

Our subsidiary bank, Green Dot Bank, is a member bank of the Federal Reserve System and our primary regulator is the Federal Reserve Board. We are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory actions by regulators that, if undertaken, could have a direct material effect on our financial statements. Under capital adequacy guidelines, we must meet specific capital guidelines that involve quantitative measures of the assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

As of December 31, 2011, we were categorized as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, we must maintain specific total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table below. There are no conditions or events since December 31, 2011

Note 19—Regulatory Requirements (continued)

which management believes would have changed our category as well capitalized. We were not subject to these requirements as of December 31, 2010.

The actual, required minimum and amount we exceed the minimum capital amounts and ratios at December 31, 2011 are as follows:

	Actual Amount	Regulatory "well capitalized" minimum	Amount We Exceed Regulatory "well capitalized" minimum
		(in thousands, except ratios)	
Tier 1 capital	$ 228,971	$ 16,578	$ 212,393
Total risk-based capital	228,971	28,374	200,597
Average total assets for leverage capital purposes	331,554	N/A	N/A
Total risk weighted assets	283,737	N/A	N/A
Tier 1 leverage ratio	69.1%	5.0%	64.1%
Tier 1 risk-based capital ratio	80.7%	6.0%	74.7%
Total risk-based capital ratio	80.7%	10.0%	70.7%

Note 20— Selected Unaudited Quarterly Financial Information

The following tables set forth a summary of our quarterly financial information for each of the four quarters ended December 31, 2011 and 2010.

	Q4	Q3	Q2	Q1
		(in thousands, except per share data)		
2011				
Total operating revenues	$ 119,674	$ 115,387	$ 115,030	$ 117,307
Total operating expenses	97,388	94,079	95,680	96,802
Operating income	22,286	21,308	19,350	20,505
Interest income, net	192	134	136	102
Income before income taxes	22,478	21,442	19,486	20,607
Income tax expense	8,470	8,139	7,416	7,906
Net income	$ 14,008	$ 13,303	$ 12,070	$ 12,701
Earnings per share				
Basic				
Class A common stock	$ 0.33	$ 0.32	$ 0.29	$ 0.30
Class B common stock	$ 0.33	$ 0.32	$ 0.29	$ 0.30
Diluted				
Class A common stock	$ 0.33	$ 0.30	$ 0.27	$ 0.29
Class B common stock	$ 0.33	$ 0.30	$ 0.27	$ 0.29

Note 20—Selected Unaudited Quarterly Financial Information (continued)

	Q4	Q3	Q2	Q1
	(in thousands, except per share data)			
2010				
Total operating revenues	$ 91,847	$ 88,904	$ 90,318	$ 92,819
Total operating expenses	79,190	73,481	73,164	68,734
Operating income	12,657	162,385	163,482	161,553
Interest income, net	92	88	84	49
Income before income taxes	12,749	162,473	163,566	161,602
Income tax expense	4,811	6,540	4,730	11,319
Net income	$ 7,938	$ 155,933	$ 158,836	$ 150,283
Earnings per share				
Basic				
Class A common stock	$ 0.19	$ 0.22	$ 0.32	—
Class B common stock	$ 0.19	$ 0.22	$ 0.32	$ 0.34
Diluted				
Class A common stock	$ 0.18	$ 0.20	$ 0.29	—
Class B common stock	$ 0.18	$ 0.20	$ 0.29	$ 0.27

Note 21— Subsequent Events

On January 19, 2012, we amended our agreement with Total System Services, Inc., dated September 1, 2009, pursuant to which we agreed to extend the term of the agreement by two years to August 31, 2014.

ITEM 9. Changes in and Disagreement With Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Disclosure controls and procedures — Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 13d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) at the end of the period covered by this report. Based on such evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer have concluded that, at the end of such period, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Report of management on internal control over financial reporting — Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Green Dot Corporation. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* by the Committee of Sponsoring Organizations of the Treadway Commission. We have excluded from our evaluation, the internal control over financial reporting of the operations of Bonneville Bancorp and its subsidiary bank, Green Dot Bank (formerly Bonneville Bank), which we acquired on December 8, 2011. As of December 31, 2011, total net assets subject to Bonneville Bancorp and Green Dot Bank's internal control over financial reporting represented $29.8 million or 11.7% of our total net assets. Total revenue subject to Bonneville Bancorp and Green Dot Bank's internal control over financial reporting represented $15,000 of our total operating revenues, or less than 0.0001% of total operating revenues for the year ended December 31, 2011.

Our management concluded that, as of December 31, 2011, our internal control over financial reporting was effective based on these criteria.

Ernst & Young, LLP, an independent registered public accounting firm, has issued an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2011, which is included in Part II, Item 8 of this Annual Report on Form 10-K.

Change in internal control over financial reporting — There was no material change in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the three months ended December 31, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls — Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected.

ITEM 9B. Other Information

Effective February 24, 2012, we entered into a separation agreement with Mark T. Troughton to provide for the terms of his separation from and associated release of claims against the company. We previously reported Mr. Troughton's notice of resignation from the company in a Current Report on Form 8-K filed with the Securities and Exchange Commission on January 13, 2012. Under the agreement, Mr. Troughton will receive a monthly cash severance payment of $39,583.33 from March 2012 to January 2013 and a bonus payment of $85,215 for the second half of 2011 under our 2011 Executive Officer Incentive Bonus Plan. In addition, the vesting of any unvested stock options he held as of the date of the agreement was fully accelerated and the exercise period for all his stock options was extended to January 10, 2013. Mr. Troughton will also be eligible to continue his group health plan coverage at his own expense through COBRA. In connection with his entry into the separation agreement, Mr. Troughton entered into a three-year agreement to vote any shares of our capital stock he now holds, or may acquire, in accordance with the recommendation of our management or board of directors with respect to each matter on which the holders of shares of Class A common stock or Class B common stock are entitled to vote.

The foregoing descriptions of the separation agreement and voting agreement are qualified in their entirety by reference to the Separation Agreement and Release of Claims and Voting Agreement and Irrevocable Proxy, copies of which are filed as Exhibit 10.28 and 10.29 to this Annual Report on Form 10-K and is incorporated herein by reference.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information required by this Item is incorporated by reference to our proxy statement for our 2012 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2011.

ITEM 11. Executive Compensation

The information required by this Item is incorporated by reference to our proxy statement for our 2012 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2011.

ITEM 12. Securities Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference to our proxy statement for our 2012 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2011.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference to our proxy statement for our 2012 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2011.

ITEM 14. Principal Accounting Fees and Services

The information required by this Item is incorporated by reference to our proxy statement for our 2012 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2011.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

(a)

The following documents are filed as exhibits to this report:

1. Financial Statements

The Index to Consolidated Financial Statements in Item 8 of this report is incorporated herein by reference as the list of financial statements required as part of this report.

2. Financial Statement Schedules

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

3. Exhibits: The following exhibits are filed as part of or furnished with this annual report on Form 10-K as applicable:

The exhibit list in the Exhibit Index is incorporated herein by reference as the list of exhibits required as part of this report.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) 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.

Green Dot Corporation

Date: February 29, 2012	By:	/s/ Steven W. Streit
	Name:	Steven W. Streit
	Title:	Chairman, President, and Chief Executive Officer

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS that each individual whose signature appears below constitutes and appoints Steven W. Streit, John C. Ricci and John L. Keatley, and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his, her or their substitute or substitutes, may lawfully do or cause to be done or by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Date:	February 29, 2012	By:	/s/ Steven W. Streit
		Name:	Steven W. Streit
		Title:	Chairman, President, and Chief Executive Officer
Date:	February 29, 2012	By:	/s/ John L. Keatley
		Name:	John L. Keatley
		Title:	Chief Financial Officer (Principal Financial Officer)
Date:	February 29, 2012	By:	/s/ Simon M. Heyrick
		Name:	Simon M. Heyrick
		Title:	Chief Accounting Officer (Principal Accounting Officer)
Date:	February 29, 2012	By:	/s/ Kenneth C. Aldrich
		Name:	Kenneth C. Aldrich
		Title:	Director
Date:	February 29, 2012	By:	/s/ Timothy R. Greenleaf
		Name:	Timothy R. Greenleaf
		Title:	Director
Date:	February 29, 2012	By:	/s/ Virginia L. Hanna
		Name:	Virginia L. Hanna
		Title:	Director

Date:	February 29, 2012	By:	/s/ Ross E. Kendell
		Name:	Ross E. Kendell
		Title:	Director
Date:	February 29, 2012	By:	/s/ Michael Moritz
		Name:	Michael Moritz
		Title:	Director
Date:	February 29, 2012	By:	/s/ William H. Ott, Jr.
		Name:	William H. Ott, Jr.
		Title:	Director

EXHIBIT INDEX

Exhibit Number	Exhibit Title	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	Tenth Amended and Restated Certificate of Incorporation of the Registrant.	S-1(A2)	April 26, 2010	3.02	
3.2	Amended and Restated Bylaws of the Registrant.	S-1(A4)	June 29, 2010	3.04	
3.3	Certificate of Designations of Series A Convertible Junior Participating Non-Cumulative Perpetual Preferred Stock of Green Dot Corporation dated as of December 8, 2011	8-K	December 14, 2011	3.01	
4.1	Ninth Amended and Restated Registration Rights Agreement by and among the Registrant, certain stockholders and certain warrant holders of the Registrant.	S-1(A4)	June 29, 2010	4.01	
4.2	First Amendment to Ninth Amended and Restated Registration Rights Agreement by and among the Registrant, certain stockholders and certain warrant holders of the Registrant.	S-1(A7)	July 19, 2010	4.02	
4.3	Second Amendment to the Ninth Amended and Restated Registration Rights Agreement dated as of December 8, 2011 among Green Dot Corporation, Sequoia Capital Franchise Fund, L.P., Sequoia Capital USGF Principals Fund IV L.P., Sequoia Capital Franchise Partners, L.P., Sequoia Capital U.S. Growth Fund IV, L.P., PayPal, Inc., TCV VII, L.P., TCV VII (A), L.P., TCV Member Fund, L.P., YKA Partners Ltd. and David William Hanna Trust dated October 30, 1989	8-K	December 11, 2011	4.01	
10.1	Form of Indemnity Agreement.	S-1(A4)	June 29, 2010	10.01	
10.2*	Second Amended and Restated 2001 Stock Plan and forms of notice of stock option grant, stock option agreement and stock option exercise letter.	S-1(A3)	June 2, 2010	10.02	
10.3*	2010 Equity Incentive Plan and forms of notice of stock option grant, stock option award agreement, notice of restricted stock award, restricted stock agreement, notice of stock bonus award, stock bonus award agreement, notice of stock appreciation right award, stock appreciation right award agreement, notice of restricted stock unit award, restricted stock unit award agreement, notice of performance shares award and performance shares agreement.	S-1(A4)	June 29, 2010	10.03	
10.4*	2010 Employee Stock Purchase Plan.	S-1(A4)	June 29, 2010	10.19	
10.5	Lease Agreement between Registrant and Foothill Technology Center, dated July 8, 2005, as amended on August 21, 2008 and July 30, 2009.	S-1	February 26, 2010	10.04	
10.6	Third Amendment to Lease Agreement between Registrant and Foothill Technology center, dated May 24, 2010.	10-K	February 28, 2011	10.5	
10.7	Standard Sublease, dated January 12, 2010, between the Registrant and Telscape Communications, Inc., as amended.	10-Q	November 3, 2010	10.01	
10.8	Lease Agreement between Registrant and Wells REIT II - Pasadena Corporate Park L.P., dated December 5, 2011				X
10.9†	Amended and Restated Prepaid Card Program Agreement, dated as of May 27, 2010, by and among the Registrant, Wal-Mart Stores, Inc., Wal-Mart Stores Texas, L.P., Wal-Mart Louisiana, LLC, Wal-Mart Stores East, Inc., Wal-Mart Stores, L.P. and GE Money Bank.	S-1(A6)	July 13, 2010	10.05	

Exhibit Number	Exhibit Title	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.10††	First Amendment To Walmart MoneyCard Program Agreement dated as of January 12, 2012, (the "Tri-Party Agreement Amendment") by and among Green Dot Corporation and Walmart Stores Texas L.P., Wal-Mart Louisiana, LLC, Wal-Mart Stores Arkansas, LLC, Wal-Mart Stores East, L.P., Wal-Mart Stores, Inc., and GE Money Bank.				X
10.11†	Card Program Services Agreement, dated as of October 27, 2006, by and between the Registrant and GE Money Bank, as amended.	S-1(A6)	July 13, 2010	10.06	
10.12†	Program Agreement, dated as of November 1, 2009, by and between the Registrant and Columbus Bank and Trust Company.	S-1(A6)	July 13, 2010	10.07	
10.13†	Agreement for Services, dated as of September 1, 2009, by and between the Registrant and Total System Services, Inc.	S-1(A6)	July 13, 2010	10.08	
10.14††	Material Terms Amendment to Agreement for Services, dated as of January 19, 2012, and between Green Dot Corporation and Total System Services, Inc.				X
10.15†	Master Services Agreement, dated as of May 28, 2009, by and between the Registrant and Genpact International, Inc.	S-1(A6)	July 13, 2010	10.09	
10.16	Amendment No. 1 to Master Services Agreement, dated as of November 3, 2010, by and between the Registrant and Genpact International, Inc.	10-K	February 28, 2011	10.11	
10.17	Sixth Amended and Restated Loan and Line of Credit Agreement between Columbus Bank and Trust Company and Registrant, dated March 24, 2010.	S-1(A2)	April 26, 2010	10.1	
10.18	Modification Agreement, dated March 31, 2010, between the Registrant and CB&T, a division of Synovus Bank.	10-Q	May 10, 2011	10.2	
10.19*	Offer letter to William D. Sowell from the Registrant, dated January 28, 2009.	S-1	February 26, 2010	10.11	
10.20*	Form of Executive Severance Agreement.	S-1(A2)	April 26, 2010	10.12	
10.21*	2011 Executive Officer Incentive Bonus Plan.	10-Q	May 10, 2011	10.1	
10.22*	2012 Executive Officer Incentive Bonus Plan.				X
10.23	Warrant to purchase shares of common stock of the Registrant.	S-1(A6)	July 13, 2010	10.15	
10.24	Amendment No.1 to Warrant to purchase shares of common stock of the Registrant.				X
10.25	Class A Common Stock Issuance Agreement, dated as of May 27, 2010, between the Registrant and Wal-Mart Stores, Inc.	S-1(A6)	July 13, 2010	10.17	
10.26	Share Exchange Agreement dated as of December 8, 2011 among Green Dot Corporation, Sequoia Capital Franchise Fund, L.P., Sequoia Capital USGF Principals Fund IV L.P., Sequoia Capital Franchise Partners, L.P., Sequoia Capital U.S. Growth Fund IV, L.P.	8-K	December 14, 2011	10.01	
10.27	Voting Agreement, dated as of May 27, 2010, between the Registrant and Wal-Mart Stores, Inc.	S-1(A4)	June 29, 2010	10.18	
10.28*	Separation Agreement and Release of Claims, dated as of February 24, 2012, between the Registrant and Mark T. Troughton.				X
10.29	Voting Agreement and Irrevocable Proxy, dated as of February 24, 2012, between the Registrant and Mark T. Troughton.				X

Exhibit Number	Exhibit Title	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm.				X
24.1	Power of Attorney (included on the signature page of this Annual Report on Form 10-K).				X
31.1	Certification of Steven W. Streit, Chief Executive Officer and Chairman of the Board of Directors, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of John L. Keatley, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Certification of Steven W. Streit, Chief Executive Officer and Chairman of the Board of Directors, 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 John L. Keatley, 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**				
101.SCH	XBRL Taxonomy Extension Schema Document**				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**				

---

* Indicates management contract or compensatory plan or arrangement.

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections. The Interactive Data File will be filed by amendment to this Form 10-K within 30 days of the filing date of this Form 10-K, as permitted by Rule 405(a)(2)(ii) of Regulation S-T.

† Registrant has omitted portions of the referenced exhibit and filed such exhibit separately with the Securities and Exchange Commission pursuant to a grant of confidential treatment under Rule 406 promulgated under the Securities Act.

†† Confidential treatment has been requested with regard to certain portions of this document. Such portions were filed separately with the Commission.

Exhibit 10.8

OFFICE LEASE

Between

WELLS REIT II -PASADENA CORPORATE PARK, LP,

a Delaware limited partnership,

and

GREEN DOT CORPORATION,

a Delaware corporation

3465 EAST FOOTHILL BOULEVARD, PASADENA, CALIFORNIA

TABLE OF CONTENTS

		Page No.
ARTICLE 1	Premises and Term	1
ARTICLE 2	Base Rent	2
ARTICLE 3	Additional Rent	3
ARTICLE 4	Use and Rules	11
ARTICLE 5	Services and Utilities	12
ARTICLE 6	Alterations and Liens	14
ARTICLE 7	Repairs and Maintenance	15
ARTICLE 8	Casualty Damage	16
ARTICLE 9	Insurance, Subrogation, and Waiver of Claims	17
ARTICLE 10	Condemnation	19
ARTICLE 11	Return of Possession	19
ARTICLE 12	Holding Over	20
ARTICLE 13	No Waiver	20
ARTICLE 14	Attorneys' Fees and Arbitration	21
ARTICLE 15	Personal Property Taxes, Rent Taxes and Other Taxes	21
ARTICLE 16	Subordination, Attornment and Mortgagee Protection	21
ARTICLE 17	Estoppel Certificate	22
ARTICLE 18	Assignment and Subletting	23
ARTICLE 19	Rights Reserved By Landlord	25
ARTICLE 20	Landlord's Remedies	26
ARTICLE 21	Landlord Default: Tenant Self Help and Offset Rights	29
ARTICLE 22	Conveyance by Landlord and Liability	30
ARTICLE 23	Indemnification	31
ARTICLE 24	Safety and Security Devices, Services and Programs	32
ARTICLE 25	Communications and Computer Lines	32
ARTICLE 26	Hazardous Materials	33
ARTICLE 27	Roof Rights	34
ARTICLE 28	Notices	35
ARTICLE 29	Real Estate Brokers	36
ARTICLE 30	Letter of Credit	36
ARTICLE 31	Exculpatory Provisions	38
ARTICLE 32	Mortgagee's Consent	38
ARTICLE 33	Miscellaneous	38
ARTICLE 34	Entire Agreement	41
ARTICLE 35	Parking	41
ARTICLE 36	Generator	42
ARTICLE 37	Termination Option	42
ARTICLE 38	Right of First Offer	43
ARTICLE 39	Exclusivity	44

RIDER ONE	RULES APPLICABLE TO 3465 BUILDING
EXHIBIT A	FLOOR PLANS
EXHIBIT B	WORKLETTER AGREEMENT
EXHIBIT C	RENEWAL OPTION
EXHIBIT D	COMMENCEMENT DATE CONFIRMATION
EXHIBIT E	LOCATION OF TENANT'S RESERVED PARKING SPACES
EXHIBIT F	PARKING SITE PLAN
EXHIBIT G	COMPLEX RULES
EXHIBIT H	INITIAL APPROVED LETTER OF CREDIT

List of Defined Terms

Additional Allowance	4
Additional Rent	11
Affiliate	24
Alterations	14
Arbitration Request	1
Architect	1
Base Rent	2
Base Year	3
Building	1
Capital Event	4
Claims	31
Commencement Date	1
Competitive Activities	45
Completed Application for Payment	4
Complex	8
Construction Allowance	4
Controllable Expenses	9
CSVCP	34
Current Market Price	1
Default	27
Default Rate	29
Drawing Criteria	2
Early Occupancy Period	1
Estimates	1
Exclusive Conditions	44
Expiration Date	1
Extension Option	1
Extension Term	1
First Event	4
Force Majeure Delays	39
Hazardous Materials	34
Holder	22
Holidays	12
HVAC Unit	35
Landlord	1
Landlord Delay	3
Landlord Delay Day	3
Law	39
Lease Month	3
Lease Year	3
Letter of Credit	36
Line Problems	33
Lines	32
Mortgage	22
MSDS	34
Offer Notice	43
Offer Space	43
Offset Exercise Notice	30
Operating Expenses	4
Permit	2

List of Defined Terms

Permitted Occupant	25
Permitted Transfer	24
Permitted Transferee	24
Person	40
Premises	1
Primary Business	45
Prime Rate	27
Property	1
Rent	11
Restoration Requirement	34
Restricted Actions	45
Rules	12
Satellite Dish	35
Secure Areas	26
Site Plan	8
Space Planning Allowance	5
Statement	10
Subject Space	23
Substantial Completion	3
Substantially Completed	3
Systems and Equipment	1
Tangible Net Worth	25
Taxes	3
Tenant	1
Tenant Competitor	45
Tenant Work	14
Tenant's Prorate Share	4
Term	1
Termination Date	43
Termination Notice	43
Termination Fee	43
Termination Option	43
Total Construction Costs	3
Transfer Premium	23
Transferee	23
Transfers	23
Work	2
Working Drawings	2
Workletter	1

OFFICE LEASE

THIS LEASE is made as of the 5 day of December, 2011, between **WELLS REIT 11-PASADENA CORPORATE PARK, LP,** a Delaware limited partnership ("**Landlord**"), and **GREEN DOT CORPORATION,** a Delaware corporation ("**Tenant**").

WITNESSETH:

ARTICLE 1

Premises and Term

(A) **Premises, Building and Property**. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord all leasable space ("**Premises**") in the building commonly known as 3465 East Foothill Boulevard, Pasadena, California (the "**Building**"), subject to the terms of this Lease. The term "**Property**" shall mean the Building, and any common or public areas or facilities, easements, corridors, lobbies, sidewalks, loading areas, driveways, landscaped areas, skywalks, parking garages and lots, and any and all other structures or facilities operated or maintained in connection with or for the benefit of the Building, and all parcels or tracts of land on which all or any portion of the Building or any of the other foregoing items are located, and any fixtures, machinery, equipment, apparatus, Systems and Equipment, furniture and other personal property located thereon or therein and used in connection therewith owned or leased by Landlord. "**Systems and Equipment**" shall mean any plant, machinery, transformers, duct work, cable, wires, and other equipment, facilities, and systems designed to supply heat, ventilation, air conditioning and humidity or any other services or utilities, or comprising or serving as any component or portion of the electrical, gas, steam, plumbing, sprinkler, communications, alarm, security, or fire/life/safety systems or equipment, or any other mechanical, electrical, electronic, computer or other systems or equipment serving more than one tenant at the Property.

(B) **Commencement Date**. Landlord shall tender possession of the Premises to Tenant upon the full execution of this Lease and Landlord's receipt of the items listed in 1(D) below. The "**Commencement Date**" shall be November 1, 2012, subject to delay as provided in Section 1(C) below. Tenant may commence business operations in all or any portion of the Premises prior to the Commencement Date in the event that Tenant Substantially Completes the Work (as those terms are defined in the workletter attached hereto as Exhibit B ("**Worldetter**"» in such portion of the Premises prior to the Commencement Date (such period between the date Tenant commences business operations in all or any portion of the Premises and the Commencement Date is herein called the "**Early Occupancy Period**"). During the Early Occupancy Period, Tenant shall observe and perform all the requirements of this Lease other than the requirement to pay Base Rent, Taxes and Operating Expenses; furthermore, Tenant shall be responsible for janitorial and utility costs during the Early Occupancy Period. In the event that Tenant commences business operations in a portion of the Premises while construction continues in other portions of the Premises, Landlord shall bill Tenant, and Tenant shall pay, for Tenant's utility usage based on Landlord's reasonable estimates of Tenant's usage in the portion of the Premises being used and occupied by Tenant. The "**Term**" of this Lease shall be one hundred twenty (120) months, commencing on the Commencement Date and ending at 5:00 p.m. local time on the last day of the 120th full calendar month following the Commencement Date ("**Expiration Date**"), subject to adjustment and earlier termination as provided herein. Landlord and Tenant agree that for purposes of this Lease the rentable area of the Premises is approximately one hundred forty-one thousand five hundred forty (141,540) square feet. Measurements have been made in accordance with the Standard Method for Measuring Office Buildings, ANSI/BOMA Z65.1-1996.

(C) **Term Commencement; Delay in Commencement Date**.

(i) Within a commercially reasonable time following Lease execution, Tenant shall provide to Landlord a preliminary project schedule relating to Tenant's Work. Thereafter, Tenant shall provide updates to the project schedule within a commercially reasonable time after such updates occur. The Commencement Date set forth in Section 1(B) shall be delayed by one (1) day for each day of delay in the completion of the Work that is caused by any Force Majeure Delay (as provided in Section 33(J), below) or Landlord Delay Days (as provided in Section 7 of the Workletter).

(ii) In addition, the Commencement Date set forth in Section 1(B) may be extended on a day for day basis due to government delay beyond the time period that normally prevailed for obtaining the building permits for Tenant's Work (the "**Permit**") at the time this Lease was negotiated, provided: (1) Tenant submits a complete application for all necessary permits no later than April 15, 2012, and (2) Tenant diligently pursues the Permit thereafter. Changes to the plans or other modifications to Tenant's initial permit application that delay permit issuance shall not delay the Commencement Date. Tenant may only extend the Commencement Date for up to ninety (90) days as a result of delay in receiving the Permit.

(iii) In addition, the Commencement Date set forth in Section 1(B) shall be delayed to the extent that Landlord fails to timely deliver to Tenant possession of the Premises for any reason, including but not limited to holding over by prior occupants, except to the extent that Tenant, its contractors, agents or employees in any way contribute to such failure and only to the extent that Landlord's failure to timely deliver actually delays Tenant's construction.

(iv) Landlord and Tenant shall execute a Commencement Date Confirmation substantially in the form of Exhibit D promptly following the Commencement Date.

(D) **Required Tenant Deliveries**. Landlord will not be obligated to deliver possession of the Premises to Tenant until Landlord has received from Tenant all of the following: (i) this Lease fully executed by Tenant; (ii) the Letter of Credit; and (iii) executed copies of policies of insurance or certificates thereof as required under Article 9 of this Lease. Failure to timely deliver any of the foregoing shall not defer the Commencement Date or impair Tenant's obligation to pay Rent.

(E) **Acceptance**. Tenant has inspected the Premises, Property, Systems and Equipment and agrees to accept the same "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements and no representations respecting the condition of the Premises or the Property have been made to Tenant by or on behalf of Landlord, except as expressly provided herein or in the Workletter.

ARTICLE 2

Base Rent

Tenant shall pay Landlord Base Rent ("**Base Rent**") of:

Time Period	Annual Amount		Monthly Amount	
Lease Year 1	$3,024,000.00	*	$252,000.00	*
Lease Year 2	$3,114,720.00	*	$259,560.00	*
Lease Year 3	$3,784,026.60		$315,335.55	
Lease Year 4	$3,897,547.32		$324,795.61	
Lease Year 5	$4,014,473.64		$334,539.47	
Lease Year 6	$4,134,907.80		$344,575.65	

Lease Year 7	$4,258,954.92	$354,912.91
Lease Year 8	$4,386,723.48	$365,560.29
Lease Year 9	$4,518,325.08	$376,527.09
Lease Year 10	$4,653,874.80	$387,822.90

in advance on or before the first day of each calendar month during the Term. If the Term commences on a day other than the first day of a calendar month, or ends on a day other than the last day of a calendar month, then the Base Rent for such month shall be prorated on the basis of the number of days in that month. Rent shall be paid without any prior demand or notice therefor and without any deduction or set off, except as provided in this Lease. As used herein, the term "**Lease Month**" shall mean each calendar month during the Term (and if the Commencement Date does not occur on the first day of a calendar month, the period from the Commencement Date to the first day of the next calendar month shall be included in the first Lease Month for purposes of determining the duration of the Term and the monthly Base Rent rate applicable for such partial month) and the term "**Lease Year**" shall mean each consecutive period of twelve (12) Lease Months.

* Base Rent shall be calculated based on 120,000 square feet during the first twenty-four (24) months of the Term, rather than 141,540 feet.

ARTICLE 3

Additional Rent

(A) **Taxes**. Tenant shall pay Landlord Tenant's Prorata Share of Taxes in excess of Taxes for calendar year 2013 (the ("**Base Year**"). "Taxes" shall mean (1) taxes, assessments and governmental charges or fees, whether federal, state, county or municipal, and whether they be by taxing districts or authorities presently taxing or by others, subsequently created or otherwise, imposed upon or with respect to the Building and the Property and all of the real estate taxes and assessments imposed on the land and improvements comprising the Building and the Property; and (2) any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 ("**Proposition 13** XE "Proposition 13") was adopted by the voters of the State of California in the June 1978 election and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants and, in further recognition of the decrease in the level and quality of governmental services and amenities as a result of Proposition 13, Taxes shall also include any governmental or private assessments or the contribution by the Building or such projects towards a governmental or private cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies; (3) any other taxes and assessments (including non-governmental assessments for common charges under a restrictive covenant or other private agreement that are not treated as part of Operating Expenses) now or hereafter attributable to the Property (or its operation). Landlord reserves the right to bill Tenant directly, rather than include in "Taxes," the amount of taxes attributable to any above-standard improvements constructed by or for Tenant in the Premises. However, "Taxes" shall not include: Landlord's gross receipts taxes for the Complex, personal and corporate income taxes, inheritance and estate taxes, other business taxes and assessments, franchise, gift and transfer taxes, penalties or interest for late payment, and all other Taxes relating to a period payable or assessed outside the term of the Lease; provided that if an income or excise tax is levied by any governmental entity in lieu of or as a substitute for ad valorem real estate taxes (in whole or in part), then any such tax or excise shall constitute and be included within the term "Taxes." Taxes shall include the costs of consultants retained in an effort to lower taxes and all costs incurred in disputing any taxes or in seeking to lower the tax valuation of the Property. Tenant waives all rights to protest or appeal the

appraised value of the Premises and the Property; however, if Landlord is not already contesting taxes, at Tenant's request, Landlord shall contest taxes for the Building if it is commercially reasonable to do so. If Taxes for any period during the Tenn or any extension thereof, shall be increased after payment thereof by Landlord for any reason, Tenant shall pay Landlord upon demand Tenant's Prorata Share of such increased Taxes. Notwithstanding the foregoing, if any Taxes shall be paid based on assessments or bills by a governmental or municipal authority using a fiscal year other than a calendar year, Landlord may elect to average the assessments or bills for the subject calendar year, based on the number of months of such calendar year included in each such assessment or bill. "**Tenant's Prorata Share**" of Taxes and Operating Expenses relating solely to the Building (and not the Complex, as that tenn is defined below) shall be the rentable area of the Premises divided by the rentable area of the Building (i.e., 100%). Tenant's Prorata Share of Taxes and Operating Expenses relating to the Complex shall be the rentable area of the Premises divided by the rentable area of the Complex (i.e., 57.51%), which percentage, notwithstanding anything to the contrary set forth in this Lease, shall not increase for any reason during the Term.

Notwithstanding the foregoing, in the event of any transfer, sale, other change in ownership, major alterations or modifications (except for alterations or modifications performed at Tenant's request, unless the same are pursuant to the Workletter or required by applicable Laws in effect on the Commencement Date), or refinancing (in each case, a "**Capital Event**") at the Building, Property and/or the Complex that causes the Property to be reassessed during the first five (5) Lease Years, then Tenant shall not be required to pay any portion of the increase in Taxes attributable to the first Capital Event that occurs during such five (5) year period ("**First Event**"), and, for purposes of calculating Tenant's Prorata Share of Taxes during the Initial Term, the amount of any such increase shall be added to the amount of Taxes for the Base Year as if such First Event had occurred during the Base Year. Thereafter, Tenant shall be fully responsible for any increase in Taxes attributable to the First Event. The Proposition 13 protection afforded to Tenant by this paragraph only applies to the First Event (if any) during said five (5) year period; this paragraph shall not be applicable to any subsequent Capital Events after the First Event during said five (5) year period (if any). Furthermore, upon notice to Tenant, Landlord may purchase the Proposition 13 protection provided by this paragraph and thereby cause Tenant to be responsible to pay Tenant's full share of Taxes pursuant to the preceding paragraph as if this paragraph did not exist by paying to Tenant the present value of Tenant's tax savings under this paragraph, discounted to present value at an interest rate of 6% per annum.

(B) **Operating Expenses**. Tenant shall pay Landlord Tenant's Prorata Share of Operating Expenses in excess of Operating Expenses for the Base Year. "**Operating Expenses**" shall mean all expenses of every kind (other than Taxes) which are paid, incurred or accrued for, by or on behalf of Landlord during any calendar year any portion of which occurs during the Term (subject to proration as provided in Section 3(D), below), in connection with the management, repair, maintenance and operation of the Property and the Complex of which the Property is a part, including without limitation, any amounts paid for: (a) utilities for the common areas of the Complex, including but not limited to electricity, power, gas, steam, chilled water, oil or other fuel, water, sewer, lighting, heating, air conditioning and ventilating (including, without limitation, taxes on utility usage) it being understood that all utility costs for the Premises shall not be included in Operating Expenses but rather shall be separately paid for by Tenant, (b) permits, licenses and certificates necessary to operate and manage the Property or for the operation of any governmentally mandated transportation to or from the Property, (c) insurance applicable to the Property, but not limited to the amount of coverage Landlord is required to provide under this Lease, (d) supplies, tools, equipment and materials used in the operation, repair and maintenance of the Property including, without limitation, costs of the maintenance, operation, and repair of the HV AC systems serving the Building, exclusive of systems which serve only a particular tenant's space, (e) accounting, legal, inspection, and consulting services, (f) expenses incurred by Landlord in connection with the development, implementation and provision of security measures for the Complex,

(g) management fees of not more than three percent (3%) of the gross revenues of the Building, amounts payable under management agreements, and the fair rental value of any office space provided for a management office no greater than 2,000 rentable square feet of space, (h) wages, salaries and other compensation and benefits for all persons engaged in the operation, maintenance or security of, or transportation to or from, the Property, and employer's Social Security taxes, unemployment taxes or insurance, and any other taxes which may be levied on such wages, salaries, compensation and benefits, provided that such wages and benefits for persons who do not work full time at the Building shall be prorated based on time spent working on Building matters, (i) payments under any easement, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs in any planned development (to the best of Landlord's knowledge, none of the foregoing are existing as of the date of Lease execution other than as reflected on the public record), (j) operation, repair, and maintenance of all Systems and Equipment and components thereof (including replacement of components); janitorial service for the common areas of the Complex, it being understood that all janitorial costs for the Premises shall not be included in Operating Expenses but rather shall be separately paid for by Tenant; alarm and security service; elevator maintenance; cleaning of common area walks, parking facilities and Property walls; replacement of wall and floor coverings, ceiling tiles and fixtures in lobbies, corridors, restrooms and other common or public areas or facilities; maintenance and replacement of shrubs, trees, grass, sod and other landscaped items, irrigation systems, drainage facilities, fences, curbs, and walkways; re-paving and re-striping parking facilities; and roof repairs; (k) all expenses incurred and costs associated with the operation and maintenance of building amenities; (l) costs of service contracts; (m) special assessments, fees, and other charges and costs for transit, transit encouragement, traffic reduction programs, or any similar purpose; (n) any carbon tax, carbon credit, or other so-called carbon offset cost payable by Landlord with respect to Building operations, whether pursuant to a cap and trade carbon emission system or otherwise; and (o) costs incurred by Landlord in connection with any environmental initiative and/or operations & maintenance plan implemented by Landlord at the Property whether or not such initiatives are mandated by law including, without limitation, costs to: install water efficient irrigation, plumbing and fixtures; reduce heat islands; control stormwater; reduce chemical emissions; manage refrigerants; optimize energy performance and increase efficiencies; store and collect recyclables; promote usage of recycled content; and implement sustainable purchasing and waste management policies. Notwithstanding the foregoing, Operating Expenses shall not include:

(i) Capital Expenditures - costs of items considered capital repairs, replacements, improvements and equipment under generally accepted accounting principles consistently applied or otherwise, except those: (a) made to reduce Operating Expenses, provided that Tenant's prior written approval of cost-saving Operating Expenses shall be required, such approval not to be unreasonably withheld, or (b) to comply with any Laws or other governmental requirements enacted or the scope of which is expanded after the Commencement Date; provided, all such permitted capital expenditures (together with reasonable financing charges) shall be amortized for purposes of this Lease over their useful lives;

(ii) Corporate Overhead - All costs associated with the operation of the business of the entity which constitutes Landlord or Landlord's affiliated organizations or Landlord's managing agent (as distinguished from the costs of the operations of the Complex) including, but not limited to, any entity's general corporate overhead, legal, risk management or other departmental costs of off-site personnel, corporate and/or partnership accounting and legal costs, asset management fees, administrative fees, placement/recruiting expenses for employees whether they are assigned to the Complex or not, all costs associated with start-up or move of a management office due to sale of the Building, change of management companies or leasing company;

(iii) Leasing - Any cost relating to the marketing, solicitation, negotIatIon and execution of leases of space in the Complex, including without limitation, promotional and advertising expenses (including, without limitation) real estate licenses and other industry certifications, health/sports club dues, employee parking and transportation charges, tickets to special events, commissions, finders fees, and referral fees, all expenses relating to the negotiation and preparation of any lease, license, sublease or other such document, costs of design, plans, permits, licenses, inspection, utilities for tenant spaces, construction and clean up of tenant improvements to the Premises or the premises of other tenants or other occupants, the amount of any allowances or credits paid to or granted to tenants or other occupants of the Complex;

(iv) Executive / Unrelated Salaries - Wages, salaries, fees, fringe benefits, and any other form of compensation paid to any executive employee of Landlord and!or Landlord's managing agent above the grade of Building Manager as such term is commonly understood in the property management industry, provided, however, all wages, salaries and other compensation otherwise allowed to be included in Operating Expenses shall also exclude any portion of such costs related to any employee's time devoted to other efforts unrelated to the maintenance and operation of the Complex;

(v) Competitively Bid/Arms Length Transactions - Any amount paid by Landlord or Landlord's managing agent to a subsidiary or affiliate of Landlord or Landlord's managing agent, or to any party as a result of a non-competitive selection process where it was practicable to solicit mUltiple bids, for management or other services to the Complex, or for supplies or other materials, to the extent the cost of such services, supplies, or materials exceed the cost that would have been paid had the services, supplies or materials been provided by parties unaffiliated with the Landlord or Landlord's managing agent on a competitive basis by reputable, professional firms customarily engaged in providing such services, but this subsection shall not limit Landlord's ability to include in Operating Expenses a 3% management fee in accordance with Section 3(B)(g) above;

(vi) Financing / Ground Lease - Mortgage payments, debt costs or other financing charges, costs of defending any lawsuits, costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interests in the Complex, bad debt loss, rent loss or any reserves thereof, any rental payments and related costs pursuant to any ground lease of land underlying all or any portion of the Complex;

(vii) Parking Charges - Any parking charges, either actual or not, for the Landlord's and!or Landlord's managing agent's management, engineering, maintenance, security, parking or other vendor personnel;

(viii) Building Defects - Any costs incurred in connection with the original design, construction, and clean-up of the Complex or any major changes to same, including but not limited to, additions or deletions of floors, renovations of the common areas (except as otherwise expressly permitted under this Section 3(B)), correction of defects in design and!or construction of the Complex including defective equipment;

(ix) Other Capital - Rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment, the cost of which if purchased would be excluded from Operating Expenses as a capital cost, excepting from this exclusion equipment not affixed to the Complex which is used in providing janitorial or similar services and, further

excepting from this exclusion such equipment rented or leased to remedy or ameliorate an emergency condition or other short term need in the Complex;

(x) Building Codes/ADA - Any cost incurred in connection with upgrading the Complex to comply with insurance requirements, life safety codes, ordinances, statutes, or other laws in effect prior to the Commencement Date, including without limitation the Americans With Disabilities Act (or similar laws, statutes, ordinances or rules imposed by the State, County, City, or other agency where the Complex is located), including penalties or damages incurred as a result of non-compliance;

(xi) Hazardous Material - Any cost or expense related to monitoring, testing, removal, cleaning, abatement or remediation of any Hazardous Materials (as defined in Article 26 below), including toxic mold, in or about the Complex or real property, and including, without limitation, hazardous substances in the ground water or soil, except to the extent the same were caused by Tenant, Tenant's subtenants, assignees or any Permitted Occupant (as that term is defined in Section 18(G) below), or their employees, agents or contractors;

(xii) Telecommunications - Any cost incurred in connection with modifying, removing, upgrading, replacing, repairing or maintaining the Complex's telecommunication systems, including the purchase, installation and operation of any informational displays in the Complex's elevators or lobbies;

(xiii) Reimbursements - Any cost of any service or items sold or provided to tenants or other occupants for which Landlord or Landlord's managing agent has been or is entitled to be reimbursed by such tenants or other occupants for such service other than via an operating expense provision or has been or is entitled to be reimbursed by insurance or otherwise compensated by parties other than tenants of the Complex, to include replacement of any item covered by a warranty;

(xiv) Benefits to Others - Expenses in connection with services or other benefits which are provided to another tenant or occupant of the Complex and which are not available to Tenant;

(xv) Other Taxes - Landlord's gross receipts taxes for the Complex, personal and corporate income taxes, inheritance and estate taxes, other business taxes and assessments, franchise, gift and transfer taxes, and all other Real Estate Taxes relating to a period payable or assessed outside the term of the Lease;

(xvi) Special Assessment - Special assessments or special taxes initiated as a means of financing improvements to the Complex and the surrounding areas thereof to the extent requested by Landlord, as opposed to special assessments imposed by a governmental authority not at Landlord's request;

(xvii) Advertising/Promotion/Gifts - All advertising and promotional costs including any form of entertainment expenses, dining expenses, any costs relating to tenant or vendor relation programs including flowers, gifts, luncheons, parties, and other social events but excluding any cost associated with life safety information or education services which are provided to the tenants of the Complex;

(xviii) Fines & Penalties - Any fines, costs, late charges, liquidated damages, penalties, tax penalties or related interest charges, imposed on Landlord or Landlord's managing agent

except as a result of late payment or other act or omission by Tenant, Tenant's agents, employees, or any Permitted Occupant;

(xix) Contributions - Any costs, fees, dues, contributions or similar expenses for political or charitable organizations;

(xx) Art - Costs, other than those incurred in ordinary maintenance and repair, for sculptures, paintings, fountains or other objects of art or the display of such items;

(xxi) Concessionaires - Any compensation or benefits paid to or provided to clerks, attendants or other persons in commercial concessions operated by or on behalf of the Landlord;

(xxii) Insurance - (i) The cost of any insurance coverage, whether or not required by any Holder which is related, in whole or in part, to (a) property or casualty insurance coverage in amounts greater than the replacement cost of the Property, or (b) lease enhancement insurance or other credit enhancement-related insurance; or (ii) any increase in the cost of Landlord's insurance caused by a specific use of another tenant or by Landlord; and

(xxiii) Reserves - Any reserves of any kind.

(xxiv) Environmental Certification - If the Building and/or the Complex does not have such certifications as of the Commencement Date, any expenses incurred by the Landlord in connection with its plans or efforts to obtain or renew any form of certification for energy efficiency or environmental responsibility from organizations or governmental agencies such as the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) certification, Energy Star, Green Globes, etc., including, without limitation, consulting fees, legal fees, architectural, design and/or engineering fees and submission fees. However, nothing in this subsection shall prohibit Landlord from passing through capital expenditures permitted by Subsection 3(B)(i) above.

(xxv) Encroachments - Costs incurred by Landlord to correct encroachments of improvements located at the Property that encroach onto neighboring property as well as costs to correct neighboring encroachments of other owners' improvements on to the Property.

The Property is part of a complex of buildings located at 3453, 3455, 3465 & 3475 East Foothill Boulevard, Pasadena, California ("**Complex**") which is shown on the Site Plan attached hereto as Exhibit F and incorporated herein by this reference ("**Site Plan**"). Tenant acknowledges that Operating Expenses include operation and maintenance costs for such Complex. In the event that certain Taxes or Operating Expenses relate solely to a particular building or buildings or the parcel(s) on which such building or buildings is located, Landlord shall allocate such Taxes and Operating Expenses to such building(s) and parcel(s) and Tenant shall not be obligated to pay any such Taxes and Operating Expenses allocated solely to any building other than the Building and/or solely to any parcel other than the parcel on which the Building is located.

Notwithstanding anything to the contrary set forth in this Lease:

(aa) Gross Up Adjustment. If the Complex is not at least one hundred percent (100%) occupied with occupants paying full rent during all or any portion of the Base Year or any calendar year thereafter, Landlord shall make an appropriate adjustment to those Operating Expenses which vary with occupancy for such year (including, without limitation, management fees) to determine what the Complex Operating Expenses would have been for such year if the Complex had been one hundred percent (100%) occupied

with occupants paying full rent during such year. Such gross up adjustments shall be made by Landlord by increasing only the variable portion of those costs which actually vary based upon the level of occupancy of the Complex.

(bb) Base Year Equivalency. In the event Landlord incurs costs associated with or relating to Operating Expenses which were not part of Operating Expenses during Tenant's entire Base Year or expenses associated with increased levels or frequency of such services and such new or increased costs are within Landlord's control, then such Operating Expenses that are within Landlord's control for the Base Year shall be increased, including being grossed up to one hundred percent (100%) level, by the reasonably estimated amount of such costs as if such costs had been incurred and included in Operating Expenses during the entire Base Year. The purpose of this provision is to result in an "apples to apples" comparison between the Base Year and all subsequent calendar years with respect to Operating Expenses that are within Landlord's control. Landlord shall purchase insurance policies for the Complex at a market-competitive cost.

(cc) Real Estate Tax Adjustments. If the Complex is not fully assessed in the Base Year and any subsequent calendar year, then the Landlord shall adjust the subject year's Taxes to reflect what such year's Taxes would have been had the Complex been fully completed and assessed for tax purposes. For purposes of calculating Tenant's Prorata Share of Taxes, the Taxes incurred during the Base Year and any subsequent year shall be calculated without regard to any Proposition 8 reduction in Taxes for the Base Year and/or any subsequent year. As a result, Landlord and Tenant acknowledge that the amounts of Taxes used in calculations of the base year and in each year for which Tenant's Prorata Share is determined may be greater than actual amounts, but shall, nonetheless, be the amounts used to determine Tenant's Prorata Share. Furthermore, tax refunds under Proposition 8 shall not be deducted from Taxes nor refunded to Tenant, but rather shall be the sole property of Landlord. Landlord and Tenant acknowledge that the preceding sentence is not intended to in any way affect (1) the inclusion in Taxes of the statutory two percent (2%) annual increase in Taxes (as such statutory increase may be modified by subsequent legislation), or (2) the inclusion or exclusion of Taxes pursuant to the terms of Proposition 13, which shall be governed pursuant to the terms of Section 3(A) above.

(dd) Other Adjustments. (I) Net Expenses - Operating Expenses and Taxes shall be "net" only and shall therefore be reduced by all cash discounts, trade discounts, quantity discounts, rebates, refunds, credits, or other amounts received by Landlord or Landlord's managing agent, including any such related amounts from tenants of the Complex other than pursuant to tax and operating expense recovery provisions such as this, for its purchase of or provision of any goods, utilities, or services; (II) Partial Year - Operating Expenses that cover a period of time not entirely within the Tenn shall be prorated based on the actual number of days in the year; (III) Duplicate Charges - Landlord shall not (i) profit by including items in Operating Expenses and/or Taxes that are otherwise also charged separately to others, or (ii) collect Operating Expenses and/or Taxes from Tenant and all other tenants and/or occupants in the Complex in an amount in excess of what Landlord actually incurred for the items included in Operating Expenses and/or Taxes; and (IV) Consistency. Landlord's calculation of Taxes and Operating Expenses shall be consistently applied to the extent Taxes and Operating Expenses are within Landlord's control.

(ee) Controllable Operating Expenses. Beginning with the first calendar year following the Base Year, Controllable Expenses (as hereinafter defined) shall not increase by more than four percent (4.0%) over the prior calendar year's Controllable Expenses, determined on a compounded and cumulative basis from the Base Year). "**Controllable Expenses**" shall mean all Operating Expenses other than union labor costs, insurance costs, all governmentally mandated costs and expenses (including all taxes of any kind, to the extent such taxes are included in Building Operating Expenses), utility costs, and insurance deductibles.

(C) **Manner of Payment**. Tenant's Prorata Share of Taxes and Operating Expenses shall be paid in the following manner:

(i) Landlord may reasonably estimate in advance the amounts Tenant shall owe for Tenant's Prorata Share of Taxes and Operating Expenses for any full or partial calendar year of the Term. In such event, Tenant shall pay such estimated amounts, on a monthly basis in installments equal to one-twelfth of the annual estimate, on or before the first day of each calendar month, together with Tenant's payment of Base Rent. Such estimate may be reasonably adjusted from time to time by Landlord, but may never exceed the 4% cap on Controllable Operating Expenses.

(ii) Within one hundred twenty (120) days after the end of each calendar year, Landlord shall provide a statement (the "**Statement**") to Tenant showing: (a) Tenant's Prorata Share of the amount of actual Taxes and Operating Expenses for such calendar year, with a listing of amounts for major categories of Operating Expenses, (b) any amount paid by Tenant towards Tenant's Prorata Share of Taxes and Operating Expenses during such calendar year on an estimated basis, and (c) any revised estimate of Tenant's obligations for Tenant's Prorata Share of Taxes and Operating Expenses for the current calendar year.

(iii) If the Statement shows that Tenant's estimated payments were less than Tenant's actual obligations for Tenant's Prorata Share of Taxes and Operating Expenses for such year, Tenant shall pay the difference. If the Statement shows an increase in Tenant's estimated payments for the current calendar year, Tenant shall pay the difference between the new and former estimates, for the period from January 1 of the current calendar year through the month in which the Statement is sent. Tenant shall make such payments within thirty (30) days after Landlord sends the Statement.

(iv) If the Statement shows that Tenant's estimated payments exceeded Tenant's actual obligations for Tenant's Prorata Share of Taxes and Operating Expenses, Tenant shall receive a credit for the difference against payments of Rent next due. If the Term shall have expired and no further Rent shall be due, Tenant shall receive a refund of such difference, within thirty (30) days after Landlord sends the Statement.

(v) So long as Tenant's obligations hereunder are not materially adversely affected thereby, Landlord reserves the right to reasonably change, from time to time, the manner or timing of the foregoing payments. In lieu of providing one Statement covering Tenant's Prorata Share of Taxes and Operating Expenses, Landlord may provide separate statements, at the same or different times. No delay by Landlord in providing the Statement (or separate statements) shall be deemed a default by Landlord or a waiver of Landlord's right to require payment of Tenant's obligations for actual or estimated Taxes or Operating Expenses.

(D) **Proration**. If the Term commences other than on January 1, or ends other than on December 31, Tenant's obligations to pay estimated and actual amounts towards Tenant's Prorata Share of Taxes and Operating Expenses for such fIrst or final calendar years shall be prorated to reflect the portion of such years included in the Term. Such proration shall be made by mUltiplying the total estimated or actual (as the case may be) amount of Tenant's Prorata Share of Taxes and Operating Expenses, for such calendar years, by a fraction, the numerator of which shall be the number of days of the Term during such calendar year, and the denominator of which shall be three hundred and sixty-fIve (365).

(E) **Landlord's Records**. Landlord shall maintain records respecting Taxes and Operating Expenses and determine the same in accordance with sound accounting and management practices,

consistently applied. Taxes and Operating Expenses shall be calculated on a full accrual basis. Landlord reserves the right to change to a cash system of accounting and, in such event, Landlord shall make reasonable and appropriate accrual adjustments to ensure that each calendar year includes substantially the same recurring items. Provided no monetary Default then exists, after receiving an annual Statement and giving Landlord thirty (30) days prior written notice thereof, Tenant may inspect or audit Landlord's records relating to Taxes and Operating Expenses for the period of time covered by such Statement and for the prior year in accordance with the following provisions. If Tenant fails to object to the calculation of Taxes and/or Operating Expenses on an annual Statement within two (2) years after the Statement has been delivered to Tenant or if Tenant fails to conclude its audit or inspection within one hundred twenty

(120) days after objecting to the same (provided that Landlord makes its records available to Tenant as set forth in this Section 3(E), and provided that such time period shall be extended in the event of any actual or threatened litigation and/or arbitration relating to any disputed Taxes and/or Operating Expenses), then Tenant shall have waived its right to object to the calculation of Taxes and Operating Expenses set forth on such Statement and the calculation of Taxes and Operating Expenses set forth on such Statement shall be final, but subject to Tenant's right to audit the prior year as set forth in the preceding sentence. Tenant's audit or inspection shall be conducted at the Complex or at another office maintained by Landlord in the Los Angeles, California area, shall not unreasonably interfere with the conduct of Landlord's business, and shall be conducted only between 8:00 a.m. and 6:00 p.m. Tenant shall pay the cost of such audit or inspection unless the total Taxes and/or Operating Expenses for the period in question is determined to be in error by more than 4% in the aggregate, in which case Landlord shall pay the audit cost. Tenant may not conduct an inspection or have an audit performed more than once during any calendar year. If such inspection or audit reveals that an error was made in the Taxes and/or Operating Expenses previously charged to Tenant, then Landlord shall refund to Tenant any overpayment of such costs, or Tenant shall pay to Landlord any underpayment of such costs, as the case may be, within thirty (30) days after notification thereof. Tenant shall maintain the results of each such audit or inspection confidential (and shall not disclose it to any person or entity other than its legal and financial consultants, who will also keep it confidential, or as required by any Laws or in connection with any dispute or litigation relating to this Lease) and shall not be permitted to use any third party to perform such audit or inspection other than an independent firm: (1) that is not compensated on a contingency fee basis or in any other manner that is dependent upon the results of such audit or inspection (and Tenant shall certify the same to Landlord in writing as to any particular firm upon receipt of written request from Landlord), and (2) that agrees with Tenant to maintain the 'results of such audit or inspection confidential (and shall not disclose it to any person or entity other than as required by any Laws or in connection with any dispute or litigation relating to this Lease). Nothing in this section shall be construed to limit, suspend, or abate Tenant's obligation to pay Rent when due, including Additional Rent.

(F) **Rent and Other Charges**. "**Additional Rent**" means Tenant's Prorata Share of Taxes and Tenant's Prorata Share of Operating Expenses. Base Rent, Additional Rent and any other amounts which Tenant is or becomes obligated to pay Landlord under this Lease or other agreement entered in connection herewith, are sometimes herein referred to collectively as "**Rent**," and all remedies applicable to the non-payment of Rent shall be applicable thereto. Rent shall be paid at any office maintained by Landlord or its agent at the Property or at such other place as Landlord may designate.

ARTICLE 4

Use and Rules

Tenant shall use the Premises for general office use and other legally permitted uses, consistent with a first class suburban office building campus, and for no other purpose whatsoever, in compliance with all applicable Laws and all covenants, conditions and restrictions of record applicable to Tenant's use or occupancy of the Premises, and without unreasonably disturbing or interfering with any other tenant or occupant of the Complex, subject to Tenant's parking rights under Article 35 below, including, but not

limited to, any requirements of changes to the Building related to or affected by Tenant's acts, occupancy or use of or alterations to the Premises but any such changes to the base building portions of the Building, the Systems and Equipment, and/or what would be considered common area portions of the Building if the Building were a multi-tenant building, shall be performed by Landlord and the same shall be included in Operating Expenses to the extent the same are allowed pursuant to Article 3 above, and in no event shall any such costs for any year subsequent to the Base Year be added to the Base Year pursuant to Section (3)(bb) above). Notwithstanding the preceding sentence, Tenant shall be responsible at Tenant's expense for such compliance and changes if such compliance and/or changes are required by Tenant's alterations to the Premises and/or Tenant's use of the Premises for other than general office use. Tenant shall not use the Premises in any manner so as to cause a cancellation of Landlord's insurance policies or an increase in the premiums thereunder, unless Tenant pays for any such increase in premiums. To the extent that the same do not conflict with the terms of this Lease, Tenant shall comply with, and shall cause its Permitted Transferees, Permitted Occupants, invitees, employees, contractors and agents to comply with, all rules set forth in Rider One attached hereto (the "**Rules**"). Landlord shall have the right to reasonably amend such Rules and supplement the same with other reasonable Rules (not expressly inconsistent with this Lease) relating to the Property, or the promotion of safety, care, cleanliness or good order therein, and all such amendments or new Rules shall be binding upon Tenant after five (5) days' notice thereof to Tenant to the extent that the same do not conflict with the terms of this Lease. All Rules shall be applied on a non-discriminatory basis, but nothing herein shall be construed to give Tenant or any other Person any claim, demand or cause of action against Landlord arising out of the violation of such Rules by any other tenant, occupant, or visitor of the Property, or out of the enforcement or waiver of the Rules by Landlord in any particular instance; provided that Landlord shall use commercially reasonable efforts comparable to those that would be used by other landlords of comparable buildings in the vicinity of the Building, to secure compliance by other tenants of the Complex with the Rules.

ARTICLE 5

Services and Utilities

Landlord shall provide the following services and utilities (the cost of which shall be included in Operating Expenses unless otherwise stated herein). Except in cases of emergency where no prior notice is required, Landlord shall be required to provide prior notice as described in the last paragraph of Article 28 of this Lease (and subject to the last paragraph of Article 19 of this Lease) in order to enter the Premises in order to provide services under this Article 5.

(A) Landlord shall repair and replace, at Tenant's expense, all electric lighting bulbs, tubes, ballasts, and starters.

(B) Heat and air-conditioning at such temperatures and in such amounts as are standard for comparable buildings in the vicinity of the Building from 7:00 a.m. until 7:00 p.m. Monday through Friday and 8:00 a.m. until I :00 p.m. on Saturday, except on Holidays. "**Holidays**" shall mean all federally observed holidays, including New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving Day, and Christmas Day. Tenant may operate supplemental HV AC installed and paid for by Tenant in accordance with the requirements of this Lease twenty-four (24) hours a day, seven (7) days a week, three hundred sixty-five (365) days a year.

(C) Water for drinking, lavatory and toilet purposes.

(D) At Tenant's expense (i.e., not included in Operating Expenses), customary office cleaning and trash removal service Monday through Friday or Sunday through Thursday, excluding Holidays, consistent with standards for comparable buildings in the Building's submarket. Except with respect to any space in addition to the Premises which Tenant leases in the Complex and which comprises less than an entire building, at Tenant's option Tenant shall provide at Tenant's expense customary office

cleaning and trash removal service Monday through Friday or Sunday through Thursday, excluding Holidays, consistent with standards for comparable buildings in the Building's submarket.

(E) Operatorless passenger elevator service twenty-four (24) hours a day, seven (7) days a week, three hundred sixty-five (365) days a year. One of such elevators may be a "swing" elevator for use also as a freight elevator.

(F) Access to the Premises twenty-four (24) hours a day, seven (7) days a week, three hundred sixty-five (365) days a year.

(G) If reasonable and feasible, Landlord shall provide extra utilities or services requested by Tenant provided the request does not involve modifications or additions to existing Systems and Equipment. Tenant shall pay for extra utilities or services at rates set by Landlord in its reasonable discretion consistent with charges for similar extra utilities or services at comparable buildings in the Building'S submarket, provided that Tenant may elect, in Tenant's sole discretion, to obtain such utilities and/or services directly from a provider instead of from Landlord, and Landlord shall not be entitled to charge Tenant for any such utilities and/or services. Payment shall be due at the same time as Base Rent or, if billed separately, shall be due within thirty (30) days after billing. If Tenant shall fail to make any payment for additional services, Landlord may, without notice to Tenant and in addition to all other remedies available to Landlord, discontinue the additional services. Landlord may install and operate meters or any other reasonable system for monitoring or estimating any services or utilities used by Tenant in excess of those required to be provided by Landlord under this Article (including a system for Landlord's engineer to reasonably estimate any such excess usage). If such system indicates such excess services or utilities, Tenant shall pay Landlord's reasonable charges for installing and operating such system and any supplementary air-conditioning, ventilation, heat, electrical or other systems or equipment (or adjustments or modifications to the existing Systems and Equipment), and Landlord's reasonable charges for such amount of excess services or utilities used by Tenant. Notwithstanding the foregoing, Landlord may impose a reasonable charge for any extra utilities and services, including, without limitation, air conditioning, electricity, and water, provided by Landlord by reason of: (i) any use of the Premises at any time other than the hours set forth above; (ii) any utilities or services beyond what Landlord agrees herein to furnish; or (iii) special electrical, cooling and ventilating needs created by Tenant's telephone equipment, computer, electronic data processing equipment, copying equipment, illuminated signage (if permitted hereunder) and other such equipment or uses. Landlord, at its option, may require installation of metering devices at Tenant's expense for the purpose of metering Tenant's utility consumption. Notwithstanding anything to the contrary set forth herein, Landlord hereby represents and warrants that all charges by Landlord pursuant to this Section shall be based solely upon Landlord's actual cost and expense without mark-up, profit or accelerated depreciation, provided, however, that Tenant shall be required to pay Landlord as additional Rent Seven Dollars ($7.00) per hour of after-hours HVAC time to compensate for additional wear and tear on the Property's HV AC equipment.

(H) All electricity used by Tenant in the Premises shall not be included in Operating Expenses and instead shall be paid by Tenant by a separate charge billed by the applicable utility company and payable directly by Tenant. Electrical service to the Premises may be furnished by one or more companies providing electrical generation, transmission and distribution services, and the cost of electricity may consist of several different components or separate charges for such services, such as generation, distribution and stranded cost charges. In the event Tenant elects, in Tenant's sole discretion, to have Landlord provide electrical services to the 3465 Building, Landlord shall have the exclusive right (i) to choose the company or companies to provide electrical service to the Property and the Premises, (ii) to aggregate the electrical service for the Property and the Premises with other buildings or properties, (iii) to purchase electrical service through an agent, broker or buyer's group, and (iv) to change the electrical service provider or manner of purchasing electrical service from time to time. In the event Tenant elects, in Tenant's sole discretion, to contract directly for electrical services to the 3465 Building,

Tenant shall have the exclusive right (i) to choose the company or companies to provide electrical service to the 3465 Building, (ii) to purchase electrical service through an agent, broker or buyer's group, and (iii) to change the electrical service provider or manner of purchasing electrical service from time to time.

(l) Landlord shall use reasonable efforts to restore any service required of it that becomes unavailable; however, such unavailability shall not render Landlord liable for any damages caused thereby, be a constructive eviction of Tenant, constitute a breach of any implied warranty, or, except as provided in the next sentence, entitle Tenant to any abatement of Tenant's obligations hereunder. If, however, Tenant is prevented from using the Premises because of the unavailability of any service to be provided by Landlord hereunder for a period of three (3) consecutive business days following Landlord's receipt from Tenant of a written notice regarding such unavailability and such unavailability is within Landlord's reasonable control and is not caused by or through Tenant or by an accident, breakage or repairs, strikes, lockouts or other labor disturbance or labor dispute of any character, governmental regulation, moratorium or other governmental action or inaction, inability despite the exercise of reasonable diligence to obtain electricity, water or fuel, service interruptions or any other unavailability of utilities resulting from causes beyond Landlord's control including, without limitation, any utility service provider initiated "brown out" or "blackout", then Tenant shall, as its exclusive remedy be entitled to a reasonable abatement of Rent for each consecutive day (after such three (3) business day period) that Tenant is so prevented from using the Premises.

ARTICLE 6

Alterations and Liens

Tenant shall not make any Alterations ("**Alterations**" or "**Tenant Work**") without the prior written consent of Landlord, which consent shall not be withheld provided Tenant's proposed Alterations meet the Drawing Criteria (defined in the Workletter). Before entering the Property, any contractor engaged by Tenant must provide Landlord a certificate of insurance proving that such contractor satisfies or exceeds Landlord's standard insurance requirements. Landlord may impose the following requirements as the sole conditions to such consent: the submission of plans and specifications for Landlord's prior written approval (which shall not be unreasonably withheld, conditioned or delayed); obtaining necessary permits; either Tenant or Tenant's contractor obtaining insurance as required by Section (9)(B)(vii) below as well as CGL and worker's compensation insurance; prior approval (which shall not be unreasonably withheld, conditioned or delayed) of general contractors (provided that the following contractors are hereby approved by Landlord: Corporate Contractors, Pinnacle Contractors, Howard Building Corporation, Phoenix Contractors); receipt of contractor and subcontractor lien waivers; affidavits listing all contractors, subcontractors and suppliers; Tenant's use of commercially reasonable efforts without the expenditure of any money to ensure the ability of Tenant's contractors to work in harmony with other contractors at the Complex without picketing or any other adverse consequences; affidavits from engineers reasonably acceptable to Landlord stating that the Tenant Work will not adversely affect the Systems and Equipment or the structure of the Property (to the extent reasonably necessary to show that the Alterations meet the Drawing Criteria); and requirements as to the manner and times in which such Tenant Work shall be done (provided there shall be no requirements as to the manner and times in which such Tenant Work shall be done with respect to the 3465 Building). All Tenant Work shall be performed in a good and workmanlike manner in accordance with approved plans and specifications (to the extent plan approval is required) and all materials used shall be of a quality comparable to or better than those in the Premises and Property. To the extent such Alterations or Tenant Work would impact the Systems and Equipment, the structure of the Property, or the exterior of the Building, Tenant shall reimburse Landlord for all third party out of pocket costs actually, reasonably incurred by Landlord reviewing Tenant's plans and specifications relating to such Alterations or Tenant Work. Consent or supervision by Landlord shall not be deemed a warranty as to the adequacy of the design, workmanship or quality of materials, and Landlord hereby expressly disclaims any responsibility

or liability for the same. Landlord shall under no circumstances have any obligation to repair, maintain or replace any portion of the Tenant Work. Notwithstanding anything to the contrary set forth herein, Tenant shall not be required to obtain Landlord's prior consent with respect to any strictly cosmetic work performed within the Premises by Tenant, such as the installation of wall coverings or floor coverings, and/or any Alterations which (i) do not materially adversely affect the Building's structure and/or the Building's Systems and Equipment, and (ii) do not cost in excess of Seventy-Five Thousand ($75,000).

Tenant shall keep the Property and Premises free from any mechanic's, materialman's or similar liens or other such encumbrances in connection with any Tenant Work on or respecting the Premises not performed by or at the request of Landlord, and shall indemnify and hold Landlord harmless from and against any claims, liabilities, judgments, or costs (including reasonable attorneys' fees) arising out of the same or in connection therewith. Tenant shall give Landlord notice at least twenty (20) days prior to the commencement of any Tenant Work (or such additional time as may be necessary under applicable Laws), to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. If Tenant fails, within 20 days after the date of the filing of the lien, to discharge such lien, Landlord may, but shall not be required or expected to, remove such lien in such manner as Landlord may, in its sole discretion, determine, and the full cost thereof, together with all Landlord's fees and costs, including attorney fees, shall be due and payable by Tenant to Landlord immediately upon Tenant's receipt of Landlord's notice therefor. The amount so paid shall be deemed additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Property or Premises to any lien or encumbrance whether claimed by operation of law or express or implied contract. Any claim to a lien or encumbrance upon the Property or Premises arising in connection with any Tenant Work on or respecting the Premises not performed by or at the request of Landlord shall be null and void, or at Landlord's option shall attach only against Tenant's interest in the Premises and shall in all respects be subordinate to Landlord's title to the Property and Premises.

After the Commencement Date, construction in the Premises by Tenant shall comply with the Building's environmental and energy efficiency initiatives in effect at the time of construction. Such initiatives may include, but shall not be limited to, usage of low VOC construction materials (including, without limitation, low VOC paint and carpet); energy efficient lighting (and controls), equipment, and appliances; HV AC efficiencies; water use reduction; CFC reduction; recycling; construction waste management; usage of locally manufactured materials; usage of rapidly renewable materials; and usage of recycled materials.

All contractors and subcontractors shall be required to procure and maintain insurance against such risks, in such amounts, and with such companies as Landlord may reasonably require consistent with Article 9 of this Lease. Certificates of such insurance, with paid receipts therefor, must be received by Landlord before any work is commenced. All contracts between Tenant and a contractor must explicitly require the contractor to (a) name Landlord and Landlord's agents as additional insureds and (b) indemnify and hold harmless Landlord and Landlord's agents.

ARTICLE 7

Repairs and Maintenance

Landlord shall repair and maintain the Premises, Property, and the Systems and Equipment in good condition, working order and repair, consistent with first class suburban office building standards for the submarket in which the Building is located, the cost of which shall be included in Operating Expenses to the extent allowed pursuant to Article 3 above. However, Tenant shall indemnify Landlord and pay for any repairs, maintenance and replacements to areas of the Property caused by the gross negligence or misconduct of Tenant or its employees, agents, contractors, or visitors (notwithstanding

anything to the contrary contained in this Lease). Except in cases of emergency where no prior notice is required, Landlord shall be required to provide prior notice as described in the last paragraph of Article 28 of this Lease (and subject to the last paragraph of Article 19 of this Lease) n order to enter the Premises in order to provide repair and maintenance under this Article 7.

ARTICLE 8

Casualty Damage

Subject to Article 6 and the remainder of this Article 8, Landlord shall use available insurance proceeds to restore the Premises, parking areas of the Complex, or any common areas of the Property providing access thereto which are damaged by fire or other casualty during the Term. Such restoration shall be to substantially the condition prior to the casualty, except for modifications required by zoning and building codes and other Laws or by any Holder, any other modifications to the common areas deemed desirable by Landlord (provided access to the Premises and parking are not materially impaired), and except that Landlord shall not be required to repair or replace any of Tenant's furniture, furnishings, fixtures or equipment, or any alterations or improvements in excess of any work performed or paid for by Landlord under the terms, covenants and conditions of any separate agreement therefor signed by the parties hereto. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof. However, Landlord shall allow Tenant a proportionate abatement of Rent during the time and to the extent the Premises (or any portion thereof) are unfit for occupancy for the purposes permitted under this Lease and/or the parking rights granted to Tenant pursuant to this Lease are materially adversely affected by such casualty and the Premises (or any portion thereof) are not occupied by Tenant as a result thereof (unless Tenant or its employees or agents intentionally caused the damage). Notwithstanding the foregoing, Landlord may terminate this Lease by giving Tenant written notice of termination within sixty (60) days after the date of damage (such termination notice to include a termination date providing at least ninety (90) days for Tenant to vacate the Premises), if the Property shall be damaged by fire or other casualty such that: (a) repairs to the Premises and access thereto cannot reasonably be completed within two hundred seventy (270) days after the casualty without the payment of overtime or other premiums, (b) more than twenty-five percent (25%) of the Premises is affected by the damage and fewer than twenty-four (24) months remain in the Term, or any material damage occurs to the Premises during the last twelve (12) months of the Term (unless Tenant exercises an available renewal option), or (c) any Holder shall require that the insurance proceeds or any portion thereof be used to retire the Mortgage debt (or shall terminate the ground lease, as the case may be), or the damage is not fully covered by Landlord's insurance policies (excluding the deductible). Tenant shall have the option to terminate this Lease in the event that (x) Landlord informs Tenant that repairs to the Premises, parking areas, and access thereto cannot be substantially completed within two hundred seventy (270) days of the casualty, (y) repairs to the Premises, parking areas and access thereto are not in fact substantially completed within two hundred seventy (270) days of the casualty, or (z) any material damage occurs to the Premises during the last twelve (12) months of the Term. If Tenant elects to terminate pursuant to clause (x) in the preceding sentence, Tenant must do so, if at all, within fifteen (15) days of Tenant's receipt of Landlord's notice informing that repairs cannot be completed within 270 days. Tenant acknowledges that this Article represents the entire agreement between the parties respecting casualty damage to the Premises or the Property. Tenant hereby waives the provisions of Section 1932(2) and 1933(4) of the California Civil Code and any other applicable law providing for termination of a hiring upon destruction of the thing hired, which are superseded by this Article 8. In the event of any termination under this Article 8, Landlord shall promptly return to Tenant the Letter of Credit, provided that, if applicable, Landlord may draw upon the Letter of Credit to the extent Landlord is permitted to do so under this Lease before Landlord returns the Letter of Credit.

ARTICLE 9

Insurance. Subrogation. and Waiver of Claims

(A) Tenant shall not conduct any activity, or place any equipment or other item in or about the Premises, the Building or the Property, which will in any way increase the rate of property insurance or other insurance on the Property unless Tenant pays such increase. If any increase in the rate of property or other insurance is due to any activity, equipment or other item of Tenant, then (whether or not Landlord has consented to such activity, equipment or other item) Tenant shall have the option to either (i) pay as additional rent due hereunder the amount of such increase or (ii) discontinue such activity or remove such equipment or other item. The statement of any applicable insurance company or insurance rating organization (or other organization exercising similar functions in connection with the prevention of fIre or the correction of hazardous conditions) that an increase is due to any such activity, equipment or other item shall be conclusive evidence thereof.

(B) Throughout the Term, Tenant shall obtain and maintain the following insurance coverages written with companies with an A.M. Best A-, X or better rating and S&P rating of at least A-:

(i) Commercial General Liability ("CGL") insurance (written on an occurrence basis) with limits not less than One Million Dollars ($1,000,000) combined single limit per occurrence, Two Million Dollar ($2,000,000) annual general aggregate (on a per location basis), Two Million Dollars ($2,000,000) products/completed operations aggregate, One Million Dollars ($1,000,000) personal and advertising injury liability, Fifty Thousand Dollars ($50,000) fIre damage legal liability, and Five Thousand Dollars ($5,000) medical payments. CGL insurance shall be written on a current ISO occurrence form (or a substitute form providing equivalent or broader coverage) and shall cover liability arising from Premises, operations, independent contractors, products-completed operations, personal injury, advertising injury and liability assumed under an insured contract.

(ii) Workers Compensation insurance as required by the applicable state law, and Employers Liability insurance with limits not less than One Million Dollars ($1,000,000) for each accident, One Million Dollars ($1,000,000) disease policy limit, and One Million Dollars ($1,000,000) disease each employee.

(iii) Commercial Auto Liability insurance (if applicable) covering automobiles owned, hired or used by Tenant in carrying on its business with limits not less than One Million Dollars ($1,000,000) combined single limit for each accident.

(iv) Umbrella/Excess Insurance coverage on a follow form basis in excess of the CGL, Employers Liability and Commercial Auto Policy with limits not less than Five Million Dollars ($5,000,000) per occurrence and Five Million Dollars ($5,000,000) annual aggregate.

(v) Special Form Property Insurance covering Tenant's property, furniture, furnishings, fixtures, improvements, and equipment located at the Building. If Tenant is responsible for any machinery, Tenant shall maintain boiler and machinery insurance.

(vi) Business Interruption and Extra Expenses insurance in amounts typically carried by prudent tenants engaged in similar operations, but in no event in an amount less than double the annual Base Rent then in effect. Such insurance shall reimburse Tenant for direct and indirect loss of earnings and extra expense attributable to all perils insured against.

(vii) Builder's Risk (or Building Constructions) insurance during the course of construction of any Alteration, including during the performance of Tenant's Work and until completion thereof. Notwithstanding anything to the contrary set forth herein, Tenant shall not be obligated to carry the insurance described in this subsection if such insurance is carried by Tenant's contractor. Such insurance shall be on a form covering Landlord, Landlord's architects, Landlord's contractor or subcontractors (to the extent applicable), Tenant and Tenant's contractors, as their interest may appear, against loss or damage by fire, vandalism, and malicious mischief and other such risks as are customarily covered by the so-called "broad form extended coverage endorsement" upon all Alterations or Tenant's Work in place and all materials stored at the Premises, and all materials, equipment, supplies and temporary structures of all kinds incident to Alterations or Tenant's Work and builder's machinery, tools and equipment, all while forming a part of, or on the Premises, or when adjacent thereto, while on drives, sidewalks, streets or alleys, all on a completed value basis for the full insurable value at all times. Said Builder's Risk Insurance shall contain an express waiver of any right of subrogation by the insurer against Landlord, its agents, employees and contractors.

(C) Landlord and Landlord's agents shall be endorsed on each policy as additional insureds as it pertains to the CGL, Umbrella, and Auto policy, and coverage shall be primary and noncontributory. Landlord shall be a loss payee on the Property policy in respect of Tenant's improvements to the extent that Landlord is responsible for the repair and replacement of same under this Lease. All insurance shall (1) contain an endorsement that such policy shall remain in full force and effect notwithstanding that the insured may have waived its right of action against any party prior to the occurrence of a loss (Tenant hereby waiving its right of action and recovery against and releasing Landlord and Landlord's Representatives from any and all liabilities, claims and losses for which they may otherwise be liable to the extent Tenant is covered by insurance carried or required to be carried under this Lease); (2) provide that the insurer thereunder waives all right of recovery by way of subrogation against Landlord and Landlord's representatives in connection with any loss or damage covered by such policy (and Tenant shall provide evidence of such waiver); and (3) be acceptable in form and content to Landlord. Tenant shall cause its insurance carrier to provide Landlord with 30 days advance notice (10 days for non-payment of premium) of any cancellation, failure to renew, reduction of amount of insurance or change in Tenant's insurance coverage if it is reasonable and customary for an office tenant in the Building'S submarket to obtain such an undertaking from its insurance carrier. In the event Tenant's insurance carrier will not agree to provide Landlord advance notice as aforesaid, then Tenant shall give Landlord notice of cancellation, failure to renew, reduction of amount of insurance, or change of Tenant's insurance coverage no later than two (2) business days after Tenant learns of such cancellation, failure to renew, reduction of amount of insurance, or change of coverage. After the expiration of the initial Term, Landlord reserves the right from time to time to reasonably require higher minimum amounts or different types of insurance consistent with market requirements of similar properties in the vicinity of the Complex. Tenant shall deliver an ACORD 25 certificate or its equivalent with respect to all liability and personal property insurance and an ACORD 28 certificate or its equivalent with respect to all commercial property insurance and receipts evidencing payment therefor (and, upon request, copies of all required insurance policies, including endorsements and declarations) to Landlord on or before the Commencement Date and at least annually thereafter. If Tenant fails to provide evidence of insurance required to be provided by Tenant hereunder, prior to commencement of the Lease Term and thereafter within thirty (30) days following Landlord's request during the Term (and in any event within thirty (30) days prior to the expiration date of any such coverage, any other cure or grace period provided in this Lease not being applicable hereto), Landlord shall be authorized (but not required) after ten (10) days' prior notice to procure such coverage in the amount stated with all costs thereof to be chargeable to Tenant and payable as additional rent upon written invoice therefor.

(D) Landlord agrees to carry and maintain special form property insurance (with replacement cost coverage) covering the Building and Landlord's property therein in an amount required by its insurance company to avoid the application of any coinsurance provision. Landlord hereby waives its right of recovery against Tenant and releases Tenant from any and all liabilities, claims and losses for which Tenant may otherwise be liable to the extent Landlord receives proceeds from its property insurance therefor. Landlord shall secure a waiver of subrogation endorsement from its insurance carrier. Landlord also agrees to carry and maintain commercial general liability insurance in limits it reasonably deems appropriate (but in no event less than the limits required by Tenant above). Landlord may elect to carry such other additional insurance or higher limits as it reasonably deems appropriate. Tenant acknowledges that Landlord shall not carry insurance on, and shall not be responsible for damage to, Tenant's personal property or any Alterations (including Tenant's Work), and that Landlord shall not carry insurance against, or be responsible for any loss suffered by Tenant due to, interruption of Tenant's business.

ARTICLE 10

Condemnation

If (a) the whole or any material part of the Premises, parking areas of the Complex, or the Property shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose; (b) any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of any part of the Premises or the Property, or (c) Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, then Landlord shall have the option to terminate this Lease upon ninety (90) days' notice, provided such notice is given no later than one hundred eighty (180) days after the date of such taking, condemnation, reconfiguration, vacation, deed or other instrument. Tenant shall have reciprocal termination rights if the whole or any material part of the Premises or the parking areas of the Complex is permanently taken or if access to the Premises is permanently and materially impaired. Landlord shall be entitled to receive the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and of fixtures belonging to Tenant and removable by Tenant upon expiration of the Term and for moving expenses (so long as such claim does not diminish the award available to Landlord or any Holder, and such claim is payable separately to Tenant). All Rent shall be apportioned as of the date of such termination, or the date of such taking, whichever shall first occur. Rent shall be proportionately abated if any part of the Premises shall be taken and this Lease shall not be so terminated. In the event of any termination under this Article 10, Landlord shall promptly return to Tenant the Letter of Credit, provided that, if applicable, Landlord may draw upon the Letter of Credit to the extent Landlord is permitted to do so under this Lease before Landlord returns the Letter of Credit. Tenant hereby waives any provision of California law that conflicts with the foregoing provisions of this Article 10 including, without limitation, Sections 1265.110-1265.160 of the California Code of Civil Procedure.

ARTICLE 11

Return of Possession

At the expiration or earlier termination of this Lease or Tenant's right of possession of the Premises, Tenant shall surrender possession of the Premises in the condition required under Article 7, ordinary wear and tear excepted, and shall surrender all keys, any key cards, and any parking stickers or cards, to Landlord, and advise Landlord as to the combination of any locks or vaults then remaining in the Premises, and shall remove all trade fixtures and personal property. All improvements, fixtures and other items permanently affixed to the Premises (except trade fixtures and personal property belonging to Tenant), whether installed by Tenant or Landlord, shall be Landlord's property and shall remain upon the Premises, all without compensation, allowance or credit to Tenant. However, by giving Tenant notice at

the time Landlord approves any particular Tenant Work or Alterations pursuant to Article 6, above, Landlord may require Tenant to promptly remove any or all such Tenant Work and/or Alterations as are designated in such notice and restore the Premises to the condition prior to the installation of such items; provided Landlord shall not require removal of standard and customary office improvements. In no event shall Landlord be entitled to require removal of Tenant's initial improvements installed pursuant to the Workletter except as otherwise expressly provided herein with respect to Tenant's generator improvements. If Tenant shall fail to perform any repairs or restoration, or fail to remove any items from the Premises or the Property required hereunder, Landlord may do so, and Tenant shall pay Landlord the cost thereof upon demand. Any and all property that may be removed from the Premises or the Property by Landlord pursuant to any provisions of this Lease or any Law, to which Tenant is or may be entitled, may be handled, removed or stored in a commercial warehouse or otherwise by Landlord at Tenant's risk, cost or expense, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in any removal and all storage charges as long as the same is in Landlord's possession or under Landlord's control. Any property, which is not removed from the Premises or which is not retaken from storage by Tenant within thirty (30) days after expiration or earlier termination of this Lease or of Tenant's right to possession of the Premises, shall, at Landlord's option, be conclusively presumed to have been abandoned and thus to have been conveyed by Tenant to Landlord as if by bill of sale without payment by Landlord.

ARTICLE 12

Holding Over

Unless Landlord expressly agrees otherwise in writing, if Tenant shall retain possession of the Premises or any part thereof after expiration or earlier termination of this Lease, then during the first thirty (30) days of such holdover Tenant shall pay Landlord one hundred fifty percent (150%) of the amount of Rent then applicable (or the highest amount permitted by Law, whichever shall be less) on a per month basis without reduction for partial months during the holdover and thereafter Tenant shall pay two hundred percent (200%) of the amount of Rent then applicable (or the highest amount permitted by Law, whichever shall be less) on a per month basis without reduction for partial months during the holdover. Landlord shall diligently seek to mitigate such damages. In no event shall Tenant be responsible for consequential damages as a result of such holding over. The foregoing provisions shall not serve as permission for Tenant to holdover, nor serve to extend the Term (although Tenant shall remain bound to comply with all provisions of this Lease until Tenant vacates the Premises, and shall be subject to the provisions of Article 11). The provisions of this Article do not waive Landlord's right of re-entry or right to regain possession by actions at law or in equity or any other rights hereunder, and any receipt of payment by Landlord shall not be deemed a consent by Landlord to Tenant's remaining in possession or be construed as creating or renewing any lease or right of tenancy between Landlord and Tenant. Tenant expressly waives Tenant's rights (if any) under Sections 1941 and 1945 of the California Civil Code and similar laws.

ARTICLE 13

No Waiver

No provision of this Lease will be deemed waived by either party unless expressly waived in writing signed by the waiving party. No waiver shall be implied by delay or any other act or omission of either party. No waiver by either party of any provision of this Lease shall be deemed a waiver of such provision with respect to any subsequent matter relating to such provision, and Landlord's consent or approval respecting any action by Tenant shall not constitute a waiver of the requirement for obtaining Landlord's consent or approval respecting any subsequent action. Acceptance of Rent by Landlord shall not constitute a waiver of any breach by Tenant of any term or provision of this Lease. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the

full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. The acceptance of Rent or of the performance of any other term or provision from any Person other than Tenant, including any Transferee, shall not constitute a waiver of Landlord's right to approve any Transfer.

ARTICLE 14

Attorneys' Fees and Arbitration

In the event of any actual or threatened litigation between the parties, the prevailing party shall be entitled to obtain, as part of the judgment, all reasonable attorneys' fees, costs and expenses incurred in connection with such litigation, except as may be limited by applicable Law. In the interest of obtaining a speedier and less costly hearing of any dispute, Landlord and Tenant each agree that, in the event of any dispute or claim arising out of or relating to this Lease, SUCH DISPUTE OR CLAIM SHALL BE RESOLVED BY SUBMISSION TO FINAL AND BINDING ARBITRATION BEFORE JAMS IN LOS ANGELES COUNTY, CALIFORNIA, PURSUANT TO THE JAMS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES. BOTH PARTIES FURTHER AGREE THAT THE ARBITRATION SHALL BE CONDUCTED BEFORE A SINGLE JAMS ARBITRATOR WHO IS A RETIRED CALIFORNIA OR FEDERAL JUDGE OR JUSTICE. BY AGREEING TO ARBITRATE, YOU WAIVE ANY RIGHT YOU HAVE TO A COURT OR JURY TRIAL. The parties further agree that, upon application of the prevailing party, any Judge of the Superior Court of the State of California, for the County of Los Angeles, may enter a judgment based on the final arbitration award issued by the JAMS arbitrator, and you expressly agree to submit to the jurisdiction of this Court for such a purpose.

ARTICLE 15

Personal Property Taxes. Rent Taxes and Other Taxes

Tenant shall pay prior to delinquency all taxes, charges or other governmental impositions assessed against or levied upon Tenant's fixtures, furnishings, equipment and personal property located in the Premises, and any Tenant Work to the Premises which is deemed to be personal property by any governmental agency or subdivision thereof. Whenever possible, Tenant shall cause all such items to be assessed and billed separately from the property-of Landlord. In the event any such items shall be assessed and billed with the property of Landlord, Tenant shall pay Landlord its share of such taxes, charges or other governmental impositions within thirty (30) days after Landlord delivers a statement and a copy of the assessment or other documentation showing the amount of such impositions applicable to Tenant's property. Tenant shall pay any rent tax or sales tax, service tax, transfer tax or value added tax, or any other applicable tax on Rent or services provided herein or otherwise respecting this Lease.

ARTICLE 16

Subordination, Attornment and Mortgagee Protection

This Lease is subject and subordinate to all Mortgages now or hereafter placed upon the Property, and all other encumbrances and matters of public record applicable to the Property. Landlord hereby represents and warrants that there are no Mortgages affecting the Property as of the date of full execution and delivery of this Lease. If any foreclosure proceedings are initiated by any Holder or a deed in lieu is granted (or if any ground lease is terminated), Tenant agrees to attorn and pay Rent to any Holder which is a successor to Landlord hereunder or a purchaser at a foreclosure sale and to execute and deliver any instruments necessary or appropriate to evidence or effectuate such attornment (provided such Holder or purchaser shall agree to not disturb Tenant's occupancy, so long as Tenant does not default and fail to cure within the time permitted hereunder). "**Holder**" shall mean the holder of any Mortgage at the time

in question, and where such Mortgage is a ground lease, such term shall refer to the ground lessor. "**Mortgage**" shall mean all mortgages, deeds of trust, ground leases and other such encumbrances now or hereafter placed upon the Property or any part thereof and all renewals, modifications, consolidations, replacements or extensions thereof. Any Holder may elect to make this Lease prior to the lien of its Mortgage, by written notice to Tenant, and if the Holder of any prior Mortgage shall require, this Lease shall be prior to any subordinate Mortgage. Tenant shall execute such documentation as Landlord may reasonably request from time to time, in order to confirm the matters set forth in this Article in recordable form. In the event of any default on the part of Landlord, arising out of or accruing under the Lease, whereby the validity or the continued existence of the Lease might be impaired or terminated by Tenant, or Tenant might have a claim for partial or total eviction, Tenant shall not pursue any of its rights with respect to such default or claim, and no notice of termination of the Lease as a result of such default shall be effective, unless and until Tenant has given written notice of such default or claim to the applicable Holder (but such notice shall only be required if Tenant has been provided with the correct notice address for such Holder) and granted to such Holder the same period of time granted to Landlord under the Lease to cure or to undertake the elimination of the basis for such default or claim; it being expressly understood that (a) if such default or claim cannot reasonably be cured within such cure period, such Holder shall have such additional period of time to cure same as it reasonably determines is necessary, so long as it continues to pursue such cure with reasonable diligence, and (b) such Holder's right to cure any such default or claim shall not be deemed to create any obligation for such Holder to cure or to undertake the elimination of any such default or claim.

Notwithstanding anything to the contrary set forth in this Lease, in the event Landlord obtains a Mortgage from a Holder, then Tenant's duty to subordinate this Lease and Tenant's obligation to be bound by this Article 16 shall be conditioned on Tenant and such Holder executing a commercially reasonable non-disturbance agreement on a form reasonably approved by Tenant, such approval not to be unreasonably withheld, conditioned or delayed. Any such non-disturbance agreement must recognize Tenant's self-help and offset rights under Article 21 below with respect to payment of the Construction Allowance and brokerage commissions. Any such non-disturbance agreement shall be in recordable form and may be recorded at Tenant's election and expense.

ARTICLE 17

Estoppel Certificate

Tenant shall from time to time, within fifteen (15) days after written request from Landlord, execute, acknowledge and deliver a certificate affirming that (to the extent the same is true), except as otherwise expressly stated in the certificate, *(A)* this Lease is unmodified and in full force and effect; (B) to Tenant's knowledge, Landlord is not in default hereunder; (C) Tenant is in possession of the Premises; (D) Tenant has no off-sets or defenses to the performance of its obligations under this Lease except as expressly set forth in this Lease; (E) that the Premises have been completed in accordance with the terms, covenants and conditions hereof or the Workletter, that Tenant has accepted the Premises and the condition thereof and of all improvements thereto and has no claims against Landlord or any other party with respect thereto; (F) the amount of any unpaid Construction Allowance, Additional Allowance, and Space Planning Allowance (if any). The certificate shall also confirm the dates to which the Rent has been paid in advance and the amount of any Security Deposit. The certificate may be relied upon by Landlord, its Holder(s), insurance carriers, auditors, rating agencies, and prospective purchasers.

Landlord shall from time to time, within fifteen (15) days after written request from Tenant, execute, acknowledge and deliver a certificate affirming that (to the extent the same is true), except as otherwise expressly stated in the certificate, *(A)* this Lease is unmodified and in full force and effect; and (B) to Landlord's knowledge, Tenant is not in default hereunder; and , (C) the amount of any unpaid Construction Allowance, Additional Allowance, and Space Planning Allowance (if any). The certificate shall also confirm the dates to which the Rent has been paid in advance and the amount of any Security

Deposit. The certificate may be relied upon by Tenant, its insurance carriers, auditors, rating agencies, and prospective purchasers.

ARTICLE 18

Assignment and Subletting

(A) **Transfers**. Except as expressly provided in this Article 18, Tenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withheld (as further described below): (i) assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, by operation of law or otherwise, (ii) sublet the Premises or any part thereof, or (iii) permit the occupancy of the Premises by any Person other than Tenant and its employees (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**" and any Person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant shall desire Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice shall include: (a) the proposed effective date (which shall not be less than thirty (30) nor more than one hundred and eighty (180) days after Tenant's notice), (b) the portion of the Premises to be Transferred (herein called the "**Subject Space**"), (c) the terms of the proposed Transfer and the consideration therefor, the name and address of the proposed Transferee, and a copy of all documentation pertaining to the proposed Transfer, and (d) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof. Any Transfer made without complying with this Article shall, at Landlord's option, be null, void and of no effect, or shall constitute a Default under this Lease. Whether or not Landlord shall grant consent, Tenant shall pay Landlord's actual costs, not to exceed $3000 to compensate Landlord for its review and processing expenses. Tenant hereby waives Tenant's rights (if any) under Section 1995.310 of the California Civil Code. The use of the Premises by Tenant's subsidiaries and affiliates shall not be deemed a Transfer.

(B) **Approval**. Landlord will not unreasonably withhold its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in Tenant's notice. The parties hereby agree that it shall be reasonable under this Lease and under any applicable Law for Landlord to withhold consent to any proposed Transfer where one or more of the following applies: (i) the Transferee is of a character or reputation or engaged in a business which is not consistent with the Class A quality of the Property or other comparable properties in the vicinity of the Property including, without limitation, any business that sells pornographic, obscene, or other so-called adult products or services, (ii) the Transferee intends to use the Subject Space for purposes which are not permitted under this Lease, (iii) the Subject Space or adjacent leasable space is not code compliant with appropriate means of ingress and egress to passenger elevator, restroom and other common facilities suitable for normal renting purposes, (iv) the Transferee is either a government (or agency or instrumentality thereof), (v) the proposed Transferee does not have a reasonable financial condition in relation to the obligations to be assumed in connection with the Transfer, (vi) Tenant has committed and failed to cure a Default at the time Tenant requests consent to the proposed Transfer, or (vii) such a Transfer would violate any term, condition, covenant, or agreement of the Landlord involving the Property or any other tenant's lease within it. If Landlord wrongfully withholds its consent to any Transfer, Tenant's sole and exclusive remedy therefor shall be to seek specific performance of Landlord's obligation to consent to such Transfer.

(C) **Transfer Premium**. If Landlord consents to a sublease, Tenant shall pay Landlord fifty percent (50%) of any Transfer Premium derived by Tenant from such sublease. "**Transfer Premium**" shall mean all rent, additional rent or other consideration paid by the sublessee in excess of the Rent payable by Tenant under this Lease (on a monthly basis during the Term, and on a per rentable square foot basis, if less than all of the Premises is transferred), after first deducting therefrom all the reasonable expenses incurred by Tenant for any changes, alterations and improvements made to the Premises and any other economic concessions or services provided to the sublessee (including rental abatement), plus any customary brokerage commissions and legal fees paid in connection with the sublease, if acceptable

written evidence of such expenditures is provided in advance to Landlord. The Transfer Premium due

Landlord hereunder shall be paid within ten (10) days after Tenant receives any Transfer Premium from the Transferee.

(D) **Recapture**. Intentionally deleted.

(E) **Terms of Consent**. If Landlord consents to a Transfer: (a) any Transfer shall be made only if, and shall not be effective until, the Transferee shall execute, acknowledge and deliver to Landlord an agreement in fonn and substance reasonably satisfactory to Landlord whereby the Transferee shall agree to be bound by and assume the obligations of this Lease on the part of Tenant to be performed or observed, (b) the terms, covenants and conditions of this Lease, including among other things, Tenant's (or any Transferee's) liability for the Subject Space, shall in no way be deemed to have been waived or modified and the original named Tenant (and any Transferee, as the case may be) shall remain fully liable for the payment of Rent and Additional Rent and for the other obligations of this Lease on the part of Tenant to be performed or observed, (c) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (d) no Transferee shall succeed to any rights provided in this Lease or any amendment hereto to extend the Tenn of this Lease, expand the Premises, or lease additional space, any such rights being deemed personal to Tenant, (e) Tenant shall deliver to Landlord promptly after execution, an original executed copy of all documentation pertaining to the Transfer in a form reasonably acceptable to Landlord, and (f) Tenant shall furnish upon Landlord's request a complete statement, certified by an officer of Tenant setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall within thirty (30) days after demand pay the deficiency, and if understated by more than five percent (5%), Tenant shall pay Landlord's costs of such audit. Any sublease hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any sublease, Landlord shall have the right to: (i) treat such sublease as canceled and repossess the Subject Space by any lawful means, or (ii) require that such subtenant attorn to and recognize Landlord as its landlord under any such sublease. If Tenant shall Default and fail to cure within the time permitted for cure under Section 20(A), Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such Default is cured.

(F) **Permitted Transfers**. Notwithstanding Section 18(A), Tenant may Transfer all or part of its interest in this Lease or all or part of the Premises (a "**Permitted Transfer**") to the following types of entities (a "**Permitted Transferee**") without the written consent of Landlord: (i) any Person which, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Tenant (an "**Affiliate**"); (ii) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity in which or with which Tenant, or its corporate successors or assigns, is merged or consolidated, in accordance with applicable statutory provisions governing merger and consolidation of business entities, so long as (a) Tenant's obligations hereunder are assumed by the entity surviving such merger or created by such consolidation; and (b) the Net Worth of the surviving or created entity is not less than the Net Worth of Tenant as of the date hereof or the date of the merger or consolidation (whichever is less); or (iii) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity acquiring all or substantially all of Tenant's assets if such entity's Net Worth after such acquisition is not less than the Net Worth of Tenant as of the date hereof or the date of the acquisition (whichever is less). Tenant shall promptly notify Landlord of any such Permitted Transfer. Tenant shall remain liable for the performance of all of the obligations of Tenant hereunder, or if Tenant no longer exists because of a merger, consolidation, or acquisition, the surviving or acquiring entity shall expressly assume in writing the obligations of Tenant

hereunder. Additionally, the Permitted Transferee shall comply with all of the terms and conditions of this Lease and the use of the Premises by the Permitted Transferee for any use other than the use permitted by Article 4 above may not violate any other agreements affecting the Premises or the Building. No later

than ten (10) days after the effective date of any Permitted Transfer, Tenant agrees to furnish Landlord with (x) copies of the instrument effecting the Permitted Transfer, (y) documentation establishing Tenant's satisfaction of the requirements set forth above applicable to any such Permitted Transfer, and (z) evidence of insurance as required under this Lease with respect to the Permitted Transferee. The occurrence of a Permitted Transfer shall not waive Landlord's rights as to any subsequent Transfers. "Net Worth" means the excess of total assets over total liabilities, in each case as determined in accordance with generally accepted accounting principles consistently applied. Any subsequent Transfer by a Permitted Transferee shall be subject to the terms of this Article 18.

(G) **Permitted Occupants**. Notwithstanding anything to the contrary contained above in this Article 18, Landlord acknowledges and agrees that Tenant may allow any person or company which is a client or customer of Tenant or which is providing service to Tenant to occupy up to twenty-five percent (25%) of the Premises during Tenant's occupancy without such occupancy being deemed a Transfer, as long as no new demising walls are constructed to accomplish such occupancy, no rent is being paid in connection with such occupancy, such occupancy is not pursuant to any sublease or license agreement, and as long as such relationship was not created as a subterfuge to avoid the obligations set forth in this Article 18. Any such occupant may be referred to in this Lease as a "**Permitted Occupant**". Tenant may not permit any new person or company to become a Permitted Occupant while Tenant is in Default under this Lease. Landlord shall owe no duty to any such Permitted Occupant beyond what Landlord owes to Tenant's employees and/or invitees. Without limitation, no such Permitted Occupant shall be entitled to signage rights. Tenant shall provide Landlord at least five (5) days before occupancy the name of each person and/or entity who will occupy a portion of the Premises pursuant to this Section for more than thirty (30) days. Tenant's insurance, indemnity, and other obligations under this Lease shall cover all Tenant's Permitted Occupants and their employees, agents, and invitees as if they were Tenant's employees. For purposes of this Lease (and not for purposes of employment law applicable to Tenant), persons who work for Tenant on an independent contractor basis rather than W-2 employees shall be considered Tenant's employees, not "Permitted Occupants" subject to the limitations in this Subsection (G).

ARTICLE 19

Rights Reserved By Landlord

Except as expressly provided herein, Landlord reserves the following rights:

(A) To install and maintain signs on the exterior and interior of the Complex or any part thereof, provided that Landlord shall not install any signage on the exterior or interior of the 3465 Building other than solely for the purpose of supporting the common building use and safety and as required by Law, and specifically excluding business or advertising signage; retain at all times, and use in appropriate instances, keys to all doors within and into the Premises; and have access for Landlord and other tenants of the Property to any mail chutes located on the Premises according to the rules of the United States Postal Service.

(B) To enter the Premises upon not less than forty-eight (48) hours prior notice (except in the event of emergency) at reasonable hours to show the Premises to current and prospective mortgage lenders, ground lessors, insurers, and prospective purchasers, and sale and finance brokers, and during the final year of the Term (or sooner if Tenant is in material monetary Default or abandons the Premises), to tenants and leasing brokers; provided that Tenant shall have the right to designate certain areas of the Premises as secure areas ("Secure Areas") should Tenant require such areas for the purpose of securing certain valuable property or confidential information. Landlord may not enter such Secure Areas except

in the case of emergency or in the event of a Landlord inspection, in which case Landlord shall provide Tenant with five (5) days' prior written notice of the specific date and time of such Landlord inspection (except 5 day notice shall not be required in the event of an emergency in a Secure Area provided Landlord first attempts to access the Secured Area in question in coordination with Tenant as time allows under the circumstances); provided that Landlord shall not be required to provide for any Secure Areas janitorial service or other service that requires Landlord access (and Tenant shall not be entitled to a credit against Operating Expenses therefor), unless Tenant provides such access.

(C) In case of fire, invasion, insurrection, riot, civil disorder, public excitement or other dangerous condition, or threat thereof: to temporarily limit or prevent access to the Property or any part thereof, shut down elevator service, activate elevator emergency controls, or otherwise take such action or preventative measures deemed necessary by Landlord for the safety of tenants or other occupants of the Property or the protection of the Property and other property located thereon or therein.

(D) To decorate and to make alterations, additions and improvements, structural or otherwise, in or to the Property or any part thereof, and to any adjacent building, structure, parking facility, land, street or alley (including without limitation changes and reductions in parking facilities and other public areas and the installation of kiosks, planters, sculptures, displays, and other structures, facilities, amenities and features therein, and changes for the purpose of connection with or entrance into or use of the Property in conjunction with any adjoining or adjacent building or buildings, now existing or hereafter constructed). In connection with such matters, or with any other repairs, maintenance, improvements or alterations, in or about the Property, Landlord may erect scaffolding and other structures reasonably required, and during such operations may, upon reasonable prior notice to Tenant, enter upon the Premises at reasonable hours and take into and upon or through the Premises, all materials required to make such repairs, maintenance, alterations or improvements, and may temporarily close public entry ways, other public areas, restrooms, stairways or corridors and Tenant agrees to pay Landlord for overtime and similar expenses incurred if such work is done other than during ordinary business hours at Tenant's request.

(E) To take any other action which Landlord deems reasonable in connection with the operation, maintenance, marketing, or preservation of the Property.

(F) To approve the weight, size, and location of safes or other heavy equipment or articles, which articles may be moved in, about, or out of the Property or the Premises at Tenant's sole risk and responsibility.

In connection with entering the Premises to exercise any of the foregoing rights, Landlord shall: (a) provide reasonable advance written or oral notice to Tenant's on-site manager or other appropriate person (except in emergencies), and (b) take reasonable steps to minimize any interference with Tenant's business. Exercise of any of the foregoing rights shall not constitute a constructive eviction or entitle Tenant to abatement of Rent, damages or other claims of any kind. Landlord shall have a copy of all keys to all doors within and into the Premises. Tenant shall have the right to change locks or keys and to provide copies for the Landlord. In the event that Landlord attempts to access the Premises to perform any of its obligations under this Lease, but is unable to access the Premises due to Landlord's inability to reach the Tenant to provide reasonable advance written or oral notice before entering the Premises, then Landlord shall be granted any additional time reasonably necessary to perform such obligations before being considered in breach of this Lease.

ARTICLE 20

Landlord's Remedies

(A) **Default.** The occurrence of anyone or more of the following events shall constitute a "**Default**" by Tenant, which if not cured within any applicable time permitted for cure below, shall give

rise to Landlord's remedies set forth in Paragraph (B), below: (i) failure by Tenant to make when due any payment of Rent, unless such failure is cured within seven (7) days after notice; or (ii) failure by Tenant to observe or perform any of the terms or conditions of this Lease or the Rules attached to this Lease (as same may be updated from time to time pursuant to the terms and conditions of this Lease) to be observed or performed by Tenant other than the payment of Rent, or as provided below, unless such failure is cured within thirty (30) days after notice, or such shorter period expressly provided elsewhere in this Lease (provided, if the nature of Tenant's failure is such that more time is reasonably required in order to cure, Tenant shall not be in Default if Tenant commences to cure within such period and thereafter diligently continues to cure such failure to completion, and further provided that Tenant shall use good faith efforts to cure as soon as reasonably practicable given the totality of the circumstances); (iii) (a) making by Tenant of any general assignment for the benefit of creditors, (b) filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any Law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days), (c) appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located on the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days, (d) attachment, execution or other judicial seizure of substantially all of Tenant's assets located on the Premises or of Tenant's interest in this Lease, or (e) Tenant's admission in writing of its inability to pay its debts as they mature; (iv) any material misrepresentation or omission in any financial statements or other materials provided by Tenant that Tenant knew was false when delivered to Landlord; or (v) any material misrepresentation or omission in any financial statements provided in connection with any Transfer under Article 18, unless such financial statements are audited by a reputable firm of certified public accountants, and further provided that Tenant shall not be in default hereunder by virtue of a third party's financial statements unless Tenant knowingly provides Landlord false information. The notice and cure periods provided herein are in lieu of, and not in addition to, any notice and cure periods provided by Law.

(B) **Remedies**. If a Default occurs and is not cured within any applicable time permitted under Paragraph (A), then in addition to Landlord's rights and remedies under law including, without limitation, the rights and remedies contained in California Code of Civil Procedure Section 1161.1 and California Civil Code 1951.2, Landlord shall have the rights and remedies hereinafter set forth, each of which shall be distinct, separate and cumulative with and in addition to any other right or remedy allowed under any Law (including, without limitation, specific performance) or other provisions of this Lease, any and all of which may be exercised with or without further notice and with or without demand whatsoever, concurrently or successively, and at such time or times and in such order as Landlord may from time to time determine:

(i) Terminate this Lease by giving Tenant written notice thereof, in which event Tenant shall pay to Landlord the sum of (a) all Rent accrued hereunder through the date of termination, (b) all amounts due under Section 20(D), and (c) an amount equal to (1) the total Rent that Tenant would have been required to pay for the remainder of the Term discounted to present value at a per annum rate equal to the "Prime Rate" on the date this Lease is terminated minus one percent, minus (2) the then present fair rental value of the Premises for such period, similarly discounted. The "**Prime Rate**" of interest shall be the "Prime Rate" as published in the "Money Rates" section of The Wall Street Journal from time to time. In the event The Wall Street Journal no longer publishes a Prime Rate of interest, Landlord shall select a comparable equivalent. For purposes of computing the amount of Rent herein that would have accrued after the time of award, Tenant's Prorata Share of Taxes and Operating Expenses shall be projected based upon the average rate of increase, if any, in such items from the Commencement Date through the time of award.

(ii) Terminate Tenant's right to possess the Premises without terminating this Lease by giving written notice thereof to Tenant, in which event Tenant shall pay to Landlord (a) all

Rent accrued hereunder to the date of termination of possession, (b) all amounts due from time to time under Section 20(D), and (c) all Rent and other net sums required hereunder to be paid by Tenant during the remainder of the Term, diminished by any net sums thereafter received by Landlord through reletting the Premises during such period, after deducting all costs incurred by Landlord in reletting the Premises. If Landlord elects to proceed under this Section 20(B)(ii), Landlord may remove all of Tenant's property from the Premises and store the same in a public warehouse or elsewhere at the cost of, and for the account of, Tenant, without becoming liable for any loss or damage which may be occasioned thereby. Landlord shall use reasonable efforts to relet the Premises on such terms as Landlord in its sole discretion may determine (including a term different from the Term, rental concessions, and alterations to, and improvement of, the Premises); however, Landlord shall not be obligated to relet the Premises before leasing other portions of the Building and Landlord shall not be obligated to accept any prospective tenant proposed by Tenant unless such proposed tenant meets all of Landlord's leasing criteria. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or to collect rent due for such reletting. Tenant shall not be entitled to the excess of any consideration obtained by reletting over the Rent due hereunder. Reentry by Landlord in the Premises shall not affect Tenant's obligations hereunder for the unexpired Term; rather, Landlord may, from time to time, bring an action against Tenant to collect amounts due by Tenant, without the necessity of Landlord's waiting until the expiration of the Term. Unless Landlord delivers written notice to Tenant expressly stating that it has elected to terminate this Lease, all actions taken by Landlord to dispossess or exclude Tenant from the Premises shall be deemed to be taken under this Section 20(B)(ii). If Landlord elects to proceed under this Section 20(B)(ii), it may at any time elect to terminate this Lease under Section 20(B)(i).

The lessor (Landlord) has the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations).

(C) **Mitigation of Damages**. If Landlord terminates this Lease or Tenant's right to possession of all or any part of the Premises, Landlord shall use reasonable efforts to mitigate Landlord's damages to the extent required by Law and Tenant shall be entitled to submit proof of such failure to mitigate as a defense to Landlord's claims hereunder.

(D) **Payment by Tenant**. Upon any uncured Default, Tenant shall pay to Landlord all costs actually incurred by Landlord (including court costs and reasonable attorneys' fees and expenses) in (i) obtaining possession of the Premises, (ii) removing and storing Tenant's or any other occupant's property, (iii) repairing, restoring, or otherwise putting the Premises into a vanilla box condition suitable for lease, (iv) if Tenant is dispossessed of the Premises and this Lease is not terminated, reletting all or any part of the Premises (including brokerage commissions and other costs incidental to such reletting), (v) performing Tenant's obligations which Tenant failed to perform, and (vi) enforcing or advising Landlord of its rights, remedies, and recourses arising out of the Default.

(E) **Late Charges and Interest**. Tenant shall pay, as additional Rent, a service charge of Two Hundred Dollars ($200.00) for bookkeeping and administrative expenses if Rent is not received within seven (7) days after its due date. In addition, any Rent paid more than seven (7) days after it is due shall accrue interest from the due date at the Default Rate until payment is received by Landlord, provided that Landlord shall waive service charge and interest on one (1) occasion each year in the event that Tenant makes the missed payment within seven (7) days after written notice to Tenant that the same is past due. The "**Default Rate**" of interest shall be the Prime Rate of interest (defined above) plus ten percent (10%). Such service charge and interest payments shall not be deemed consent by Landlord to late payments, nor a waiver of Landlord's right to insist upon timely payments at any time, nor a waiver of

any remedies to which Landlord is entitled as a result of the late payment of Rent. The exercise of any remedy by Landlord shall not be deemed an election of remedies or preclude Landlord from exercising any other remedies in the future.

(F) **Landlord Action**. In addition to Landlord's other rights and remedies, if any failure by Tenant to satisfy its obligations under this Lease materially adversely affects the Building or Complex or endangers the health or safety of the occupants of the Complex, and Tenant fails to contest in good faith or commence to cure such failure within five (5) days after receipt of a second written notice of such failure from Landlord (i.e. in addition to the notice and cure rights provided in Section 20(A)) and thereafter diligently continue to cure to completion, provided that no second notice shall be required and Landlord may act immediately in the event of an emergency that requires immediate action, then Landlord shall be entitled to (but shall not be obligated to) exercise self-help and perform such actions as are necessary to cure Tenant's failure. If Landlord properly exercises its self-help rights pursuant to the preceding sentence, Tenant shall reimburse Landlord for reasonable out of pocket costs incurred by Landlord to cure Tenant's failure, within thirty (30) days after Tenant's receipt of an invoice therefor and evidence to substantiate Landlord's out of pocket costs. If Tenant does not reimburse Landlord within such thirty (30) day period, then: (a) past due amounts shall bear interest at the Default Rate, (b) Tenant shall reimburse Landlord for Landlord's reasonable attorneys' fees and collection costs related to the self-help matter and Landlord's collection of costs for same, and (c) Landlord may withhold and offset such sums and interest from and against any amounts that Landlord may otherwise be required to pay under this Lease to Tenant and such withholding and offset shall not constitute a default or breach of this Lease by Landlord. Any good faith dispute under this Section 20(F) may be submitted to arbitration as provided in Article 14 above.

(G) **Other Matters**. No act or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or accept a surrender of the Premises, nor shall the same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord or its agent to Tenant. Neither Landlord nor Tenant shall be liable under any circumstances for any damages by reason of loss of profits, business interruption, or other consequential damages.

(H) **Waiver of Reinstatement**. Tenant hereby waives all rights under California Code of Civil Procedure Sections 1174 and 1179 and California Civil Code Section 3275 providing for relief from forfeiture and any other right now or hereafter existing to redeem the Premises or reinstate this Lease after termination pursuant to this Section 13 or by order or judgment of any court or by any legal process.

ARTICLE 21

Landlord Default; Tenant Self Help and Offset Rights

(A) If Landlord shall fail to perform any term or provision under this Lease required to be performed by Landlord, Landlord shall not be deemed to be in default hereunder nor subject to any claims for damages of any kind, unless such failure shall have continued for a period of thirty (30) days after written notice thereof by Tenant, or such shorter period expressly provided elsewhere in this Lease (provided, if the nature of Landlord's failure is such that more time is reasonably required in order to cure, Landlord shall not be in default if Landlord commences to cure within such period and thereafter diligently continues to cure such failure to completion, and further provided that Landlord shall use good faith efforts to cure as soon as reasonably practicable given the totality of the circumstances. If Landlord shall fail to cure within the times permitted for cure herein, Landlord shall be subject to such remedies as may be available to Tenant (subject to the other provisions of this Lease); provided, in recognition that Landlord must receive timely payments of Rent and operate the Property, Tenant shall have no right of self-help to perform repairs or any other obligation of Landlord, and shall have no right to withhold, set-off, or abate Rent, except as otherwise expressly provided in this Lease. Without limitation of the

preceding sentence, Tenant hereby waives Tenant's rights (if any) under Section 1932, Subdivision 1, and Section 1942 of the California Civil Code, Section 431.70 of the California Code of Civil Procedure, and similar laws.

(B) Notwithstanding the foregoing Section 21(A), if any failure by Landlord to satisfy its obligations under this Lease materially adversely affects the use of the Premises or endangers the health or safety of the occupants of the Premises, and Landlord fails to contest in good faith or commence to cure such failure within five (5) days after receipt of a second written notice of such failure from Tenant (Le. in addition to the notice and cure rights provided in the preceding paragraph) and thereafter diligently continue to cure to completion, provided that no second notice shall be required and Tenant may act immediately in the event of an emergency that requires immediate action, then Tenant shall be entitled to (but shall not be obligated to) exercise self-help and perform such actions as are necessary to cure Landlord's failure. If Tenant properly exercises its self-help rights pursuant to the preceding sentence, Landlord shall reimburse Tenant for reasonable out of pocket costs incurred by Tenant to cure Landlord's failure, within thirty (30) days after Landlord's receipt of an invoice therefor and evidence to substantiate Tenant's out of pocket costs. If Landlord does not reimburse Tenant within such thirty (30) day period, then: (a) past due amounts shall bear interest at the Default Rate, (b) Landlord shall reimburse Tenant for Tenant's reasonable attorneys' fees and collection costs related to the self-help matter and Tenant's collection of costs for same, and (c) Tenant may withhold and offset such sums and interest from and against any amounts that Tenant may otherwise be required to pay under this Lease as Rent, and such withholding and offset shall not constitute a Default or breach of this Lease. Any good faith dispute under this Section 21 (B) may be submitted to arbitration as provided in Article 14 above.

(C) Further notwithstanding the foregoing Section 21(A), if (i) Landlord defaults in Landlord's obligation to pay the Construction Allowance pursuant to the Workletter, or any portion thereof, within five (5) days after the date the same is due pursuant to the Workletter, or (ii) Landlord defaults in Landlord's obligation to pay Tenant's broker pursuant to their separate written agreement after notice of such failure and seven (7) days to cure, then provided no material monetary Default exists Tenant shall have the right to give Landlord a second written notice ("**Offset Exercise Notice**") requesting payment of such unpaid amounts. In the event that Landlord fails to contest in good faith or fully pay such amounts within five (5) business days after such Offset Exercise Notice is provided to Landlord, then: (x) such unpaid amounts shall bear interest at the Default Rate, (y) Landlord shall reimburse Tenant for Tenant's reasonable attorneys' fees and collection costs related to Tenant's collection of costs for same, and (z) Tenant may withhold and offset such sums and interest from and against any amounts that Tenant may otherwise be required to pay under this Lease as Rent, and such withholding and offset shall not constitute a Default or breach of this Lease. Any good faith dispute under this Section 21 (C) may be submitted to arbitration as provided in Article 14 above.

ARTICLE 22

Conveyance by Landlord and Liability

In case Landlord or any successor owner of the Property shall conveyor otherwise dispose of the Property, or the portion thereof in which the Premises are located, to another Person (and nothing herein shall be construed to restrict or prevent such conveyance or disposition), such other Person shall thereupon be and become "Landlord" hereunder and shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord which first arise after the date of conveyance, including the return of any Security Deposit, and Landlord or such successor owner shall, from and after the date of conveyance, be free of all liabilities and obligations hereunder not then incurred. The liability of Landlord to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration, or any other matter relating to the Property or the Premises, shall be limited to the interest of Landlord in the Complex. Tenant agrees to look solely to Landlord's interest in the Complex for the recovery of any

judgment against Landlord and Landlord shall not be personally liable for any such judgment or deficiency after execution thereon. The limitations of liability contained in this Article shall apply equally and inure to the benefit of Landlord's present and future members, managers, partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, legal representatives, heirs, successors and assigns, directors, trustees, shareholders, agents and employees, and their respective partners, legal representatives, heirs, successors and assigns. Under no circumstances shall any present or future shareholder, officer or director of Landlord (if Landlord is a corporation), general or limited partner of Landlord (if Landlord is a partnership), manager or member of Landlord (if Landlord is a limited liability company), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust) have any liability for the performance of Landlord's obligations under the Lease.

ARTICLE 23

Indemnification

Except to the extent arising from the intentional misconduct or negligent acts of Landlord or Landlord's agents or employees, Tenant shall defend, indemnify and hold harmless Landlord and Landlord's agents and employees from and against any and all claims, demands, liabilities, damages, judgments, orders, decrees, actions, proceedings, fines, penalties, costs and expenses, including without limitation, court costs and reasonable attorneys' fees ("**Claims**") arising from or relating to any loss of life, damage or injury to person or property occurring while such person or property is within the Premises, or caused by or in connection with any violation of this Lease or use of the Premises or the Property by, or any other act or omission of, Tenant, any Permitted Occupant, or any of their respective agents, employees, contractors or guests. Without limiting the generality of the foregoing, Tenant specifically acknowledges that the indemnity undertaking herein shall apply to claims in connection with or arising out of any "Work" by Tenant, the installation, maintenance, use or removal of any "Lines" located in or serving the Premises as described in Article 25, Tenant's generator and fuel tank, and the transportation, use, storage, maintenance, generation, manufacturing, handling, disposal, release or discharge of any "Hazardous Material" as described in Article 26 (whether or not any of such matters shall have been theretofore approved by Landlord), except to the extent that any of the same arises from the intentional misconduct or negligent acts of Landlord or Landlord's agents or employees. Provided, further, to the extent any damage or repair obligation is covered by insurance obtained by Landlord as part of Operating Expenses, but is not covered by insurance obtained by Tenant, then Tenant shall be relieved of its indemnity obligation up to the amount of the insurance proceeds which Landlord is entitled to receive.

Except to the extent arising from the intentional misconduct or negligent acts of Tenant or Tenant's agents or employees, Landlord shall defend, indemnify and hold harmless Tenant and Tenant's agents and employees from and against any and all Claims arising from or relating to any loss of life, damage or injury to person or property occurring while such person or property is outside of the Premises but otherwise within the Complex, or caused by or in connection with any violation of this Lease or use of the Premises or the Complex by, or any other act or omission of, Landlord, or any of Landlord's agents, employees, contractors or guests. Landlord further agrees to indemnify and hold harmless Tenant and Tenant's agents and employees from Claims arising from the presence in the Premises, the Building and/or the Complex of Hazardous Materials to the extent required by Article 26 below. Provided, further, to the extent any damage or repair obligation is covered by insurance required to be carried by Tenant pursuant to the terms of this Lease then Landlord shall be relieved of its indemnity obligation up to the amount of the insurance proceeds which Tenant is entitled to receive.

If either party breaches this agreement by its failure to carry required insurance, such failure shall automatically be deemed to be a covenant and agreement by Landlord or Tenant, respectively, to self-insure to the full extent of such required coverage, with full waiver of subrogation.

The obligations assumed herein shall survive the expiration or sooner termination of this Lease. The foregoing indemnity shall be in addition to, and shall not be in discharge of or in substitution for, any of the insurance requirements or any other indemnity provisions of this Lease.

ARTICLE 24

Safety and Security Devices. Services and Programs

Landlord shall provide security in the Complex's common areas (including parking areas, loading areas, walkways and other exterior and adjacent area) during normal business hours. Notwithstanding the preceding sentence, the parties acknowledge that safety and security devices, services and programs provided by Landlord, if any, while intended to deter crime and ensure safety, may not in given instances prevent theft or other criminal acts, or ensure safety of persons or property. The risk that any safety or security device, service or program may not be effective, or may malfunction, or be circumvented by a criminal, is assumed by Tenant with respect to Tenant's property and interests, and Tenant shall obtain insurance coverage to the extent Tenant desires protection against such criminal acts and other losses, as further described in Article 9. Tenant agrees to cooperate in any reasonable safety or security program developed by Landlord or required by Law.

Landlord and Tenant recognize the risk of domestic or international threats or acts of violence, terrorism, and war which may require additional security measures in the day-to-day operation of the Property. To promote the health, safety and welfare of the Building's tenants, Tenant agrees to cooperate in any security measures instituted by Landlord or recommended by governmental officials in response to this risk. Tenant shall participate in evacuation drills performed by Landlord from time to time. Expenses incurred by Landlord in connection with the development, implementation and provision of security measures shall be included in Operating Expenses to the extent permitted under Article 3 above. The exercise of security measures by the Landlord and the resulting interruption of service to, or cessation or diminution of Tenant's business, if any, shall not be deemed to be an eviction or disturbance of Tenant's use and possession of the Premises, or any part thereof, or render Landlord liable to Tenant for any resulting damages or relieve Tenant from Tenant's obligations under this Lease. Tenant may install Tenant's own security system at the Building, provided Tenant's system is compatible with Landlord's security and other Building systems.

ARTICLE 25

Communications and Computer Lines

Tenant may install, maintain, replace, remove or use any communications or computer wires, cables and related electronic signal transmission devices (collectively the "**Lines**") at the Property in or serving the Premises, provided: (a) Tenant shall (i) obtain Landlord's prior written consent (not to be unreasonably withheld and provided no consent shall be necessary in the 3465 Building), (ii) use an experienced and qualified contractor approved in writing by Landlord (and before entering the Property, any such contractor must provide Landlord a certificate of insurance proving that such contractor satisfies or exceeds Landlord's standard insurance requirements), and (iii) comply with all of the other provisions of Article 6; (b) any such installation, maintenance, replacement, removal or use shall comply with all Laws applicable thereto and good work practices, and shall not interfere with the use of any then existing Lines at the Property; (c) if Tenant at any time uses any equipment that may create an electromagnetic field exceeding the normal insulation ratings of ordinary twisted pair riser cable or cause radiation higher than normal background radiation, the Lines therefor (including riser cables) shall be appropriately insulated to prevent such excessive electromagnetic fields or radiation; (d) Tenant's rights shall be subject to the rights of any regulated telephone company; and (e) Tenant shall pay all costs in connection with Tenant's Lines. Landlord reserves the right to require that Tenant remove any Lines located in or serving

the Premises which are installed in violation of these provisions, or which are at any time in violation of any Laws or represent a dangerous condition.

Landlord may (but shall not have the obligation to): (i) install new Lines at the Property and (ii) reasonably direct, monitor or supervise the installation, maintenance, replacement and removal of, the allocation and periodic re-allocation of available space (if any) for, and the allocation of excess capacity (if any) on, any Lines now or hereafter installed at the Property by Landlord, Tenant or any other party (but Landlord shall have no right to monitor or control the information transmitted through such Lines). Such rights shall not be in limitation of other rights that may be available to Landlord by Law or otherwise.

Except to the extent arising from the intentional misconduct or negligent acts of Landlord or Landlord's agents or employees, Landlord shall have no liability for damages arising from, and Landlord does not warrant that the Tenant's use of any Lines will be free from the following (collectively called "**Line Problems**"): (x) any eavesdropping or wire-tapping by unauthorized parties, (y) any failure of any Lines to satisfy Tenant's requirements, or (z) any shortages, failures, variations, interruptions, disconnections, loss or damage caused by the installation, maintenance, replacement, use or removal of Lines by or for other tenants or occupants at the Property, by any failure of the environmental conditions or the power supply for the Property to conform to any requirements for the Lines or any associated equipment, or any other problems associated with any Lines by any other cause. Under no circumstances shall any Line Problems be deemed an actual or constructive eviction of Tenant, render Landlord liable to Tenant for abatement of Rent, or relieve Tenant from performance of Tenant's obligations under this Lease. Landlord in no event shall be liable for damages by reason of loss of profits, business interruption or other consequential damage arising from any Line Problems.

ARTICLE 26

Hazardous Materials

To Landlord's knowledge, the Complex does not contain any "Hazardous Material" (as defined below) on the date that Landlord tenders possession of the Premises to Tenant. In the event Hazardous Material is discovered at the Complex and the same was not released, discharged or disposed of by Tenant, Tenant's subtenants, assignees or any Permitted Occupant, or their employees, agents or contractors, then Landlord at no cost to Tenant shall immediately, properly and in compliance with applicable Laws clean up and remove the Hazardous Material and any other affected property and clean or replace any affected personal property (whether or not owned by Landlord), to the extent required by Law, and Landlord shall indemnify Tenant from all losses, costs, damages, claims and expenses reasonably incurred by Tenant as a result of such Hazardous Material.

Tenant shall not transport, use, store, maintain, generate, manufacture, handle, dispose, release or discharge any "Hazardous Material" (as defined below) upon or about the Property, or permit Tenant's employees, agents, contractors, and other occupants of the Premises to engage in such activities upon or about the Property. However, the foregoing provisions shall not prohibit the transportation to and from, and use, storage, maintenance and handling within, the Premises of substances customarily used in offices provided: (a) such substances shall be used and maintained only in such quantities as are reasonably necessary for such permitted use of the Premises, strictly in accordance with applicable Law and the manufacturers' instructions therefor, (b) such substances shall not be disposed of, released or discharged on the Property, and shall be transported to and from the Premises in compliance with all applicable Laws, (c) if any applicable Law or Landlord's trash removal contractor requires that any such substances be disposed of separately from ordinary trash, Tenant shall make arrangements at Tenant's expense for such disposal directly with a qualified and licensed disposal company at a lawful disposal site (subject to scheduling and approval by Landlord), and shall ensure that disposal occurs frequently enough to prevent unnecessary storage of such substances in the Premises, and (d) any remaining such substances shall be

completely, properly and lawfully removed from the Property upon expiration or earlier termination of this Lease.

Tenant shall promptly notify Landlord of: (i) any enforcement, cleanup or other regulatory action taken or threatened by any governmental or regulatory authority with respect to the presence of any Hazardous Material on the Premises or the migration thereof from or to other property, (ii) any demand or claim made or threatened by any party against Tenant or the Premises relating to any loss or injury resulting from any Hazardous Material, (iii) any release, discharge or non-routine, improper or unlawful disposal or transportation of any Hazardous Material on or from the Premises, and (iv) any matter where Tenant is required by Law to give a notice to any governmental or regulatory authority respecting any Hazardous Material on the Premises. Landlord shall have the right (but not the obligation) to join and participate as a party in any legal proceedings or actions affecting the Premises initiated in connection with any environmental, health or safety Law. At such times as Landlord may reasonably request, Tenant shall provide Landlord with a written list identifying any Hazardous Material then used, stored, or maintained upon the Premises, the use and approximate quantity of each such material, a copy of any material safety data sheet ("**MSDS**") issued by the manufacturer therefor, written information concerning the removal, transportation and disposal of the same, and such other information as Landlord may reasonably require or as may be required by Law. The term "**Hazardous Material**" for purposes hereof shall mean any chemical, substance, material or waste or component thereof which is now or hereafter listed, defined or regulated as a hazardous or toxic chemical, substance, material or waste or component thereof by any federal, state or local governing or regulatory body having jurisdiction, or which would trigger any employee or community "right-to-know" requirements adopted by any such body, or for which any such body has adopted any requirements for the preparation or distribution of an MSDS.

If any Hazardous Material is introduced, released, discharged or disposed of by Tenant or any Permitted Occupant, or their employees, agents or contractors, on or about the Property in violation of the foregoing provisions, Tenant shall immediately, properly, in compliance with applicable Laws, and at Tenant's expense remedy the violation and remediate the Hazardous Materials (including cleaning, replacing and restoring affected property) to levels that protect human health and the environment as such levels are determined by the California Environmental Protection Agency (including pursuant to the California State Voluntary Cleanup Program ("**CSVCP**") or other appropriate federal, state or local agencies; provided that in no event shall Tenant be responsible for any cleaning, replacing, restoring or remediating the Property or any personal property to a condition better than the condition existing immediately prior to the introduction of such Hazardous Material by Tenant or any Permitted Occupant, or their employees, agents or contractors) nor shall Tenant be required hereunder (but may be independently required under applicable Law and may otherwise voluntarily elect) to engage any California governmental agency to oversee the remediation process (including under the CSVCP) (collectively, the "**Restoration Requirement**"). To the extent required by applicable Laws or the Restoration Requirement, such clean up and removal work shall include, without limitation, any testing, investigation, and the preparation and implementation of any remedial action plan required by any governmental body having jurisdiction. If Tenant shall fail to comply with the provisions of this Article within five (5) days after written notice by Landlord, or such shorter time as may be required by Law or in order to minimize any hazard to Persons or property, Landlord may (but shall not be obligated to) arrange for such compliance directly or as Tenant's agent through contractors or other parties selected by Landlord, at Tenant's expense (without limiting Landlord's other remedies under this Lease or applicable Law).

ARTICLE 27

Roof Rights

During the Term (as it may be extended), Tenant shall have the exclusive right to install and maintain, on the roof of the 3465 Building, satellite dishes, television antennas, related receiving

equipment, related cable connections and any and all other related equipment (collectively, "**Satellite Dish**") required in connection with Tenant's communications and data transmission network, and supplementary HV AC equipment and all related equipment (collectively, "**HVAC Unit**"), provided that Tenant must comply with the Workletter or Article 6 in connection with Tenant's installation of any HV AC Unit or Satellite Dish. Subject to the preceding phrase, Tenant shall have the right to use the risers (and to install additional risers if necessary), shafts and conduits of the 3465 Building. Furthermore, (a) the location and general appearance of such Satellite Dish and HVAC Unit shall be reasonably acceptable to Landlord to the extent that the same is visible from Foothill Boulevard and provided that any location and/or general appearance requirements imposed by Landlord do not interfere with the functionality of the Satellite Dish and/or HV AC Unit, (b) no such Satellite Dish or HVAC Unit shall be affixed to the roof of the Building by any device which penetrates the roof, unless Tenant fIrst obtains Landlord's written approval, and Landlord shall have the right to approve in advance Tenant's mounting of the same, (c) Tenant shall pay for any and all costs and expenses in connection with the installation, operation, maintenance, insurance, use and removal ofthe Satellite Dish and the HV AC Unit, but in no event shall Tenant be obligated to pay Landlord any additional rental for that portion of the roof of the Building on which the Satellite Dish and the HV AC Unit shall be located, and provided that in no event shall Tenant be obligated to remove the HV AC Unit if the HV AC Unit is in good working order; (d) installation, operation and removal of each Satellite Dish and HV AC Unit shall be performed in such manner as is necessary in order to preserve Landlord's roof warranty; (e) Tenant shall have secured the approval of all applicable governmental authorities and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Satellite Dish and the HV AC Unit, and shall provide copies of such approvals and permits to Landlord, prior to commencing any work with respect to such Satellite Dish and the HV AC Unit; and (f) use of riser space shall be shared with the providers of services to the Building. Upon the termination of this Lease Tenant shall, at Tenant's sole cost and expense, remove said Satellite Dish and all related equipment and wiring and repair any damage to the roof or risers of the Building caused as a result of such use or removal. Any required structural reinforcement shall be made at Tenant's sole cost. Upon at least thirty (30) days prior written notice, Tenant at Tenant's expense shall temporarily remove any or all of its rooftop equipment as necessary in order to permit Landlord to make roof repairs to the extent such repairs are necessary. Landlord will not be liable to Tenant or to any other person whomsoever for any injury to person or damage to property, arising out of any use of the roof or any other portion of the Building in connection with the Satellite Dish or HV AC Unit and Tenant hereby indemnifies Landlord from any and all liability thereof.

ARTICLE 28

Notices

Except as expressly provided to the contrary in this Lease, every notice or other communication to be given by either party to the other with respect hereto shall be in writing and shall be effective when served personally or by reputable national air courier service, or United States certifIed mail, return receipt requested, postage prepaid, addressed, if to Tenant, at the Premises, Attn: Chief Executive Officer, with a copy to the Premises, Attn: General Counsel, and if to Landlord, c/o Wells Real Estate Funds, 6200 The Comers Parkway, Norcross, GA 30092, Attn: Asset Manager -West Region, with a copy to Wells Real Estate Funds, 6200 The Comers Parkway, Norcross, GA 30092, Attn: Director of Property Management Operations, or such other address or addresses as Tenant or Landlord may from time to time designate by notice given as above provided. Every notice or other communication hereunder shall be deemed to have been given as of the third business day following the date of such mailing (or as of any earlier date evidenced by a receipt from such national air courier service or the United States Postal Service) or immediately if personally delivered. Notices not sent in accordance with the foregoing shall be of no force or effect until received by the foregoing parties at such addresses required herein.

Tenant shall provide Landlord with the name(s) of individual(s) authorized to make requests of Landlord for services and to deal with Landlord's property manager with regard to day to day operations. If Tenant fails to provide such names, Landlord may comply with written or oral requests by any officer or employee of Tenant. Tenant shall not authorize more than three (3) individuals for each floor on which the Premises are located.

ARTICLE 29

Real Estate Brokers

Neither Landlord nor Tenant has dealt with any broker or agent in connection with the negotiation or execution of this Lease, other than CB Richard Ellis and UGL Equis Services, whose commissions shall be paid by Landlord pursuant to their separate written agreement. Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees, liens and other liability for commissions or other compensation claimed by any broker or agent claiming the same by, through, or under the indemnifying party.

ARTICLE 30

Letter of Credit

Upon Tenant's execution and submission of this Lease, Tenant shall deliver to Landlord a clean, unconditional, irrevocable letter of credit that conforms to the requirements of this Article ("**Letter of Credit**"). The Letter of Credit shall serve as security for the prompt, full and faithful performance by Tenant of the terms, covenants and conditions of this Lease. In the event that Tenant is in Default hereunder and fails to cure within any applicable time permitted under this Lease, Landlord may use or apply the whole or any part of the Letter of Credit proceeds for the payment of Tenant's obligations hereunder. The use or application of the Letter of Credit proceeds or any portion thereof shall not prevent Landlord from exercising any other right or remedy provided hereunder or under any Law and shall not be construed as liquidated damages. In no event shall the Letter of Credit be considered an advance payment of Rent, and in no event shall Tenant be entitled to use the Letter of Credit for the payment of Rent. Landlord shall have the right to transfer the Letter of Credit to any purchaser of the Property. Upon such transfer, Tenant shall look solely to such purchaser for return of the Letter of Credit and Landlord shall be relieved of any liability with respect to the Letter of Credit.

The Letter of Credit shall be: (a) in form and substance satisfactory to Landlord in its reasonable discretion (with the following criteria at a minimum); (b) at all times in the stated face amount of not less than Two Million Five Hundred Thousand Dollars ($2,500,000.00) (which amount is subject to reduction as provided below) and shall on its face state that multiple and partial draws are permitted and either (i) that partial draws will not cause a corresponding reduction in the stated face amount of the Letter of Credit or (ii) that, within five (5) business days after any such partial draw, the issuer will notify Landlord in writing that the Letter of Credit will not be reinstated to its full amount in which event Landlord shall have the right to immediately draw on the remainder of the Letter of Credit (it being understood that the Letter of Credit shall at all times be not less than the total Letter of Credit amount as so required); (c) issued by a commercial bank acceptable to Landlord from time to time with a banking office in the Pasadena or Los Angeles, California area, for the account of Tenant and its permitted successors and assigns under this Lease; (d) made payable to, and expressly transferable and assignable one or more times at no charge by, the owner from time to time of the Building or its lender (which transfer/assignment shall be conditioned only upon the execution of a reasonable and customary written document in connection therewith), whether or not the original account party of the Letter of Credit continues to be the Tenant under this Lease by virtue of a change in name or structure, merger, assignment, transfer or otherwise; (e) payable at sight upon presentment to a Los Angeles or Pasadena, California branch of the issuer of a simple sight draft stating only that Landlord is permitted to draw on

the Letter of Credit under the terms of the Lease and setting forth the amount that Landlord is drawing; (f) of a term not less than one year and shall on its face state that the same shall be renewed automatically, without the need for any further written notice or amendment, for successive minimum one year periods, unless the issuer notifies Landlord in writing, at least sixty (60) days prior to the expiration date thereof, that such issuer has elected not to renew the Letter of Credit (which will thereafter entitle Landlord to draw on the Letter of Credit); and (g) at least thirty (30) days prior to the then current expiration date of such Letter of Credit, either (1) renewed (or automatically and unconditionally extended) from time to time through the sixtieth (60th) day after the expiration of the Lease Tenn, or (2) replaced by Tenant with another Letter of Credit meeting the requirements of this Article. Tenant shall cooperate with Landlord to effect any modifications, transfers or replacements of the Letter of Credit requested by Landlord in order to assure that Landlord is at all times fully secured by a valid Letter of Credit that may be drawn upon by Landlord, its successors and assigns. Notwithstanding anything in this Lease to the contrary, any cure or grace period provided in connection with a Default shall not apply to any of the foregoing requirements of the Letter of Credit and, specifically, if any of the aforesaid requirements are not complied with timely, then an immediate Default shall occur and Landlord shall have the right to immediately draw upon the Letter of Credit without notice to Tenant. Each Letter of Credit shall be issued by a commercial bank that has a credit rating with respect to certificates of deposit, short term deposits or commercial paper of at least A-2 (or equivalent) by Moody's Investor Service, Inc., or at least P-2 (or equivalent) by Standard & Poor's Corporation and shall be otherwise acceptable to Landlord in Landlord's reasonable discretion, provided that the letter of credit attached hereto as Exhibit H shall be deemed acceptable to Landlord as of the date of execution of this Lease. If the issuer's credit rating is reduced below A -2 (or equivalent) by Moody's Investors Service, Inc. or below P-2 (or equivalent) by Standard & Poor's Corporation, or if the financial condition of such issuer changes in any other materially adverse way, then Landlord shall have the right to require that Tenant obtain from a different issuer a substitute Letter of Credit that complies in all respects with the requirements of this Article and Tenant's failure to obtain such substitute Letter of Credit within twenty (20) days following Landlord's written demand therefor (with no other notice or cure or grace period being applicable thereto, notwithstanding anything in this Lease to the contrary) shall entitle Landlord to immediately draw upon the then existing Letter of Credit in whole or in part, without notice to Tenant. In the event the issuer of any Letter of Credit held by Landlord is insolvent or is placed into receivership or conservatorship by the Federal Deposit Insurance Corporation, or any successor or similar entity, or if a trustee, receiver or liquidator is appointed for the issuer, then, effective as of the date of such occurrence, said Letter of Credit shall be deemed to not meet the requirements of this Article and, within twenty (20) days thereof, Tenant shall replace such Letter of Credit with other collateral acceptable to Landlord in its reasonable discretion (and Tenant's failure to do so shall, notwithstanding anything in this Lease to the contrary, constitute a Default for which there shall be no notice or grace or cure periods being applicable thereto other than the aforesaid twenty (20) day period). Any failure or refusal of the issuer to honor the Letter of Credit shall be at Tenant's sole risk and shall not relieve Tenant of its obligations hereunder.

Notwithstanding the foregoing, on each anniversary of the Commencement Date (each such anniversary is herein called a "**Reduction Date**") provided that within the twelve months preceding a Reduction Date Tenant has timely made eleven (11) out of twelve (12) Base Rent, Tax and Operating Expense payments (and further provided that the one (1) excluded late payment per year is fully paid by Tenant within fifteen (15) days of its due date), then Tenant shall be entitled to reduce the amount of the Letter of Credit by Five Hundred Thousand Dollars ($500,000) for that year. This process shall continue until the required Letter of Credit amount is $0 and thereafter no Letter of Credit shall be required. Furthermore, in the event that Tenant is not entitled to a reduction under this paragraph in the first year after the Commencement Date, but then Tenant becomes current in payments and Tenant is entitled to a reduction in each of the next consecutive four (4) years, then Tenant may reduce the amount of the Letter of Credit to $0 as of the fifth anniversary of the Commencement Date. Each year on or about the Reduction Date, at the request of Tenant or the issuing bank, Landlord shall confirm in writing on such

form as is reasonably required by the issuing bank whether Tenant has complied with the foregoing requirements of this paragraph during the preceding twelve (12) month period. Tenant and Landlord acknowledge and agree that their rights and remedies with respect to the Letter of Credit shall be as provided in this Lease and each of Landlord and Tenant hereby waive Section 1950.7 of the California Civil Code and any and all other similar laws now existing or hereafter enacted

ARTICLE 31

Exculpatory Provisions

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings, and agreements herein made on the part of Landlord while in form purporting to be the representations, warranties, covenants, undertakings, and agreements of Landlord are nevertheless each and every one of them made and intended, not as personal representations, warranties, covenants, undertakings, and agreements by Landlord or for the purpose or with the intention of binding Landlord personally, but are made and intended for the purpose only of subjecting Landlord's interest in the Complex to the terms of the Lease. The liability of Landlord to Tenant for any default by Landlord under the Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration, or any other matter relating to the Property or the Premises, shall be limited to the interest of Landlord in the Complex. Tenant agrees to look solely to Landlord's interest in the Complex for the recovery of any judgment against Landlord, and Landlord shall not be personally liable for any such judgment or deficiency after execution thereon. The limitations of liability contained in this provision shall apply equally and inure to the benefit of Landlord's present and future partners, beneficiaries, officers, directors, trustees, members, managers, shareholders, agents and employees, and their respective partners, members, shareholders, legal representatives, heirs, successors and assigns. Under no circumstances shall any present or future shareholder, officer or director of Landlord (if Landlord is a corporation), general or limited partner of Landlord (if Landlord is a partnership), manager or member of Landlord (if Landlord is a limited liability company), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust) have any liability for the performance of Landlord's obligations under the Lease.

ARTICLE 32

Mortgagee's Consent

Intentionally deleted.

ARTICLE 33

Miscellaneous

(A) **Binding Upon Parties.** Each of the terms, covenants and conditions of this Lease shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators, guardians, custodians, successors and assigns, subject to the provisions of Article 18 respecting Transfers; and all references herein to Landlord and Tenant shall be deemed to include all such parties. The term "Landlord" as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean only the owner or owners of the Property at the time in question.

(B) **No Recording.** Landlord and Tenant agree that in no event and under no circumstances shall this Lease be recorded. A short-form memorandum of Lease (which shall include, among other things, a description of Tenant's exclusivity rights granted pursuant to this Lease) shall be executed by

Landlord at Tenant's request and may be recorded by Tenant against the Building at Tenant's sole election and expense. If a memorandum is recorded, Tenant shall upon the expiration or earlier termination of this Lease, at Landlord's request, deliver to Landlord a fully executed quitclaim and release agreement in recordable form wherein Tenant terminates the memorandum.

(C) **Governing Law**. This Lease shall be construed in accordance with the Laws of the State of California.

(D) **Survival**. All obligations or rights of either party arising during or attributable to the period ending upon expiration or earlier termination of this Lease shall survive such expiration or earlier termination.

(E) **Quiet Enjoyment**. Landlord agrees that, if Tenant timely pays the Rent and performs the terms, covenants and conditions hereunder, and subject to all other terms, covenants and conditions of this Lease, Tenant shall hold and enjoy the Premises during the Term, free of lawful claims by any Person acting by or through Landlord.

(F) **Light and Air**. This Lease does not grant any legal rights to "light and air" outside the Premises nor any particular view or cityscape visible from the Premises.

(G) **Time of Essence**. Time is of the essence of this Lease and each and all of its provisions.

(H) **Severability**. The invalidity or unenforceability of any provision of this Lease shall not affect or impair any other provisions.

(I) **Joint and Several**. If Tenant is comprised of more than one party, each such party shall be jointly and severally liable for Tenant's obligations under this Lease.

(J) **Force Majeure**. Notwithstanding anything in this Lease to the contrary, neither party shall be chargeable with, or liable to the other for, anything or in any amount for any failure to perform or delay caused by any of the following ("**Force Majeure Delays**"): fIre; earthquake; explosion; flood; hurricane; the elements; act of God or the public enemy; war, terrorist act or acts, invasion; insurrection; rebellion; or riots; provided, however, lack of funds shall not be deemed a Force Majeure Delay nor may any Force Majeure Delay be used to excuse Tenant from its obligation to pay Rent. The Commencement Date may be postponed by a number of days equal to the number of days that Tenant's completion of the Work is actually delayed by a Force Majeure Delay provided Tenant gives Landlord written notice of each such Force Majeure Delay within five (5) business days after the commencement of the occurrence of such Force Majeure Delay and Tenant takes reasonable measures to alleviate or work around such Force Majeure Delay.

(K) **Pronouns**. Any pronoun used in place of a noun shall indicate and include the masculine or feminine, the singular or plural number, individuals, firms or corporations, and each of their respective successors, executors, administrators, assigns, according to the context hereof.

(L) **Captions and Severability**. The captions of the Articles, Sections and Paragraphs of this Lease are for convenience only and shall in no way modify any provision of this Lease. If any term or provision of this Lease shall be found invalid, void, illegal, or unenforceable by a court of competent jurisdiction, it shall not affect, impair or invalidate any other term or provision hereof.

(M) **Definitions**. "**Law**" shall mean all federal, state, county and local governmental and municipal laws, statutes, ordinances, rules, regulations, codes, decrees, and orders, as well as applicable decisions by courts in the State of California and by federal courts applying California law. "Person" shall mean an individual, trust, partnership, joint venture, association, corporation, and any other entity.

(N) **Prohibited Party Transactions**. Tenant represents and warrants to Landlord that (1) Tenant is not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated

National," "Blocked Person," or other banned or blocked person, entity, nation, or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control; and (2) Tenant is not engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity or nation. Tenant agrees to defend, indemnify, and hold harmless Landlord from and against any and all claims, damages, 'losses, risks, liabilities, and expenses (including reasonable attorney's fees and costs) arising or related to any breach of the foregoing representation and warranty.

(O) **Signage**. Tenant shall be entitled to Building-standard lobby directory signage for Tenant's name and the names of Tenant's subtenants and their employees. Tenant may install Tenant identification in the elevator lobby and the entrance to Tenant's Premises on any full floor occupied by Tenant, subject to Landlord's prior written approval, not to be unreasonably withheld, conditioned or delayed. Subject to the terms of this Article 33 and prior receipt of all necessary approvals, Tenant shall have the exclusive right to install and maintain exterior Building signage on the 3465 Building displaying Tenant's name at exterior location(s) approved in advance by Landlord, such approval not to be unreasonably withheld, conditioned or delayed. Tenant shall also have naming rights for the 3465 Building. Tenant shall be solely responsible for obtaining and complying with all necessary approvals for the exterior signage. All such exterior signage and the method and manner of installation of the exterior signage (including the contractor who will perform the installation) shall be subject to Landlord's prior written approval, not to be unreasonably withheld, conditioned or delayed. Tenant shall be solely responsible for all costs associated with the exterior sign's fabrication, installation, maintenance, operation, and illumination (including installation of an electric meter), provided that a portion of the Construction Allowance may be used to pay for the initial installation and metering. Tenant shall maintain the exterior signage in a first class, sightly manner. At no cost to Landlord, Landlord shall cooperate with Tenant in its effort to obtain all required governmental approvals and permits in connection with Tenant's exterior signage. Tenant's signage rights and Building naming rights under this Section 33(0) shall terminate in the event Tenant ever leases less than all leasable space in the Building, provided that in no event shall any Transfer, Permitted Transfer and/or permitted occupancy pursuant to Section 18(G), above, cause Tenant to lose any signage rights and/or Building naming rights under this Section 33(0). In the event Tenant leases less than the entire Building, then at Tenant's expense, Landlord shall provide Tenant Building standard lobby directory signage and on multi-tenant floors, elevator lobby directional and suite entry signage.

(P) **Access**. Landlord shall provide a card key (or similar type of) access system to provide access to the Building at times other than normal building hours. A reasonable number of access cards or other means of access shall be provided to Tenant upon commencement of the Term at no cost to Tenant; Landlord may charge Tenant a reasonable fee for replacement and new cards. Such access cards shall be issued by Landlord to the specific individuals that are designated by Tenant. Tenant shall not permit anyone, except for Tenant's employees, permitted subtenants and assigns, and authorized guests, to enter the Building at times other than normal building hours.

(Q) **Landlord Bankruptcy Proceeding**. In the event that the obligations of Landlord under this Lease are not performed during the pendency of a bankruptcy or insolvency proceeding involving the Landlord as the debtor, or following the rejection of this Lease in accordance with Section 365 of the United States Bankruptcy Code, then notwithstanding any provision of this Lease to the contrary, and in addition to any and all other remedies permitted by this Lease and/or by applicable Laws Tenant shall have the right to set off against Rents next due and owing under this Lease (a) any and all damages caused by such non-performance of Landlord's obligations under this Lease by Landlord, debtor-in-possession, or the bankruptcy trustee, and (b) any and all damages caused by the non-performance of Landlord's obligations under this Lease following any rejection of this Lease in accordance with Section 365 of the United States Bankruptcy Code.

ARTICLE 34

Entire Agreement

This Lease, together with Rider One and the Exhibits attached hereto (each of which is hereby incorporated into this Lease), contains all the terms, covenants and conditions between Landlord and Tenant relative to the matters set forth herein and no prior agreement or understanding pertaining to the same shall be of any force or effect. Without limitation, Tenant hereby acknowledges and agrees that Landlord's leasing agents and field personnel are only authorized to show the Premises and negotiate termns, covenants and conditions for leases subject to Landlord's final approval, and are not authorized to bind Landlord to any agreements, representations, understandings or obligations with respect to the condition of the Premises or the Property, the suitability of the same for Tenant's business, or any other matter, and no agreement, representation, understanding or obligation not expressly contained herein shall be of any effect. Neither this Lease, nor any Rider or Exhibit referred to above may be modified, except in writing signed by both parties.

ARTICLE 35

Parking

Parking shall be available in the parking areas depicted on the Site Plan. Except as otherwise provided in this Article, surface and garage parking for Tenant and its employees and visitors shall be on an unassigned basis, with Landlord and other tenants at the Property (if any), and their employees and visitors, and other Persons to whom Landlord shall grant the right or who shall otherwise have the right to use the same, all subject to Landlord's rules, as the same may be reasonably amended or supplemented. Notwithstanding the foregoing to the contrary, Landlord reserves the right to assign specific spaces, to maintain one or more "executive parking areas" containing reserved spaces, and to reserve spaces for visitors, small cars, carpoolers, handicapped individuals, and other tenants, visitors of tenants or other Persons; Tenant and Tenant's employees, independent contractors and visitors shall not park in any such assigned or reserved spaces unless the same are designated for the use of Tenant and Tenant's employees, independent contractors and visitors (it being understood that Tenant's 4 per 1,000 parking discussed below is inclusive of such assigned and reserved spaces). Landlord may restrict or prohibit full size vans and other large vehicles. Landlord shall not charge rent for unreserved parking spaces during the initial Term. However, Landlord may charge rent for reserved parking spaces, which rent shall be subject to increase from time to time. Throughout the Term (as it may be extended), Tenant shall be entitled to four (4) parking passes for every 1,000 square feet in the Premises, which parking passes may be designated by a sticker, hang tag, or other identification provided by Landlord to Complex office tenants as an Operating Expense. As part of this 4 per 1,000 allocation, Tenant shall have the right to lease thirty-five (35) reserved parking spaces in the location designated on Exhibit E as Tenant's Reserved Parking Spaces at an initial cost of Forty Dollars ($40.00) per stall per month, subject to increase from time to time, but not more than once per calendar year, throughout the Term (as it may be extended), provided that in no event shall such costs increase by more than four percent (4%) over the costs for the prior calendar year. After execution of this Lease: (a) Landlord shall not amend an existing lease or execute a new lease that grants any other office tenant of the Complex parking rights greater than 4 spaces per 1,000 square feet leased; (b) Landlord shall not amend an existing retail lease to increase the retail tenant's parking rights beyond that which is currently allowed, except as required by Law, (c) Landlord shall not execute a new retail lease that grants the new retail tenant parking in excess of that which is required by law, and (d) in the event Landlord converts office space at the Complex to retail or Landlord converts parking space at the Complex to retail space, Landlord may only grant such new retail 4 parking spaces per 1,000 square feet leased.

In case of any violation of these provisions or Landlord's rules, Landlord may refuse to permit the violator to park, and may tow away the vehicle owned or driven by the violator from the Property

without liability whatsoever, at such violator's risk and expense. It is Landlord's policy to tow any vehicle found at the Property that has already received three (3) or more parking violations at the Property. Landlord reserves the right to temporarily close all or a portion of the parking areas or facilities in order to make repairs or perform maintenance services, or to alter, modify, re-stripe or renovate the same, or if required by casualty, strike, condemnation, act of God, Law or governmental requirement, or any other reason beyond Landlord's reasonable control. In the event access is denied for any reason, any parking charges shall be abated to the extent access is denied, as Tenant's sole recourse, provided that the foregoing is not intended to nullify, and Tenant shall have, any and all of the remedies relating to parking set forth in this Lease, including, without limitation Articles 8 and 10 and this Article 35.

Notwithstanding the foregoing, if Tenant is prevented from using or unable to use its allotment of parking passes and a parking shortage exists at the Complex for eight (8) days or more in any thirty (30) day period, then at Tenant's request Landlord and Tenant shall select a mutually agreeable parking vendor to investigate the situation and prepare a report within fifteen (15) days. If remedial action is warranted based on the report, Landlord shall implement one or more possible solutions until such time as enough parking is available to satisfy Tenant's parking needs at the Complex, not to exceed Tenant's 4 per 1000 pass allocation. Possible solutions that Landlord may implement include the following, or such other solution(s) as the parties may mutually agree: (i) valet assist parking; (ii) valet assist tandem parking; (iii) install a gate to restrict access to certain parking areas; and/or (iv) identify and obtain offsite parking contiguous to the Complex. If the foregoing solutions do not alleviate the problem (or earlier if Landlord elects), as an additional remedy available to Tenant, Landlord shall mark ninety percent (90%) of Tenant's allocated spaces as spaces intended for Tenant. If any or all of these remedies are implemented, it shall be at Landlord's sole cost and expense. In the event that Landlord defaults in its obligations under this Article 35, Tenant shall have the right to seek the remedy of specific performance, and Landlord hereby consents to the issuance by any court of competent jurisdiction of an order of specific performance of Landlord's obligations under this Article 35.

The current parking areas are depicted on the Site Plan attached as Exhibit F to this Lease. In the event that in the future Tenant leases basement space in the 3475 East Foothill Building, Landlord shall not be required to provide 4 parking passes per 1,000 square feet with respect to such basement space.

ARTICLE 36

Generator

Provided that Tenant, at Tenant's sole cost and expense, obtains and maintains all necessary permits, licenses and approvals, Tenant shall be permitted to install and maintain, at Tenant's sole cost and expense, a back up generator and fuel tank at a location approved in advance by Landlord (in Landlord's reasonable discretion) in compliance with all the requirements of this Lease. In compliance with all Laws and Landlord's reasonable requirements, and at Tenant's sole cost and expense, Tenant shall install and maintain the generator, fuel tank, fuel lines, conduits, wires and other like items between the generator and the Building. If (and only if) Tenant has not properly maintained the generator, the generator is not in good working condition, or the fuel tank is leaking or otherwise in need of replacement, then Landlord may require Tenant at Tenant's sole cost and expense to remove the generator, fuel tank, fuel lines, conduits, wiring, and all related improvements and restore damage caused thereby at the expiration or earlier termination of the Term, notwithstanding anything to the contrary contained herein. Landlord shall have the right to approve the location of and method and manner of installation of Tenant's generator and fuel tank, which approval shall not be unreasonably, withheld, conditioned or delayed.

ARTICLE 37

Termination Option

Provided: (a) this Lease is then in full force and effect and (b) Tenant is not in Default under this Lease beyond all applicable notice and cure periods, Tenant shall have the right, at Tenant's option, to terminate this Lease ("**Termination Option**") effective on the last day of the sixth Lease Year (i.e., October 31, 2018) ("**Termination Date**"). The Termination Option shall be exercised, if at all, by Tenant by giving written notice of the exercise to Landlord ("**Termination Notice**") no later than the last day of the fifth Lease Year (i.e., October 31, 2017). It shall be a condition to the exercise of Tenant's Termination Option that Tenant pay to Landlord a termination fee ("**Termination Fee**") in an amount equal to the sum of Landlord's unamortized (i) brokerage commissions payable by Landlord to CB Richard Ellis and UGL Equis Services pursuant to Article 29 above and the separate written agreement(s) referenced therein, (ii) Construction Allowance and Additional Allowance (but not including any unused portion of the Construction Allowance forfeited pursuant to Section 10 of the Workletter), and (iii) rent abatement (i.e. the difference between the rent payable under Article 2 above during the first two (2) years based on 120,000 feet and the amount that would have been payable had the correct square footage of 141,540 been utilized to calculate Base Rent due), all amortized over the initial term of this Lease with six percent (6%) per annum interest. 100% of the Termination Fee shall be payable contemporaneously with Tenant's transmittal to Landlord of the Termination Notice. At Tenant's request, Landlord will provide information necessary to calculate the Termination Fee.

Provided Tenant properly and timely exercises the Termination Option and timely and properly pays Landlord the Termination Fee, then this Lease shall terminate effective as of the Termination Date, as if said Termination Date were set forth in this Lease as the Expiration Date of the Term of the Lease. Tenant shall vacate and deliver possession of the Premises to Landlord in the manner set forth in this Lease on or before 11 :59 p.m. on the Termination Date. Tenant shall also pay to Landlord on or before the Termination Date, and be responsible for, all sums due under this Lease which accrue under this Lease on or prior to the Termination Date. Tenant's rights under this Article are personal to the Tenant named in this Lease and any Permitted Transferee.

ARTICLE 38

Right of First Offer

Subject to existing as of the date of this Lease renewal or expansion options of other tenants, and provided no Default then exists, Landlord shall, prior to offering the same to any party (other than the then current tenant therein), first offer to lease to Tenant any space of five thousand (5,000) rentable square feet or larger that Landlord desires to make available for lease in either the 3465 E. Foothill Boulevard or 3475 East Foothill Boulevard Building then owned by Landlord or any affiliate of Landlord (the "**Offer Space**"); such offer shall be in writing and specify the lease terms for the Offer Space, which lease terms shall be appropriate for an arms-length transaction, including the rent to be paid for the Offer Space and the date on which the Offer Space shall be included in the Premises (the "**Offer Notice**"). Tenant shall notify Landlord in writing whether Tenant elects to lease the entire Offer Space on the terms set forth in the Offer Notice, within ten (10) business days after Landlord delivers to Tenant the Offer Notice. If Tenant timely elects to lease the Offer Space, then Landlord and Tenant shall execute an amendment to this Lease, effective as of the date the Offer Space is to be included in the Premises, on the terms set forth in the Offer Notice and, to the extent not inconsistent with the Offer Notice terms, the terms of this Lease; however, Tenant shall accept the Offer Space in an "AS-IS" condition and Landlord shall not provide to Tenant any allowances (e.g., Construction Allowance, Space Planning Allowance, Additional Allowance, and the like) or other tenant inducements except as specifically provided in the Offer Notice. The Rules set forth in Exhibit G attached hereto shall apply to any such Offer Space leased by Tenant.

If Tenant fails or is unable to timely exercise its right hereunder, then such right shall lapse, time being of the essence with respect to the exercise thereof (it being understood that Tenant's right hereunder is a one-time right only with respect to any particular Offer Space), and Landlord may lease all or a

portion of the Offer Space to third parties on such terms as Landlord may elect, although Landlord must re-offer the space to Tenant (A) in the event that Landlord's new deal terms are 5% or more lower on a net effective basis than Landlord's offer to Tenant and (B) if a lease for the Offer Space is not executed with a third party within one hundred twenty (120) days after the expiration of the ten (10) business day period set forth in the preceding paragraph. Tenant may not exercise its right of first offer if a Default exists or if Tenant and/or any Permitted Transferee is not then occupying the entire Premises. In no event shall Landlord be obligated to pay a commission with respect to any space leased by Tenant under this Article other than to Tenant's designated broker who is actively involved in negotiations on Tenant's behalf at the time and Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees, and other liability for commissions or other compensation claimed by any other broker or agent claiming the same by, through, or under the indemnifying party.

Notwithstanding the foregoing, if an Offer Notice is given during the first two (2) years of the initial Term and Tenant desires to lease the Offer Space, then the terms for the lease of the Offer Space shall be the same terms as provided in this Lease with respect to the Premises, except that the Construction Allowance, Additional Allowance, and Space Planning Allowance shall be prorated on a straight line basis over the initial Term and Tenant shall only be entitled to the unamortized amount, prorated to the commencement date of the inclusion of the Offer Space in the Premises.

Tenant's right of first offer rights shall terminate if (a) the Lease or Tenant's right to possession of the Premises is terminated, or (b) other than a Permitted Transfer, Tenant assigns any of its interest in the Lease or sublets any portion of the Premises.

ARTICLE 39

Exclusivity

Subject to rights existing as of the date of this Lease in existing leases and other agreements, and with respect to the Building and any part of the Complex owned by Landlord, throughout the Term (as same may be extended), so long as (1) Tenant is the above-named Tenant, (2) Tenant is leasing, subleasing, or is otherwise responsible either directly or indirectly for the payment of Rent for all leasable space in the 3465 Building, and (3) the Lease has not been terminated (the foregoing 1, 2 and 3 are herein called the "**Exclusive Conditions**"), Landlord agrees not to: (i) enter into any lease of space or other occupancy agreement at the Complex for a term that will commence during the Term (as the same may be extended including any potential renewal terms) with any Tenant Competitor (as such term is defined below); (ii) consent to any assignment, sublease or other occupancy agreement at the Complex for a term that will commence during the Term (as the same may be extended including any potential renewal terms) to (A) any Tenant Competitor or (B) any other entity whose Primary Business in the space at the Complex is Competitive Activities (as defined below), provided that in each case (A) and (B) Landlord shall only be required to withhold its consent in the event (x) Landlord has sole discretion authority to withhold consent under the applicable lease; (y) the applicable lease prohibits assignment or sublease to a Tenant Competitor or use for Competitive Activities; or (z) it would be deemed reasonable under the applicable lease for Landlord to withhold consent to the proposed assignment or sublease to a Tenant Competitor or an entity whose Primary Business in the space would be Competitive Activities; (iii) provide exterior signage rights to any Tenant Competitor; or (iv) enter into any lease of space or other occupancy agreement at the Complex for a term that will commence during the Term (as the same may be extended including any potential renewal tenus) in which Competitive Activities are permitted to occur as the Primary Business (the actions described in clauses (i) through (iv) herein, collectively, the "**Restricted Actions**"). For purposes of this Article, "**Tenant Competitor**" shall mean any person or entity which, at the time the Restricted Action is proposed to occur, has more than fifty percent (50%) of its business (i.e., its "**Primary Business**") attributable to Competitive Activities, including, without limitation, Netspend, InComm, UniRush, AccountNow, PreCash and Blackhawk Network (or any of their respective affiliates). As used herein, the term "**Competitive Activities**" shall mean the issuance, sale,

distribution, marketing, or servicing of prepaid debit cards. Notwithstanding the foregoing, the parties agree that the foregoing requirements shall not be deemed violated should the Competitive Activities occur incidentally to the occupant's Primary Business activities in the space which are not Competitive Activities (for purposes of example only, if H&R Block occupied the space and offered a prepaid card as a refund disbursement device incidentally to its main business of preparing tax returns, it would not violate the provisions of clause (iv) above).

Landlord shall not be in default hereunder in the event that any of the foregoing Tenant Competitors merges with, is acquired by, acquires, is the assignee of, or is a subtenant of another tenant of the Complex where Landlord does not have authority to prevent same or authority to withhold consent to same. So long as the Exclusive Conditions are met, any new lease of space or other occupancy agreement entered into by Landlord after the date of this Lease relating to any buildings in the Complex shall contain a provision prohibiting during the Term of this Lease assignment and sublease to a Tenant Competitor, exterior signage rights for a Tenant Competitor, and use for Competitive Activities as its Primary Business at the Complex. In the event another tenant or occupant of the Complex engages in Competitive Activities as its Primary Business at the Complex or displays exterior Tenant Competitor signage despite the prohibition in such tenant's lease or occupancy agreement, Landlord shall promptly and diligently use commercially reasonable efforts to cause such tenant or occupant to cease the prohibited activity. In the event that Landlord violates its agreement set forth in this Article 39, Tenant shall have all remedies which it may have under this Lease or at Law, including without limitation the remedy of specific performance and Landlord hereby consents to the issuance by any court of competent jurisdiction of an order of specific performance of Landlord's obligations under this Article 39; provided, however, that Tenant shall not be entitled to terminate this Lease as a result of any such violation.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the day and year first above written.

LANDLORD

Wells REIT II - Pasadena Corporate Park, LP,
a Delaware limited partnership

By: Wells REIT II - Pasadena Corporate Park, LLC, a Delaware limited liability company, its general partner

By: Wells Operating Partnership II, LP, a Delaware limited partnership, it's sole member

By: Wells Real Estate Investment Trust II, Inc., a Maryland corporation, it's general partner

By: /s/ Rendall D. Fretz

Name: Rendall D. Fretz
Its: Sr. Vice President

TENANT

Green Dot Corporation,
a Delaware corporation

By: /s/ Steve Streit

Name: Steve Streit
Its: CEO

RIDER ONE

RULES APPLICABLE TO 3465 BUILDING

A. **General Rules and Regulations.** The following rules and regulations govern the use of the 3465 Building. Except to the extent the rules and regulations conflict with the terms of the Lease, Tenant will be bound by such rules and regulations and agrees to cause Tenant's employees, subtenants, assignees, contractors, suppliers, customers and invitees to observe the same.

1. Except as specifically provided in the Lease to which these Rules and Regulations are attached, no sign, placard, picture, advertisement, name or notice may be installed or displayed on any part of the outside of the Building or the Complex without the prior written consent of Landlord. Landlord will have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls are to be printed, painted, affixed or inscribed at the expense of Tenant.

2. If Landlord reasonably objects in writing to any curtains, blinds, shades, screens or hanging plants or other similar objects attached to or used in connection with any window or door of the Premises, or placed on any windowsill, which is visible from the exterior of the Premises, Tenant will immediately discontinue such use.

3. Tenant will not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators, or stairways of common areas of the Complex. Such common area halls, passages, exits, entrances, elevators and stairways are not open to the general public, but are open, subject to reasonable regulations, to Tenant's business invitees. Landlord will in all cases retain the right to control and prevent access thereto of all persons whose presence in the reasonable judgment of Landlord would be prejudicial to the safety, character, reputation and interest of the Complex and its tenants, provided that nothing herein contained will be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are. engaged in illegal or unlawful activities.

4. Except as provided in the Lease, Tenant will not obtain for use on the Premises ice, drinking water, food, food vendors, beverage, towel or other similar services or accept barbering or boot blacking service upon the Premises, except at such reasonable hours and under such reasonable regulations as may be fixed by Landlord. Landlord expressly reserves the right to absolutely prohibit solicitation, canvassing, distribution of handbills or any other written material, peddling, sales and displays of products, goods and wares in all portions of the Complex except as may be expressly permitted under the Lease. Landlord reserves the right to restrict and regulate the use of the common areas of the Complex by invitees of tenants providing services to tenants on a periodic or daily basis including food and beverage vendors. Such restrictions may include limitations on time, place, manner and duration of access to a tenant's premises for such purposes. Without limiting the foregoing, Landlord may require that such parties use service elevators, halls, passageways and stairways for such purposes to preserve access within the Building for tenants and the general public.

5. Landlord reserves the right to require tenants to periodically provide Landlord with a written list of any and all business invitees which periodically or regularly provide goods and services to such tenants at the premises. Landlord reserves the right to preclude all vendors from entering or conducting business within the Building and the Complex if such vendors are not listed on a tenant's list of requested vendors.

6. Intentionally Omitted.

7. The directory of the Building will be provided exclusively for the display of the name and location of tenants and subtenants only and Landlord reserves the right to exclude any other names therefrom.
8. Unless Tenant is providing its own janitorial service, Tenant will not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises.
9. Tenant shall furnish Landlord with one set of keys to each entry door lock in the Premises. Tenant shall not alter any lock or install any new additional lock or bolt on any door of the Premises without providing a new set of keys to Landlord. Tenant, upon the termination of its tenancy, will deliver to Landlord the keys to all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, will pay Landlord therefor.
10. Intentionally Omitted.
11. Intentionally Omitted.
12. Tenant will not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Landlord will have the right to reasonably prescribe the weight, size and position of all safes, heavy equipment, files, materials, furniture or other property brought into the Building or require appropriate structural reinforcement for such items in connection with Landlord's review of Tenant's plans and specifications for the Tenant Improvements or any Alterations which are subject to Landlord's approval as provided in the Lease. Heavy objects will, if considered necessary by Landlord, stand on such platforms as determined by Landlord to be necessary to properly distribute the weight, which platforms will be provided at Tenant's expense. Tenant will be responsible for all structural engineering required to determine structural load, as well as the expense thereof. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property will be repaired at the expense of Tenant.
13. Intentionally Omitted.
14. To prevent fire hazards, the use of space heaters is prohibited.
15. Tenant agrees to comply with any governmental energy-saving rules, laws or regulations.
16. Intentionally Omitted.
17. Intentionally Omitted.
18. The toilet rooms, toilets, urinals, wash bowls and other apparatus will not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from any violation of this rule will be borne by the tenant who, or whose employees or invitees, break this rule.
19. Tenant will not sell, or permit the sale at retail of newspapers, magazines, periodicals, theater tickets or any other goods or merchandise to the general public in or on the Premises. Tenant will not use the Premises for any business or activity other than that specifically provided for in this Lease. Tenant will not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises without first having obtained Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.
20. Except as provided in the Lease and/or any separate license agreement, without the prior approval of Landlord, Tenant will not install any radio or television antenna, loudspeaker, satellite dishes

or other devices on the roof(s) or exterior walls of the Building or the Complex. Tenant will not interfere with radio or television broadcasting or reception from or in the Complex or elsewhere.

21. Except for the ordinary hanging of pictures and wall decorations, Tenant will not mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof, except in accordance with the provisions of the Lease pertaining to alterations. Landlord reserves the right to direct electricians as to where and how telephone and telegraph wires are to be introduced to the Premises. Tenant shall repair any damage resulting from noncompliance with this rule.
22. Tenant will not install, maintain or operate upon the Premises any vending machines without the written consent of Landlord which shall not be unreasonably withheld or delayed.
23. Landlord reserves the right to exclude or expel from the Complex any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulations of the Building.
24. Tenant will store all its trash and garbage within its Premises or in other facilities provided by Landlord. Tenant will not place in any trash box or receptacle any material which cannot be disposed ofin the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal is to be made in accordance with directions issued from time to time by Landlord.
25. The Premises will not be used for lodging or for manufacturing of any kind, nor shall the Premises be used for any improper, immoral or objectionable purpose.
26. Neither Tenant nor any of its employees, agents, customers and invitees may use in any space or in the public halls of the Building or the Complex any hand truck except those equipped with rubber tires and side guards or such other material-handling equipment as Landlord may approve. Tenant will not bring any other vehicles of any kind into the Building.
27. Tenant agrees to comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.
28. Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.
29. To the extent Landlord reasonably deems it necessary to exercise exclusive control over any portions of the Common Areas for the mutual benefit of the tenants in the Complex, Landlord may do so subject to reasonable, non-discriminatory additional rules and regulations.
30. Landlord may prohibit smoking in the Building and may require Tenant and any of its employees, agents, clients, customers, invitees and guests who desire to smoke, to smoke within designated smoking areas within the Complex.
31. Tenant's requirements will be attended to only upon appropriate application to Landlord's asset management office for the Complex by an authorized individual of Tenant. Employees of Landlord will not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.
32. These Rules and Regulations are in addition to, and will not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease. Landlord may waive anyone or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord will be construed as a waiver of such Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Complex.

B. **Parking Rules and Regulations.** The following rules and regulations govern the use of the parking facilities which serve the Building. Except to the extent that the rules and regulations conflict with the terms of the Lease, Tenant will be bound by such rules and regulations and agrees to cause its employees, subtenants, assignees, contractors, suppliers, customers and invitees to observe the same:

1. Tenant will not permit or allow any vehicles that belong to, or are controlled by, Tenant or Tenant's employees, subtenants, customers or invitees to be loaded, unloaded or parked in areas other than those designated by Landlord for such activities. No vehicles are to be parked in the parking areas other than normally sized passenger automobiles, sport utility vehicles, motorcycles and pick-up trucks. No extended term storage of vehicles is permitted.
2. Vehicles must be parked entirely within painted stall fines of a single parking stall.
3. All directional signs and arrows must be observed.
4. The speed limit within all parking areas shall be five (5) miles per hour.
5. Parking is prohibited: (a) in areas not striped for parking; (b) in aisles or on ramps; (c) where "no parking" signs are posted; and (d) in such other areas as may be reasonably designated from time to time by Landlord or Landlord's parking operator.
6. Landlord reserves the right, without cost or liability to Landlord, to tow any vehicle if such vehicle's audio theft alarm system remains engaged for an unreasonable period of time.
7. Washing, waxing, cleaning or servicing of any vehicle in any area not specifically reserved for such purpose is prohibited.
8. Landlord may refuse to permit any person to park in the parking facilities who violates these rules with unreasonable frequency following written notice to quit, and any violation of these rules shall subject the violator's car following notice of removal, at such car owner's expense. Tenant agrees to use its best efforts to acquaint its employees, subtenants, assignees, contractors, suppliers, customers and invitees with these parking provisions, rules and regulations.
9. Parking stickers, access cards, or any other device or form of identifIcation supplied by Landlord as a condition of use of the parking facilities shall remain the property of Landlord. Parking identification devices, if utilized by Landlord, must be displayed as requested and may not be mutilated in any manner. The serial number of the parking identification device may not be obliterated. Parking identification devices, if any, are not transferable and any device in the possession of an unauthorized holder will be void. Landlord reserves the right to refuse the sale of monthly stickers or other parking identification devices to Tenant or any of its agents, employees or representatives who willfully refuse to comply with these rules and regulations and all un-posted city, state or federal ordinances, laws or agreements.
10. Loss or theft of parking identification devices or access cards must be reported to the management office in the Complex immediately, and a lost or stolen report must be fIled by the Tenant or user of such parking identification device or access card at the time. Landlord has the right to exclude any vehicle from the parking facilities that does not have a parking identification device or valid access card. Any parking identification device or access card which is reported lost or stolen and which is subsequently found in the possession of an unauthorized person will be confiscated and the illegal holder will be subject to prosecution.
11. All damage or loss claimed to be the responsibility of Landlord must be reported, itemized in writing and delivered to the management office located within the Complex within ten (10) business days after any claimed damage or loss occurs. Any claim not so made is waived.

Landlord is not responsible for damage by water or fire, or for the acts or omissions of others, or for article's left in vehicles.

12. The parking operators, managers or attendants are not authorized to make or allow any exceptions to these rules and regulations, without the express written consent of Landlord. Any exceptions to these rules and regulations made by the parking operators, managers or attendants without the express written consent of Landlord will not be deemed to have been approved by Landlord.
13. Landlord reserves the right, without cost or liability to Landlord, to tow any vehicles which are used or parked in violation of these rules and regulations.
14. Landlord reserves the right from time to time to modify and/or adopt such other reasonable and non-discriminatory rules and regulations for the parking facilities as it deems reasonably necessary for the operation of the parking facilities.

EXHIBIT A

FLOOR PLANS SHOWING PREMISES

see attached

"N.I.C." designations are to be disregarded.

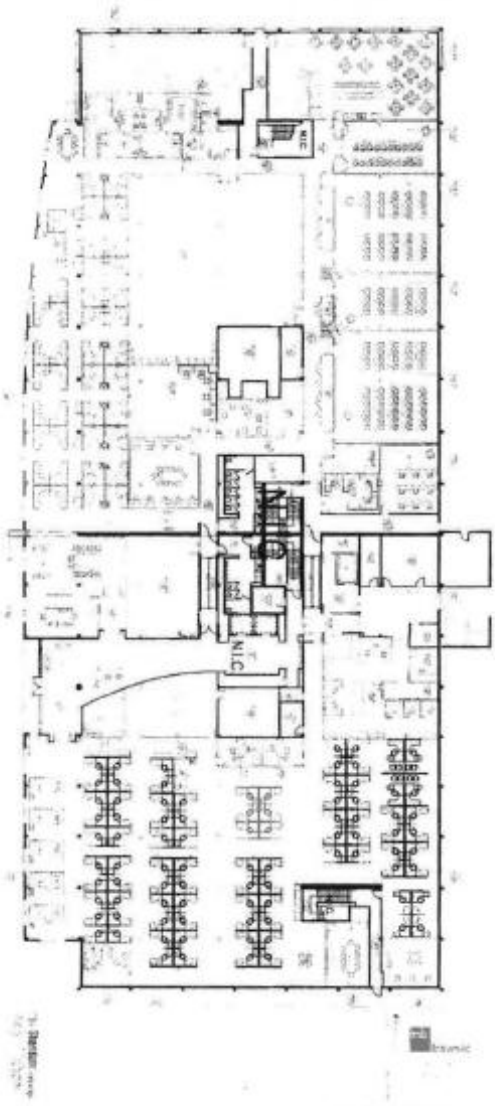
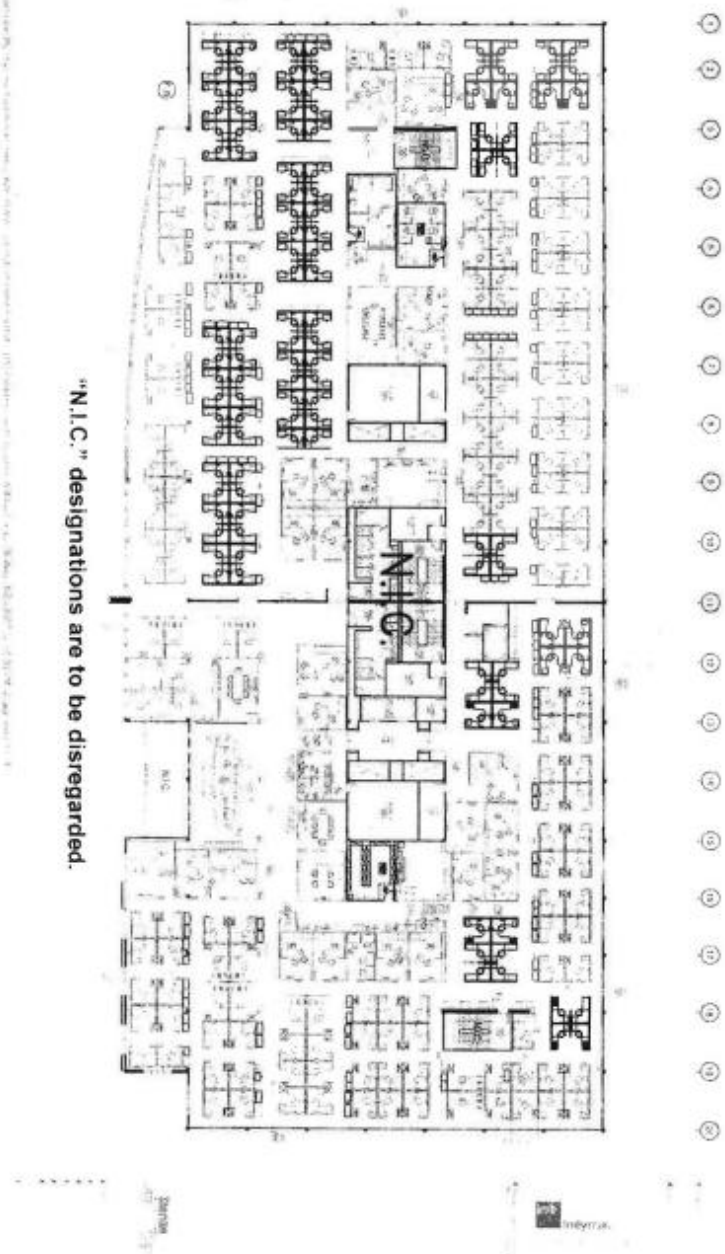


Exhibit C, Page 1 of 6



"N.I.C." designations are to be disregarded.

Exhibit C, Page 2 of 6

"N.I.C." designations are to be disregarded.

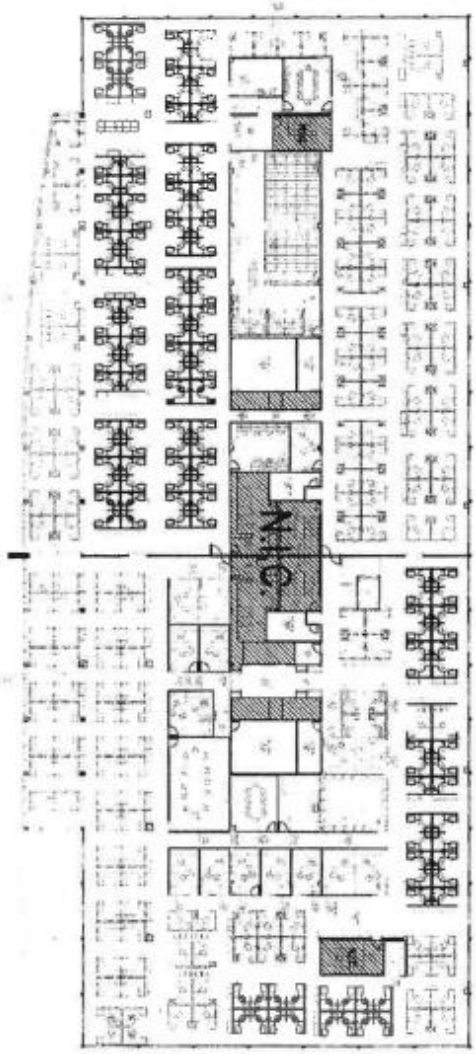


Exhibit C, Page 3 of 6

EXHIBIT B

TENANT FINISH-WORK: ALLOWANCE
(Tenant Performs the Work)

1. **Acceptance of Premises.** Landlord represents and warrants that as of the date Landlord tenders possession of the Premises to Tenant (a) the Building's existing HV AC, mechanical, electrical, plumbing and elevators shall be in good working order and will remain in good working order for a period of one (1) year, other than damage caused by Tenant, and (b) the Building shall be in compliance with all applicable Laws including, without limitation, applicable federal, state and local building codes and the Americans with Disabilities Act. Subject to the preceding sentence, Tenant accepts the Premises in their "AS-IS" condition on the date that this Lease is entered into. In the event of a breach of the representation and warranty contained in this Section 1, Tenant shall notify Landlord and as Tenant's sole remedy on account of such breach Landlord shall remedy the situation to cause such representation and warranty to be true at Landlord's sole cost and expense. Tenant shall permit Landlord and Landlord's contractors to enter the Premises in order to perform necessary work to remedy any such defects and Tenant releases Landlord from any claim for loss, cost damage or inconvenience caused by Landlord's performance of such work other than any claim of Landlord Delay pursuant to Section 7 of this Workletter, provided that Tenant shall not be required to release or waive any claim for personal injury or property damage caused by the negligence or willful misconduct of Landlord and/or its agents and/or employees.

2. **Working Drawings.**

(a) Preparation and Delivery. Tenant shall provide to Landlord for its approval final working drawings, prepared by SAA (whom Landlord hereby approves) or another design consultant selected by Tenant and reasonably acceptable to Landlord (the "**Architect**"), of all improvements that Tenant proposes to install in the Premises; such working drawings shall include the partition layout, ceiling plan, electrical outlets and switches, telephone outlets, drawings for any modifications to the mechanical and plumbing systems of the Building, and detailed plans and specifications for the construction of the improvements called for under this Exhibit in accordance with all applicable Laws.

(b) Approval Process. Landlord shall notify Tenant whether it approves of the submitted working drawings within ten (10) business days after Tenant's submission thereof; provided that Landlord may only disapprove the working drawings to the extent that they fail to meet the Drawing Criteria (as defined in Section 3 of this Workletter). If Landlord disapproves of such working drawings for failure to meet the Drawing Criteria, then Landlord shall notify Tenant thereof specifying in reasonable detail the reasons for such disapproval, in which case Tenant shall, within three (3) business days after such notice, revise such working drawings in accordance with Landlord's objections and submit the revised working drawings to Landlord for its review and approval. Landlord shall notify Tenant in writing whether it approves of the resubmitted working drawings within five (5) business days after its receipt thereof; provided that Landlord may only disapprove the working drawings to the extent that they fail to meet the Drawing Criteria. This process shall be repeated until the working drawings have been finally approved by Tenant and Landlord.

3. **Landlord's Approval; Performance of Work.** If any of Tenant's proposed construction work will materially affect the Building's structure or the Building's Systems and Equipment, then the working drawings pertaining thereto must be approved by the Building's engineer. Landlord's approval of such working drawings shall not be withheld, provided that (a) they comply with all Laws, (b) the improvements depicted thereon do not materially adversely affect (in the reasonable

discretion of Landlord) the Building's structure, the Building's Systems and Equipment or the exterior appearance of the Building, and (c) such working drawings are sufficiently detailed to allow construction of the improvements in a good and workmanlike manner (collectively, the "**Drawing Criteria**"). As used herein, "**Working Drawings**" shall mean the final working drawings approved by Landlord, as amended from time to time by any approved changes thereto, and "**Work**" shall mean all improvements to be constructed in accordance with and as indicated on the Working Drawings, together with any work required by governmental authorities to be made to other areas of the Building as a result of the improvements indicated by the Working Drawings. Without limiting the generality of the foregoing, except to the extent that the same is Landlord's responsibility because Landlord failed to deliver the Premises in the condition required pursuant to Section 1 above, as part of the Work Tenant shall, at Tenant's expense, install and maintain fire extinguishers and other fire protection devices as may be required with respect to Tenant's use of the Premises or Tenant's Work. Landlord's approval of the Working Drawings shall not be a representation or warranty of Landlord that such drawings are adequate for any use or comply with any Law, but shall merely be the consent of Landlord thereto. Tenant shall, at Landlord's request, sign the Working Drawings to evidence its review and approval thereof. After the Working Drawings have been approved, Tenant shall cause the Work to be performed in accordance with the Working Drawings.

4. **Contractors; Performance of Work**. The Work shall be performed only by licensed contractors and subcontractors selected by Tenant. Landlord shall have the right to approve Tenant's general contractor, such approval not to be unreasonably withheld, conditioned or delayed. Landlord hereby pre-approves the following general contractors: Corporate Contractors, Pinnacle Contractors, Howard Building Corporation, Phoenix Contractors. All contractors and subcontractors shall be required to procure and maintain insurance against such risks, in such amounts, and with such companies as Landlord may reasonably require consistent with Article 9 of the Lease. Certificates of such insurance, with paid receipts therefor, must be received by Landlord before the Work is commenced. The general contractor and each subcontractor must name Landlord, Landlord's property management company, and Tenant as additional insureds on such contractor's insurance maintained in connection with the construction of the Work. The Work shall be performed in a good and workmanlike manner free of defects and shall conform with the Working Drawings.

5. **Construction Contract.** Tenant shall enter into a construction contract with the general contractor described in Section 4 above.

6. **Change Orders.** Tenant may initiate changes in the Work. Each such change must receive the prior written approval of Landlord, such approval not to be withheld except to the extent such change fails to meet the Drawing Criteria. Any delay to Tenant's construction caused by a Tenant change shall not constitute a Force Majeure Delay or a Landlord Delay, nor shall it otherwise delay the Commencement Date, notwithstanding anything to the contrary contained in this Lease, including (without limitation) in the event a change by Tenant (a) causes a Permit delay, (b) results in a delay due to unavailability of materials, or (c) causes a revision to Tenant's construction schedule, except to the extent in each case such delay is due to Landlord's work that was either not performed as required or performed incorrectly. Tenant shall, upon completion of the Work, furnish Landlord with an accurate architectural "as-built" plan of the Work as constructed (in CAD format), which plan shall be incorporated into this Exhibit B by this reference for all purposes. If Tenant requests any changes to the Work described in the Working Drawings, then such increased costs and any additional design costs incurred in connection therewith as the result of any such change shall be added to the Total Construction Costs.

7. **Definitions.** As used herein "**Substantial Completion**," "**Substantially Completed**," and any derivations thereof mean the Work in the Premises is substantially completed to the extent

necessary to obtain a certificate of occupancy (or its legal equivalent), materially in accordance with the Working Drawings. Substantial Completion shall have occurred even though minor details of construction, decoration, and mechanical adjustments remain to be completed. The term "**Landlord Delay**" shall mean any actual delay in the completion of the Work that is caused by: (a) Landlord's failure to give authorizations or approvals in the time frame required by this Lease; (b) the interference of Landlord, its agents or contractors without good cause ("good cause" being defined as Landlord acting in accordance with Landlord's rights under this Lease or Tenant being in violation of applicable Laws or in breach of this Lease or the Rules) with the completion of the Work or the failure or refusal of any such party without good cause to permit Tenant, its agents or contractors, priority access to and priority use of the 3465 Building or any 3465 Building facilities or services, including freight elevators, passenger elevators, and loading docks, which access and use are required for the orderly and continuous performance of the work necessary to complete the Work in accordance with this Lease and requirements of Law; (c) delay attributable to Landlord's failure to allow Tenant access to the Complex and/or the Premises during the construction period except as a result of casualty or condemnation; (d) delay by Landlord in administering and paying when due the Construction Allowance, the Additional Allowance and/or the Space Planning Allowance as required by Sections 10, 11 and 12 below (in which case, in addition to such delay being deemed a Landlord Delay, Tenant shall have the right to stop the construction of the Work); or (e) failure of Landlord to deliver the Premises in the condition required by Section 1 of this Workletter and such failure prohibits Tenant from proceeding with the Work. For any such occurrence to constitute a Landlord Delay, Tenant must give Landlord notice of the alleged Landlord Delay, which notice must conspicuously state that a Landlord Delay is being alleged by Tenant, within five (5) business days of the date Tenant first obtains knowledge of the commencement of the occurrence of the alleged Landlord Delay, and if Landlord fails to cure such occurrence within five (5) business days after receipt of Tenant's notice, then each day after the commencement of such Landlord Delay shall be a "**Landlord Delay Day**" until the delay is remedied, it being understood that if Landlord in good faith disputes the existence of any alleged Landlord Delay, then Landlord and Tenant shall make a good faith effort to agree as to whether or not a Landlord Delay exists, and if an agreement cannot be reached, then such dispute shall be settled by arbitration pursuant to Article 14 of the Lease and the Work shall proceed even though the fmal determination of the date of occurrence of the Commencement Date pursuant to such arbitration may occur after the Commencement Date occurs.

8. **Walk-Through: Punchlist.** When Tenant considers the Work in the Premises to be Substantially Completed, Tenant will notify Landlord and within three (3) business days thereafter, Landlord's representative and Tenant's representative shall conduct a walk-through of the Premises and identify any necessary touch-up work, repairs and minor completion items that are necessary for final completion of the Work. Neither Landlord's representative nor Tenant's representative shall unreasonably withhold his or her agreement on punchlist items. Tenant shall use reasonable efforts to cause the contractor performing the Work to complete all punchlist items within 30 days after agreement thereon.

9. **Total Construction Costs.** The entire cost of performing the Work (including design of the Work and preparation of the Working Drawings, costs of construction labor and materials, additional janitorial services, general tenant signage, related taxes and insurance costs, all of which costs are herein collectively called the "**Total Construction Costs**") in excess of the Construction Allowance, Additional Allowance and Space Planning Allowance (hereinafter defined) shall be paid by Tenant. Prior to commencing construction, Tenant shall provide to Landlord a preliminary project budget relating to Tenant's Work. Thereafter, Tenant shall provide updates to the project budget within a commercially reasonable time after such updates occur. In the event that the amount of the Total Construction Costs is estimated to exceed the

Construction Allowance, then each disbursement of the Construction Allowance shall be made *pari passu* with Tenant's payment, from Tenant's own funds, of the excess of the Total Construction Costs minus the Construction Allowance relative to such disbursement. For example, if the budgeted Total Construction Costs are $100 and the Construction Allowance is $80, each disbursement (draw) shall be paid 80% by Landlord and 20% by Tenant. If the Total Construction Costs ultimately are less than the amount of the Construction Allowance and, as a result of Tenant's *pari passu* payments, Tenant has not received the full amount of the Construction Allowance to which Tenant would otherwise be entitled, then Landlord shall reimburse Tenant for amounts advanced by Tenant, up to the full amount of the Construction Allowance, in accordance with Section 10 below.

10. **Construction Allowance.** Landlord shall provide to Tenant a construction allowance of Forty Dollars ($40.00) per rentable square foot in the Premises (i.e., $5,661,600.00) (the "**Construction Allowance**") to be applied toward the Total Construction Costs, as adjusted for any changes to the Work. Landlord shall pay to Tenant or directly to Tenant's contractors the Construction Allowance in multiple disbursements (but not more than once in any calendar month) following the receipt by Landlord of the following items: (a) a request for payment, (b) fInal or partial lien waivers, as the case may be, from all persons performing work or supplying or fabricating materials for the Work, fully executed, acknowledged and in recordable form, (c) the Architect's certifIcation that the Work for which reimbursement has been requested has been fInally completed, including (with respect to the last application for payment only) any punch-list items, on the appropriate AlA form or another form approved by Landlord, and, with respect to the disbursement of the last 10% of the Construction Allowance, (y) "as built" drawings in both paper and AutoCad format; and (z) the permanent certifIcate of occupancy issued for the Premises (collectively, a "**Completed Application for Payment**"). Landlord shall pay the amount requested in the applicable Completed Application for Payment to Tenant within thirty (30) days following Tenant's submission of the Completed Application for Payment. If, however, the Completed Application for Payment is incomplete or incorrect, Landlord's payment of such request shall be deferred until thirty (30) days following Landlord's receipt of the Completed Application for Payment. Notwithstanding anything to the contrary contained in this Exhibit, Landlord shall not be obligated to make any disbursement of the Construction Allowance during the pendency of any of the following: (1) Landlord has received written notice of any unpaid claims relating to any portion of the Work or materials in connection therewith, other than claims which will be paid in full from such disbursement, (2) there is an unbonded lien outstanding against the Building or the Premises or Tenant's interest therein by reason of work done, or claimed to have been done, or materials supplied or specifIcally fabricated, claimed to have been supplied or specifIcally fabricated, to or for Tenant or the Premises, (3) the conditions to the advance of the Construction Allowance are not satisfIed, or (4) a Default by Tenant exists. The Construction Allowance must be used (i.e. work performed and invoices submitted to Landlord) within six (6) years following the Commencement Date or shall be deemed forfeited with no further obligation by Landlord with respect thereto.

11. **Additional Allowance.** In addition to the Construction Allowance, Landlord shall provide Tenant an Additional Allowance ("**Additional Allowance**") in the amount of Ten Dollars ($10.00) per rentable square foot in the Premises (i.e., $1,415,400.00). The Additional Allowance is to be used by Tenant for purchase of furniture, fIxtures and equipment for the Premises; technology for the Premises, and Tenant's expenses of moving in to the Premises, but may also be used by Tenant for other tenant improvement work in the Premises including, without limitation, payment of the Total Construction Costs. Any unused Additional Allowance may be used to pay for additional tenant improvements to the Premises provided that the Additional Allowance must be used (i.e. work performed and invoices submitted to Landlord) within six (6) years following the Commencement Date or shall be deemed forfeited with no

further obligation by Landlord with respect thereto. The Additional Allowance shall be paid in the same manner as provided above for the Construction Allowance.

12. **Space Planning Allowance.** In addition to the Construction Allowance and Additional Allowance, Landlord will pay or reimburse Tenant for the payment to Tenant's architect for one (1) space plan of the Premises and two (2) revisions to same, not to exceed an amount equal to $0.10 per rentable square foot of the Premises in total ("**Space Planning Allowance**").

13. **Construction Management.** No construction management fee is payable in connection with the Work, provided that Tenant shall reimburse Landlord within thirty (30) days of request for third party out of pocket costs reasonably incurred by Landlord reviewing the portion of Tenant's plans relating to the portion of the Work which would impact the Systems and Equipment, the structure of the Property, or the exterior of the Building.

14. **Construction Representatives.** Landlord's and Tenant's representatives for coordination of construction and approval of change orders will be as follows, provided that either party may change its representative upon written notice to the other:

Landlord's Representative: _____

_____

_____

_____

_____

Telephone: _____

Telecopy: _____

Tenant's Representative: _____

_____

_____

_____

_____

Telephone: _____

Telecopy: _____

15. **Bond.** Notwithstanding anything to the contrary set forth in the Lease, Tenant shall not be required to obtain or provide any completion or performance bond in connection with any construction, alteration, or improvement work performed by or on behalf of Tenant.

16. **Docks.** Dumpsters and Elevators. Tenant shall have access to the Building's loading dock and the Building's freight elevators free of charge during Tenant's design and construction of the Work, furniture installation and move into the Premises. Landlord shall provide, free of charge, dock space at the Building for a dumpster during Tenant's design and construction of the Work, furniture installation and move into the Premises. In addition, Tenant's consultants, contractors, subcontractors and vendors shall receive free parking during the design and construction of the Work, furniture installation, and move-in to the Premises.

17. **Existing Furniture.** Without need for further Bill of Sale, Landlord hereby sells and conveys to Tenant all existing furniture in the Premises presently owned by Landlord in its current "as is" condition without representation or warranty, provided that Landlord represents and warrants that Landlord is the absolute owner of such furniture with power and authority to convey clear title to same to Tenant.

EXHIBIT C

OPTION TO EXTEND

Tenant is hereby granted two (2) options (each an "**Extension Option**") to extend the term of the Lease with respect to the entire Premises for consecutive periods of five (5) Lease Years each (each an "**Extension Term**"). Each Extension Option may be exercised only by giving Landlord written notice thereof no earlier than eighteen (18) months and no later than twelve (12) months prior to the commencement of the Extension Tenn. Tenant may not exercise an Extension Option if Tenant is in default under the Lease beyond the expiration of any applicable cure period at the date of said notice. Upon exercise of an Extension Option, all references in the Lease to the Term shall be deemed to be references to the Tenn as extended pursuant to the Extension Option.

Each Extension Term shall be on the same terms, covenants and conditions as are contained in the Lease, except that (i) no additional extension option shall be conferred by the exercise of an Extension Option, (ii) Base Rent applicable to the·Premises for an Extension Term shall be determined as provided below, (iii) any initial rent abatement, concession or allowance which are in the nature of economic concessions or inducements shall not be applicable to any Extension Term, and (iv) Tenant shall pay to Landlord Tenant's Prorata Share of Operating Expenses and Taxes in excess of Operating Expenses and Taxes for an updated base year applicable to each Extension Term, instead of the calendar year 2013.

Base Rent per annum per rentable square foot of the Premises for each Extension Term shall be one hundred percent (100%) of the Current Market Rate for lease terms commencing on or about the date of conunencement of the Extension Tenn. The term "Current Market Rate" means the then true fair market rental rate per rentable square foot for recent, non-equity, non-expansion office lease transactions of comparable size, quality and location taking into consideration rental abatement, tenant improvement allowance, brokerage commissions (taking into consideration the existing improvements) and any other tenant inducements then given to new tenants in comparable class office space.

Within thirty (30) days after receipt of Tenant's notice to extend Landlord shall deliver to Tenant written notice of the Current Market Rate and shall advise Tenant of the required adjustment to Base Rent, if any.

Tenant shall, within fifteen (15) days after receipt of Landlord's notice, notify Landlord in writing whether Tenant (a) accepts Landlord's determination of the Current Market Rate; (b) rejects Landlord's determination of the Current Market Rate, or (c) requests that the Current Market Rate be determined by an arbitration ("**Arbitration Request**"). If Tenant rejects Landlord's determination, Tenant's exercise of the Extension Option granted herein shall be deemed revoked and of no further force of effect. If Tenant requests that the Current Market Rate be determined by arbitration, Landlord and Tenant, within ten (10) days after the date of the Arbitration Request, shall each simultaneously submit to the other, in a sealed envelope, its good faith estimate of the Current Market Rate (collectively referred to as the "**Estimates**"). If the higher of such Estimates is not more than one hundred five percent (105%) of the lower of such Estimates, then Current Market Rate shall be the average of the two Estimates. If the Current Market Rate is not resolved by the exchange of Estimates, Landlord and Tenant, within seven (7) days after the exchange of Estimates, shall each select a broker to determine which of the two Estimates most closely reflects the Current Market Rate. Each broker so selected shall have had at least ten (10) years' experience as an office leasing broker working in the same submarket in which the Building is located, with current working knowledge of current office rental rates and practices in such submarket. Upon selection, Landlord's and Tenant's brokers shall work together in good faith to agree upon which of the two Estimates most closely reflects the Current Market Rate. The Estimate chosen by such brokers shall be binding on both Landlord and Tenant as the Current Market Rate. If either Landlord or Tenant fails to appoint a broker within the seven day period referred to above, the broker appointed by the other party

shall be the sole arbitrator for the purposes hereof. If the two brokers cannot agree upon which of the two Estimates most closely reflects the Current Market Rate within the twenty (20) days after their appointment, then, within ten (10) days after the expiration of such twenty (20) day period, the two (2) brokers shall select a third broker meeting the aforementioned criteria. Once the third broker has been selected as provided for above, then, as soon thereafter as practicable but in any case within fourteen (14) days, the third broker shall make his determination of which of the two Estimates most closely reflects the Current Market Rate and such Estimate shall be binding on both Landlord and Tenant as the Current Market Rate. The parties shall share equally in the costs of the third broker. Any fees of any broker, counsel or experts engaged directly by Landlord or Tenant, however, shall be borne by the party retaining such broker, counsel or expert. In the event that the Current Market Rate has not been determined by the commencement date of the Extension Term at issue, Tenant shall pay the most recent Base Rent set forth in the Lease until such time as the Current Market Rate has been determined. Upon such determination, Base Rent shall be retroactively adjusted. If such adjustment results in an underpayment of Base Rent by Tenant, Tenant shall pay Landlord the amount of such underpayment within thirty (30) days after the determination thereof. If such adjustment results in an overpayment of Base Rent by Tenant, Landlord shall credit such overpayment against the next installment of Base Rent due under the Lease and, to the extent necessary, any subsequent installments until the entire amount of such overpayment has been credited against Base Rent.

Tenant must timely exercise the Extension Option or the Extension Option shall terminate. Tenant's exercise of the Extension Option shall not operate to cure any default by Tenant of any of the terms or provisions in the Lease, nor to extinguish or impair any rights or remedies of Landlord arising by virtue of such default. If the Lease or Tenant's right to possession of the Premises shall terminate in any manner whatsoever before Tenant shall exercise the Extension Option, or if Tenant shall have subleased or assigned all or any portion of the Premises to any party other than a Permitted Transferee, then immediately upon such termination, sublease or assignment, the Extension Option shall simultaneously terminate and become null and void. The Extension Option is personal to the Tenant named in this Lease and any Permitted Transferee.

EXHIBIT D

COMMENCEMENT DATE CONFIRMATION

Landlord: Wells REIT II -Pasadena Corporate Park, LP

Tenant: Green Dot Corporation

This Commencement Date Confirmation is made by Landlord and Tenant pursuant to that certain Lease dated as of ___ __, 2011 (the "Lease") for certain premises in the building commonly known as3465 E. Foothill Boulevard, Pasadena, California (the "Premises"). This Confirmation is made pursuant to Article 1 of the Lease.

1. Lease Commencement Date, Termination Date. Landlord and Tenant hereby agree that the Commencement Date of the Lease is ___ __, 20_, and the Termination Date of the Lease is _____. 20_,

2. Acceptance of Premises. Tenant has inspected the Premises and affirms that the Premises are acceptable in all respects in its current "as is" condition except for _____ The amount of Construction Allowance remaining to be paid is $_____ The amount of Space Planning Allowance remaining to be paid is $,_____, The amount of Additional Allowance remaining to be paid is $_____.

3. Incorporation. This Confirmation is incorporated into the Lease, and forms an integral part thereof. This ConfIrmation shall be construed and interpreted in accordance with the terms of the Lease for all purposes.

LANDLORD:

WELLS REIT II-Pasadena Corporate Park, LP
a Delaware limited partnership

By: Wells REIT II -Pasadena Corporate Park, LLC
a Delaware limited liability company, its general partner

By: Wells REIT Operating Partnership II, LP
a Delaware limited partnership, its sole member

By: Wells Real Estate Investment Trust II, Inc.
a Maryland corporation, its general partner

By: _____
Its: _____

TENANT:

Green Dot Corporation
a Delaware corporation

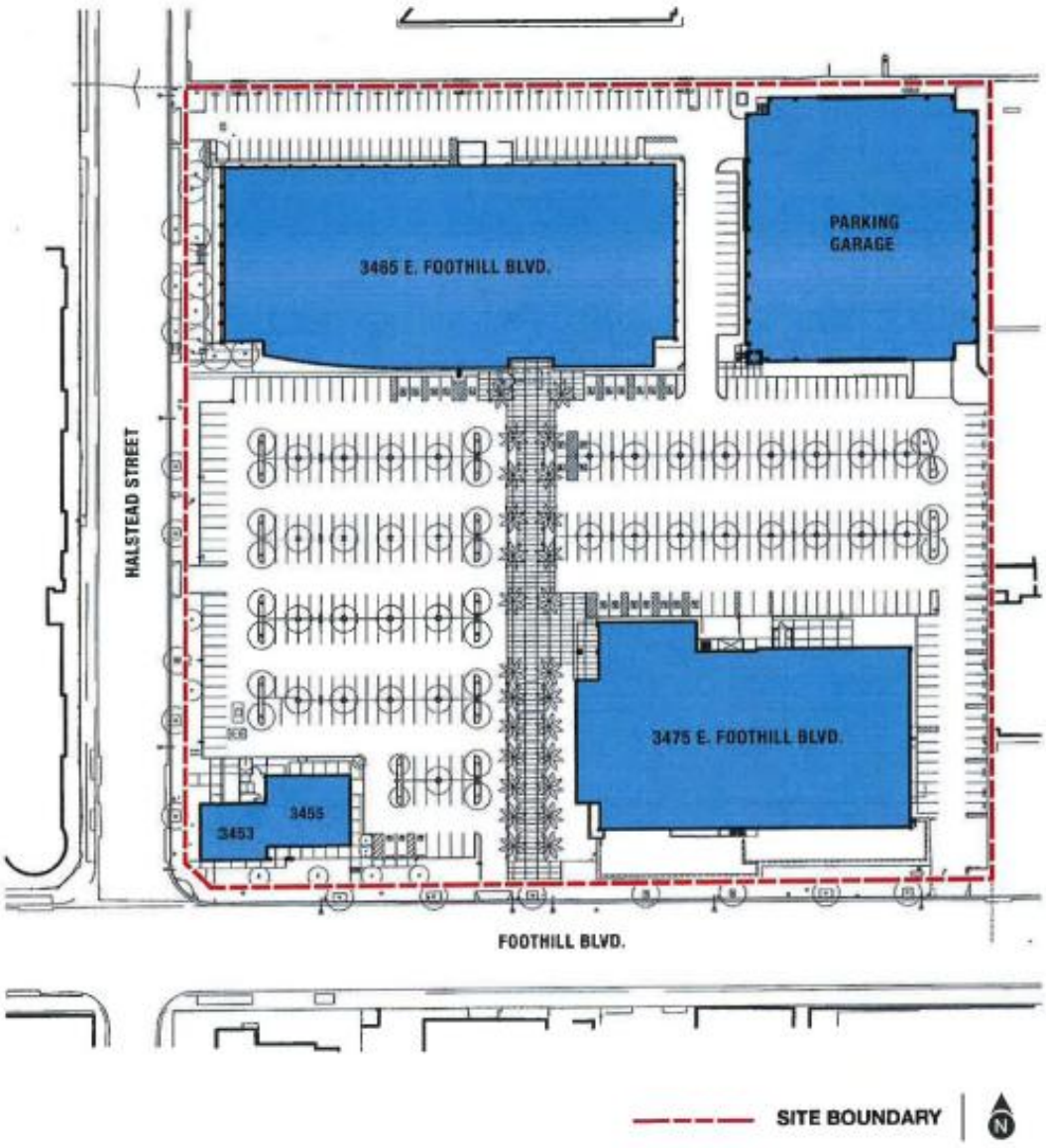
By: Steven W. Streit
Its: /s/ Steven W. Streit

EXHIBIT E

LOCATION OF TENANT'S RESERVED PARKING SPACES

To be agreed upon by Landlord and Tenant.

EXHIBIT F



SITE PLAN

EXHIBIT G

COMPLEX RULES (APPLICABLE IF TENANT LEASES SPACE IN THE COMPLEX OTHER THAN THE 3465 BUILDING)

A. **General Rules and Regulations.** The following rules and regulations govern the use of the Complex and its common areas. Except to the extent the rules and regulations conflict with the terms of the Lease, Tenant will be bound by such rules and regulations and agrees to cause Tenant's employees, subtenants, assignees, contractors, suppliers, customers and invitees to observe the same.

1. Except as specifically provided in the Lease to which these Rules and Regulations are attached, no sign, placard, picture, advertisement, name or notice may be installed or displayed on any part of the outside or inside of the Building or the Complex without the prior written consent of Landlord. Landlord will have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls are to be printed, painted, affixed or inscribed at the expense of Tenant and under the direction of Landlord by a person or company designated or approved by Landlord.

2. If Landlord reasonably objects in writing to any curtains, blinds, shades, screens or hanging plants or other similar objects attached to or used in connection with any window or door of the Premises, or placed on any windowsill, which is visible from the exterior of the Premises, Tenant will immediately discontinue such use. Tenant agrees not to place anything against or near glass partitions or doors or windows which may appear unsightly from outside the Premises including from within any interior common areas.

3. Tenant will not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators, or stairways of common areas of the Complex. Such common area halls, passages, exits, entrances, elevators and stairways are not open to the general public, but are open, subject to reasonable regulations, to Tenant's business invitees. Landlord will in all cases retain the right to control and prevent access thereto of all persons whose presence in the reasonable judgment of Landlord would be prejudicial to the safety, character, reputation and interest of the Complex and its tenants, provided that nothing herein contained will be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are. engaged in illegal or unlawful activities. No tenant and no employee or invitee of any tenant will go upon the roof of the Building without prior notice to Landlord and approval by Landlord.

4. Except as provided in the Lease, Tenant will not obtain for use on the Premises ice, drinking water, food, food vendors, beverage, towel or other similar services or accept barbering or boot blacking service upon the Premises, except at such reasonable hours and under such reasonable regulations as may be fixed by Landlord. Landlord expressly reserves the right to absolutely prohibit solicitation, canvassing, distribution of handbills or any other written material, peddling, sales and displays of products, goods and wares in all portions of the Complex except as may be expressly permitted under the Lease. Landlord reserves the right to restrict and regulate the use of the common areas of the Complex and Building by invitees of tenants providing services to tenants on a periodic or daily basis including food and beverage vendors. Such restrictions may include limitations on time, place, manner and duration of access to a tenant's premises for such purposes. Without limiting the foregoing, Landlord may require that such parties use service elevators, halls, passageways and stairways for such purposes to preserve access within the Building for tenants and the general public.

5. Landlord reserves the right to require tenants to periodically provide Landlord with a written list of any and all business invitees which periodically or regularly provide goods and services to such tenants at the premises. Landlord reserves the right to preclude all vendors from entering or conducting business within the Building and the Complex if such vendors are not listed on a tenant's list of requested vendors.

6. Landlord reserves the right to exclude from the Building between the hours of 6 p.m. and 8 a.m. the following business day, or such other hours as may be reasonably established from time to time by Landlord, and on Sundays and legal holidays, any person unless that person is known to the person or employee in charge of the Building or has a pass or is properly identified. Tenant will be responsible for all persons for whom it requests passes and will be liable to Landlord, for all acts of such persons. Landlord will not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Landlord reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

7. The directory of the Building will be provided exclusively for the display of the name and location of tenants and subtenants only and Landlord reserves the right to exclude any other names therefrom.

8. All cleaning and janitorial services for the Complex and the Premises will be provided exclusively through Landlord, and except with the written consent of Landlord, no person or persons other than those approved by Landlord will be employed by Tenant or permitted to enter the Complex for the purpose of cleaning the same. Tenant will not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises.

9. Tenant shall furnish Landlord with one set of keys to each entry door lock in the Premises. Tenant shall not alter any lock or install any new additional lock or bolt on any door of the Premises without providing a new set of keys to Landlord. Tenant, upon the termination of its tenancy, will deliver to Landlord the keys to all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, will pay Landlord therefor.

10. If Tenant requires telegraphic, telephonic, burglar alarm, satellite dishes, antennae or similar services, it will first obtain Landlord's approval, and comply with, Landlord's reasonable rules and requirements applicable to such services, which may include separate licensing by, and fees paid to, Landlord.

11. Freight elevator(s) will be available for use by all tenants in the Building, subject to such reasonable scheduling as Landlord, in its discretion, deems appropriate. No equipment, materials, furniture, packages, supplies, merchandise or other property will be received in the Building or carried in the elevators except between such hours and in such elevators as may be reasonably designated by Landlord, provided Tenant's daily transportation of Tenant's business file boxes in the ordinary course of its business shall be permitted with Tenant to use reasonable efforts not to tie up use of any elevators for unnecessary periods of time for loading and unloading during ordinary business hours. Tenant's initial move in and subsequent deliveries of bulky items, such as furniture, safes and similar items will, unless otherwise agreed in writing by Landlord, be made during the hours of 6:00 p.m. to 6:00 am. or on Saturday or Sunday. Deliveries during normal office hours shall be limited to normal office supplies and other small items and transportation of Tenant's business file boxes in the ordinary course of its business. No deliveries will be made which unreasonably impede or interfere with other tenants or the operation of the Building.

12. Tenant will not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Landlord will have the right to reasonably prescribe the weight, size and position of all safes, heavy equipment, files,

materials, furniture or other property brought into the Building or require appropriate structural reinforcement for such items in connection with Landlord's review of Tenant's plans and specifications for the Tenant Improvements or any Alterations which are subject to Landlord's approval as provided in the Lease. Heavy objects will, if considered necessary by Landlord, stand on such platforms as determined by Landlord to be necessary to properly distribute the weight, which platforms will be provided at Tenant's expense. Business machines and mechanical equipment belonging to Tenant, which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to any tenants in the Building or Landlord, are to be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devises sufficient to eliminate noise or vibration. Tenant will be responsible for all structural engineering required to determine structural load, as well as the expense thereof. The persons employed to move such equipment in or out of the Building must be reasonably acceptable to Landlord. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property will be repaired at the expense ofTen ant.

13. Tenant will not use or permit to be used in the Premises any noxious gas or substance, or permit or allow the Premises to be used in a manner such that noises, odors or vibrations emanate from the Premises in a manner that would be unduly offensive to a reasonable occupant of the bUilding. Tenant will not bring into or keep in or about the Premises any birds or animals other than service animals.

14. 14. Tenant will not use any method of heating or air conditioning other than that supplied by Landlord without Landlord's prior written consent not to be unreasonably withheld.

15. Tenant will not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning and to comply with any governmental energy-saving rules, laws or regulations of which Tenant has actual notice.

16. Landlord reserves the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building. Without the prior written consent of Landlord, which Landlord may deny with or without cause, Tenant will not use the name, photograph or likeness of the Building or the Complex in connection with or in promoting or advertising the business ofTen ant except as Tenant's address.

17. Tenant will close and lock the doors of its Premises and entirely shut off all water faucets or other water apparatus, and lighting or gas before Tenant and its employees leave the Premises. Tenant will be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

18. The toilet rooms, toilets, urinals, wash bowls and other apparatus will not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from any violation of this rule will be borne by the tenant who, or whose employees or invitees, break this rule.

19. Tenant will not sell, or permit the sale at retail of newspapers, magazines, periodicals, theater tickets or any other goods or merchandise to the general public in or on the Premises. Tenant will not use the Premises for any business or activity other than that specifically provided for in this Lease. Tenant will not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises without first having obtained Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

20. Except as provided in the Lease and/or any separate license agreement, without the prior approval of Landlord, Tenant will not install any radio or television antenna, loudspeaker, satellite dishes or other devices on the roof(s) or exterior walls of the Building or the Complex. Tenant will not interfere with radio or television broadcasting or reception from or in the Complex or elsewhere.

21. Except for the ordinary hanging of pictures and wall decorations, Tenant will not mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof, except in accordance with the provisions of the Lease pertaining to alterations. Landlord reserves the right to direct electricians as to where and how telephone and telegraph wires are to be introduced to the Premises. Tenant will not cut or bore holes for wires. Tenant shall repair any damage resulting from noncompliance with this rule.

22. Tenant will not install, maintain or operate upon the Premises any vending machines without the written consent of Landlord which shall not be unreasonably withheld or delayed.

23. Landlord reserves the right to exclude or expel from the Complex any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulations of the Building.

24. Tenant will store all its trash and garbage within its Premises or in other facilities provided by Landlord. Tenant will not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal is to be made in accordance with directions issued from time to time by Landlord.

25. The Premises will not be used for lodging or for manufacturing of any kind, nor shall the Premises be used for any improper, immoral or objectionable purpose.

26. Neither Tenant nor any of its employees, agents, customers and invitees may use in any space or in the public halls of the Building or the Complex any hand truck except those equipped with rubber tires and side guards or such other material-handling equipment as Landlord may approve. Tenant will not bring any other vehicles of any kind into the Building.

27. Tenant agrees to comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

28. Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.

29. To the extent Landlord reasonably deems it necessary to exercise exclusive control over any portions of the Common Areas for the mutual benefit of the tenants in the Building or the Complex, Landlord may do so subject to reasonable, non-discriminatory additional rules and regulations.

30. Landlord may prohibit smoking in the Building and may require Tenant and any of its employees, agents, clients, customers, invitees and guests who desire to smoke, to smoke within designated smoking areas within the Complex.

31. Tenant's requirements will be attended to only upon appropriate application to Landlord's asset management offIce for the Complex by an authorized individual of Tenant. Employees of Landlord will not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

32. These Rules and Regulations are in addition to, and will not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease. Landlord may waive anyone or more of these Rules and Regulations for the benefit of Tenant or

any other tenant, but no such waiver by Landlord will be construed as a waiver of such Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Complex.

Landlord reserves the right to make such other and reasonable and non-discriminatory Rules and Regulations as, in its judgment, may from time to time be needed for safety and security, for care and cleanliness of the Complex and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations herein above stated and any additional reasonable and non-discriminatory rules and regulations which are adopted. Tenant is responsible for the observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.

EXHIBIT H

INITIAL APPROVED LETTER OF CREDIT

See attached.

[Wells Fargo Bank, NA Letterhead]

Wells Fargo Bank. N.A.
U. S. Trade Services
Standby Letters of Credit
MAC A0195-212
One Front Street, 21st Floor
San Francisco. California 94111
Phone: 1(800) 798'2815 Option 1
E·Mail: sftrade@wellsfargo.com

Irrevocable Standby Letter Of Credit

Number: IS0004368
Issue Date: November 29, 2011

BENEFICIARY	APPLICANT
WELLS REIT II - PASADENA CORPORATE PARK, LP	GREEN DOT CORPORATION
C/O WELLS REAL ESTATE FUNDS	605 EAST HUNTINGTON DRIVE
ATTN: ASSET MANAGER - WEST REGION	MONROVIA, CALIFORNIA 91016
6200 THE CORNERS PARKWAY	
NORCROSS, GEORGIA 30092	

LETTER OF CREDIT ISSUE AM0UNT USD 2.500,000.00 EXPIRY DATE DECEMBER 31,2012

LADIES ANDGENTLEMEN:

LADIES AND GENTLEMEN:

At the request and for the account of the above referenced applicant, we hereby issue our Irrevocable Standby Letter of Credit in your favor in the amount of Two Million Five Hundred Thousand and NO/ 00 United States Dollars (US$2.500,000.00) available with us at our above office by payment against presentation of the following documents:

1. A draft drawn on us at sight marked "Drawn under Wells Fargo Bank, N.A. Standby Letter of Credit No. lS0004368."

2. The original of this Standby Letter of Credit and any amendments thereto.

3. Beneficiary's signed and dated statement worded as follows (with the instructions in brackets therein ·complied. with):

"The undersigned, an authorized representative of the beneficiary of Wells Fargo Bank Letter of Credit No. IS0004368 certifies Beneficiary is permitted to draw on the Letter of Credit in the amount of US$ (insert amount) pursuant to and in connection with that certain Lease dated [insert date) between Wells REIT II -Pasadena Corporate Park, LP and /or its successors and assigns ("Landlord") and Green Dot Corporation, a Delaware corporation ("Tenant") (as such lease may be amended. restated or replaced)."

Multiple and partial drawing(s) are permitted under this Letter of Credit; provided, however, that the total amount of any payment(s) made under this Letter of Credit will not exceed the total amount available under this Letter of Credit. In the event of partial drawings. Wells Fargo Bank, NA shall endorse the Original of this Letter of Credit and return it to the beneficiary unless it is fully drawn upon.

This Letter of Credit expires at our above office on December 31,2012. It is a condition of this Letter of credit that such expiration date shall be deemed automatically extended, without written amendment, for one year periods to December 31 in each succeeding calendar year, unless at least sixty (60) days prior to such expiration date we send written notice to you at your address above by overnight courier or registered mail that we elect not to extend the expiration date of this Letter of Credit beyond the date specified in such notice. In no event shall this letter of Credit be extended beyond December 31, 2022 which wIll be considered the final expiration date. Any reference to a final expiration date does not imply that we are obligated to extend the expiration date beyond the initial or any extended date thereof. A copy of such notice of non-extension will also be sent to:

Wells REIT 11-Pasadena Corporate Park, LP
C/O Wells Real Estate Funds
6200 The Comers Par1<way
Attn: Asset Manager - West Region
Norcross, Georgia 30092

Upon our sending you such notice of the non-extension of the expiration date of this Letter of Credit, you may draw under this Letter of Credit. on or before the Expiration Date specified in such notice, by presentation of the following documents to us at our above address:

1. A draft drawn onus at sight marked "Drawn under Wells Fargo Bank, NA Standby Letter of Credit No. 1S0004368."

2. The original of this Standby Letter of Credit and any amendments thereto.

3. Your signed and dated statement worded as follows (with the instructions in brackets therein complied with):

"The undersigned. an authorized representative of the beneficiary of Wells Fargo Bank, NA. letter of Credit No: IS0004368 hereby certifies that it has received notification from Wells Fargo Bank, NA that this letter of credit will not be extended past its current expiration date. The undersigned further certifies that as of the date of this statement. it has not received a letter of credit or other instrument acceptable to it as a replacement."

If any instructions aCcompanying a drawing under this Letter of Credit request that payment is to be made by transfer to an account with us or at another bank, we and/or such other bank may rely on an account number specified in such instructions as that of the beneficiary's without any further validation.

The amount available.to be drawn upon under this Letter of Credit may be decreased by means of one or more amendments to this Letter of Credit prepared by us upon our receipt at our above office of Beneficiary's signed and dated written request or authorization for such decrease (any such request or authorization, a "Decrease Authorization"). Any Decrease Authorization must quote this Letter of Credit by number, indicate the amount by which this Letter of Credit can be or is to be decreased, and indicate that the person signing the Decrease Authorization is authorized to sign such an authorization (or similar documents) for the Beneficiary. Any 'Decrease Authorization received by us at our above office will be considered as your request for, or consent to, the decrease amendment to this Letter of Credit which we prepare.

This Letter of Credit is transferable one or more times, but in each instance only to a single transferee and only in the full amount available to be drawn under the Letter of Credit at the time of such transfer. Any such transfer may be effected only through Wells Fargo Bank, NA and only upon presentation to us at our preSentation office specified herein of a duly executed transfer request in the form attached hereto as

Exhibit A, with instructions therein in brackets complied with, together with the original of this Letter of Credit and any amendments thereto. Any transfer fee is payable by Applicant and payment thereof shall not be a condition of transfer. Each transfer shall be evidenced by our endorsement on the reverse or the original of this Letter of Credit, and we shall deliver such original to the transferee, The transferee's name shall automatically be substituted for that of the beneficiary wherever such beneficiary's name appears within this Standby Letter of Credit. All charges in connection-with any transfer of this Letter of Credit are, for the Applicant's account.

We are subject to various laws, regulations and executive and judicial orders (including economic sanctions, embargoes, anti-boycott. anti-money laundering. anti-terrorism, and anti-drug trafficking laws and regulations) of the U.S, and other countries that are enforceable under applicable law, We will not be liable for our failure to make, or our delay in making, payment under this Letter of Credit or for any other action we take or do not take, or any disclosure we make. under or in connection with this Letter of Credit [(including. without limitation. any refusal to transfer this Letter of Credit)] that is required by such laws, regulations, or orders,

We hereby engage with you that each draft drawn under and in Compliance with the terms and conditions of this Letter of Credit will be duly honored if presented together with the documents specified in this Letter of Credit at our office located at One Front Street, 21st Floor MAC A0195-212, San Francisco, CA, 94111. Attention: US Trade Services - Standby Letters of Credit on or before the above stated expiry date, or any extended expiry date if applicable.

Drawings may be presented to us at our above office by hand delivery or delivered to us by U.S. Postal Service mail, registered mail or certified mail or by express courier or overnight courier. Drawings may also be presented to us by facsimile transmission to facsimile number 415-975-6284 (each such drawing, a "Fax Drawing"); provided. however, that a Fax Drawing will not be effectively presented until you confirm by telephone our receipt of such Fax Drawing by calling us at telephone number 1-800-798--2815 (option 1). If you present a Fax Drawing under this Letter of Credit you do not need to present the original of any drawing documents, and if we receive any such original drawing documents they will not be examined by us. In the event of a full or final drawing the original Letter of Credit must be returned to us by overnight courier.

This Irrevocable Standby Letter of Credit sets forth in full the terms of our undertaking. This undertaking is independent of and shall not in any way be modified, amended, amplified or incorporated by reference to any document, contract or agreement referenced herein other than the stipulated ICC rules and governing laws.

Except as otherwise expressly stated herein, this Standby Letter of Credit is subject to the International Standby Practice 1998. International Chamber of Commerce Publication No. 590.

Very Truly Yours,

WELLS FARGO BANK, N.A.

By: /s/ James B. Singh, Vice President

The original Letter of Credit contains an embossed seal over the Authorized Signature.

[Wells Fargo Bank, NA Letterhead]

Please direct any written correspondence or inquiries regarding this Letter of Credit; always quoting our reference number, to Wells Fargo Bank, National Association, Attn: U.S. Standby Trade Services

at either

One Front Street
MAC A0195-212
San Francisco, CA 94111

or

401 Linden Street
MAC D4004-017
Winston-Salem, NC 27101

Phone inquiries regarding this credit should be directed to our Standby Customer Connection Professionals

1-800-798-2815 Option 1

(Hours of Operation: 8:00 a.m. PT to 5:00 p.m. PT)

1-800-776-3862 Option 2

(Hours of Operation: 8:00 a.m. EST to 5:30 p.m, EST)

[Wells Fargo Bank, NA Letterhead]

Exhibit A to Wells Fargo Bank, NA
Irrevocable Letter of Credit
No. 1S0004368

TO:

WELIS FARGO BANK, N. A
Northern California Trade Services Division
One Front Street, 21st Floor
San Francisco, California 94111

Date: _____

LETTER OF CREDIT INFORMATION Wells Fargo Bank, N. A Letter of Credit No.: IS0004368

For value received, the undersigned beneficiary of the above described Letter of Credit (the "Transferor") hereby irrevocably assigns and transfers all its rights under the Letter of Credit as heretofore and hereafter amended, extended or increased (the "Credit") to the following transferee (the "Transferee"):

Name of Transferee

Address

By this transfer all of our rights in the Credit are transferred to the Transferee, and the Transferee shall have sole rights as beneficiary under the Credit, including, but not limited to, sole rights relating to any amendments, whether increases or extensions or other amendments, and whether such amendments are now existing or hereafter made.

ADVICE OF FUTURE AMENDMENTS: You are hereby irrevocably instructed to advise future amendment(s) of the Credit to the Transferee without the Transferor's consent or notice to the Transferor.

Enclosed are the original of the Credit and the original of all amendments to this date. Please notify the Transferee of this transfer and of the terms and conditions of the Credit as transferred. This transfer will not become effective until the Transferee is so notified.

TRANSFEROR'S SIGNATURE GUARANTEED BY:

[Bank's Name]

By:

Printed Name:

Exhibit 10.10

* Certain confidential information contained in this document, marked by asterisks, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

FIRST AMENDMENT
TO WALMART MONEYCARD PROGRAM AGREEMENT

This First Amendment To Walmart MoneyCard Program Agreement (this “Amendment”) by and among Wal-Mart Stores Texas L.P., Wal-Mart Louisiana, LLC, Wal-Mart Stores Arkansas, LLC, Wal-Mart Stores East, L.P., Wal-Mart Stores, Inc., GE Capital Retail Bank (f/k/a GE Money Bank) and Green Dot Corporation, and dated as of May 27, 2010 (the "Agreement"), is entered into as of January 12, 2012, by and among the foregoing parties. Each of the capitalized terms used in this Amendment and not otherwise defined shall have the meanings ascribed to them in the Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **Background**. The Parties wish to amend and restate Section 7.1 of the Agreement related to the marketing fund in accordance with the terms set forth in this Amendment.

2**. Amendment of Section 7.1 in the Agreement**. Section 7.1 is amended and restated as follows in its entirety:

“7.1 Program management; Marketing & Promotion.

(a) Each of Retailer and Green Dot shall contribute [*] percent ([*]%) of the actual Program Revenue for certain Cardholder value propositions each Program Year (“Marketing Fund”).

(b) In order to promote the Program, Retailer and Green Dot, in its role as program manager, will administer the Marketing Fund, as mutually agreed by Retailer and Green Dot, pursuant to this Section 7.1. Prior to the beginning of each Program Year, Retailer and Green Dot shall meet to plan Marketing Fund expenditures and set forth such expenditures in a written collaborative plan prepared by Retailer and Green Dot no later than January 15th of each Program Year (each such plan, a “Marketing Plan”). Retailer and Green Dot shall use best efforts to use the Marketing Fund in accordance with the Marketing Plan from the Program Year in which they are committed. In the event that Retailer and Green Dot do not agree on the use of the Marketing Fund in any given Program Year during the Term, any unallocated or unused portion of the Marketing Fund shall rollover for use in following Program Years in promoting the Program as set forth in this Section 7.1; provided, however, that upon the termination of this Agreement the cumulative amount of unallocated or unused Marketing Fund shall be payable equally to Retailer and Green Dot. On a monthly basis, the Retailer Program Representative and the Green Dot Program Representative shall adjust the forecast regarding use of the Marketing Fund and amend the Marketing Plan to reflect any changes mutually agreed by Retailer and Green Dot.

* Confidential Treatment Requested.

(c) As part of their program manager functions, Green Dot will administer the Marketing Fund and maintain separate records for such Marketing Fund. Retailer will fund the Marketing Fund each month by having the monthly contribution deducted from its monthly commission payment from the Bank. Green Dot will provide Retailer with monthly reports on Marketing Fund expenditures and Retailer retains full audit rights for the Marketing Fund.

(d) In the event that any portion of Retailer's contribution to the Marketing Fund is [*], Retailer shall [*] and Green Dot shall [*] by [*].

(d) Retailer and Green Dot agree that any shortfall in Marketing Fund funding for certain Cardholder value propositions shall be addressed in a mutually agreed upon manner.

(f) Subject to Section 7.1(b) and Section 15.4(e)(ii), the obligations of Retailer and Green Dot with respect to funding the Marketing Fund shall cease as of the Agreement Termination Date."

3. **Effect of Amendment on Agreement**. As amended hereby, the terms of the Agreement shall remain in full force and effect.

4. **Counterparts**. This Amendment may be executed in counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

* Confidential Treatment Requested.

IN WITNESS WHEREOF, Bank, Green Dot and Retailer have caused this Amendment to be executed by their respective officers or agents thereunto duly authorized as of the date first above written.

WAL-MART STORES, INC.

By: /s/ Daniel Eckert
Name: Daniel Eckert
Title: Vice President

WAL-MART STORES ARKANSAS, LLC

By: /s/ Daniel Eckert
Name: Daniel Eckert
Title: Vice President

WAL-MART STORES EAST, L.P.

By: /s/ Daniel Eckert
Name: Daniel Eckert
Title: Vice President

WAL-MART STORES TEXAS L.P.

By: /s/ Daniel Eckert
Name: Daniel Eckert
Title: Vice President

WAL-MART LOUISIANA, LLC

By: /s/ Daniel Eckert
Name: Daniel Eckert
Title: Vice President

GE CAPITAL RETAIL BANK

By: /s/ Margaret Keane
Name: Margaret Keane
Title: CEO, GE Capital Retail Bank

GREEN DOT CORPORATION

By: /s/ Steven W. Streit
Name: Steven W. Streit
Title: CEO

Exhibit 10.14

* Certain confidential information contained in this document, marked by asterisks, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

MATERIAL TERMS AMENDMENT TO AGREEMENT FOR SERVICES
(Processing Renewal Term and Minimum Fees)

THIS MATERIAL TERMS AMENDMENT TO AGREEMENT FOR SERVICES (this "**Amendment**") is made and entered into as of January 19, 2012 (the "**Amendment Effective Date**"), by and between ***Total System Services, Inc.***, a Georgia corporation ("**TSYS**") and ***Green Dot Corporation***, a Delaware corporation ("**Subscriber**").

A. WHEREAS, TSYS and Subscriber are parties to that certain Agreement for Services dated September 1, 2009 (as amended, the "**Agreement**"); and

B. WHEREAS, TSYS and Subscriber desire to further amend the Agreement as set forth herein, in accordance with Section 22 of the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Agreement.

2. Termination. The Agreement is hereby amended by adding the following as a new Section 17.4 to the Agreement:

"17.4 Termination Upon Expiration. This Agreement shall terminate upon the expiration of the Processing Term (as defined in the Processing Services Schedule)."

3. Exclusivity. The Agreement is hereby amended by adding the following sentence to the end of Section 2.4 of the Processing Services Schedule:

"For purposes of clarity, the exclusivity obligation set forth in this Section 2.4 shall not apply during the Processing Renewal Term."

4. Processing Renewal Term. The Agreement is hereby amended by deleting Section 3.2 of the Processing Services Schedule in its entirety and replacing it with the following:

"**3.2 Extension**

The Processing Initial Term shall automatically renew for an additional two (2) year renewal term (the "Processing Renewal Term"). Unless terminated earlier in accordance with the Processing Services Schedule or the Agreement, the Processing Services Schedule shall expire at the end of the Processing Renewal Term. During the Processing Renewal Term, the parties shall work together on Deconversion pursuant to 4.3 of the Agreement."

5. Deconversion. The Agreement is hereby amended by deleting the last sentence of Section 4.2 of the Processing Services Schedule in its entirety and replacing it with the following:

"Applicable Processing Fees related to a Startup, Conversion, Wind-down or Deconversion of the Processing Services are set forth in Exhibit 1B to this Processing Services Schedule; provided, however, the aggregate Processing Fees and Expenses related to [*] under this Agreement shall not exceed [*] ($[*]) during the Processing Term."

6. Minimum Fees. The Agreement is hereby amended by deleting Section 4.4 of the Processing Services Schedule in its entirety and replacing it with the following:

"**4.4 Minimum Fees**

Processing Initial Term
The [*], excluding the [*], [*] payable by Subscriber for [*] ($[*]). For each [*], the [*] shall be [*] ($[*]) for [*] and [*] ($[*]) for [*]. For each [*], the [*] shall be as follows: [*] ($[*]) for [*] ($[*]) for [*] ($[*]) for [*] ($[*]) for [*].

Processing Renewal Term
For each [*], the [*] shall be [*] ($[*]) for [*],[*] ($[*]) for [*], and [*] ($[*])[*]. For each [*], the [*] shall be [*] ($[*]) for [*], and [*] ($[*]) for [*]. If, at the end of any [*] in a [*], the actual [*] due to TSYS for such [*], less any [*], are less than the [*], then TSYS shall invoice Subscriber for the difference."

7. Exhibit 1 B - Optional Services Notes. The Agreement shall be amended by deleting in the entirety the Optional Services Notes in Exhibit 1B (Processing Services Fees and Expenses) of the Processing Services Schedule and replacing it with the following:

"* During the Processing Term, TSYS will receive [*]% of Subscriber's personalized card production volumes (except for any [*]) for all BIN ranges currently being processed by TSYS.

* Confidential Treatment Requested.

± NCOA can be ran from weekly to every four months."

8. Conflict. In the event of any conflict between the terms of the Agreement and this Amendment, this Amendment will control solely with respect to the subject matter herein. The Agreement will otherwise control.

9. Effect of Amendment. Except as specifically amended herein, the Agreement will remain in full force and effect in accordance with its terms.

10. Miscellaneous. This Amendment may be executed by facsimile and in counterparts, each of which shall be deemed an original, and both of which when taken together shall be deemed one and the same instrument. The Agreement, as amended hereby, sets forth the entire agreement of the parties with respect to the subject matter hereof and thereof, superseding any and all prior or contemporaneous agreements or understanding, whether written or oral, between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day and year first above written.

TOTAL SYSTEM SERVICES, INC.

By: /s/ William A. Pruett
Name: Bill Pruett
Title: Senior Executive Vice President,
President North America Sales

GREEN DOT CORPORATION

By: /s/ Steve Streit
Steve Streit
Chief Executive Officer

Exhibit 10.22

2012 Executive Officer Incentive Bonus Plan

To:	Executive officers
From:	Compensation Committee, Board of Directors
Date:	January 1, 2012
Re:	Incentive Bonus Pay for 2012

This document outlines the incentive bonus plan for executive officers of Green Dot Corporation ("Green Dot") for 2012 (the "Plan"). For purposes of the Plan, "executive officer" means an executive officer of Green Dot who has been designated by the Committee (as defined below) as a participant in the Plan ("Participant").

The Compensation Committee (the "Committee") of Green Dot's Board of Directors will administer the Plan. Subject to the general purposes, terms and conditions of the Plan, the Committee shall have authority to implement and carry out the Plan including authority to construe and interpret the Plan. All questions of interpretation or construction of the Plan shall be determined by the Committee. The Committee reserves the right at any time during the year to modify the Plan in total or in part. This Plan may be amended, suspended or terminated at any time at the sole and absolute discretion of the Compensation Committee.

In order to be eligible to participate in the Plan a Participant must be (i) an employee 90 days before the close of the cycle and (ii) employed at the time of payment.

Executive Officer Incentive Bonus Plan

Bonuses will be paid on an annual basis based upon Green Dot's achievement of the profit and revenue metrics set forth herein. Bonuses will be paid on or about February 15, 2013.

Actual bonus paid = Base Salary x Target Bonus x Actual Payout Multiplier

Target bonus

The target bonus is the target amount that a Participant is eligible to receive, stated as either a percentage of base salary or a flat dollar amount. For 2012, the target bonus amount for each Participant is 40% of his or her 2012 base salary, unless determined otherwise by the Committee.

Achievement of Corporate Objectives

The Actual Payout Multiplier is based upon the company's achievement of two metrics (1) its profit before taxes ("PBT") and (2) its adjusted total operating revenue ("Annual Revenue"), both terms of which are defined below. PBT and Annual Revenue correlate to the Actual Payout Multiplier (as defined below). No bonus shall be payable if Green Dot fails to achieve at least 90% of the applicable target of either metric, even if Green Dot achieves at least 90% of the target of the other metric.

	% of Target	Metric 1: Annual Revenue (as a % of Target)								
		90%	92.5%	95%	97.5%	100%	105%	110%	115%	120%
Metric 2: Profit Before Tax (as a % of target)	120%	100%	106%	113%	119%	125%	131%	138%	144%	150%
	115%	94%	100%	106%	113%	119%	125%	131%	138%	144%
	110%	88%	94%	100%	106%	113%	119%	125%	131%	138%
	105%	81%	88%	94%	100%	106%	113%	119%	125%	131%
	100%	75%	81%	88%	94%	100%	106%	113%	119%	125%
	97.5	69%	75%	81%	88%	94%	100%	106%	113%	119%
	95%	63%	69%	75%	81%	88%	94%	100%	106%	113%
	92.5	56%	63%	69%	75%	81%	88%	94%	100%	106%
	90%	50%	56%	63%	69%	75%	81%	88%	94%	100%

As illustrated in the table above, Participants can achieve 100% of their target bonus amount under this Plan under varying degrees of performance. For example, Participants would earn 100% of their target bonus amount if Green Dot achieves 95% and 110% of the target PBT and Annual Revenue, respectively, or 120% and 90% of the target PBT and Annual Revenue Respectively. The minimum bonus payable is 50% of target upon Green Dot achieving 90% of the target of each of PBT and Annual Revenue, and the maximum bonus payable is 150% of target upon Green Dot achieving 120% or more of the target of each of PBT and Annual Revenue. For example, a Participant with a $150,000 annual base salary for 2012 would, at 100% of target, receive a bonus of $60,000 ($150,000 (base salary) x 40% (% of base salary) x 100% (Actual Payout Multiplier).

“PBT” means the amount of income before income taxes for the year ending December 31, 2012 reflected in Green Dot's consolidated statements of operations less the impact of employee stock-based compensation expense, stock-based retailer incentive compensation expense and other non-recurring items. Other non-recurring items to be excluded from income before income taxes for purposes of computing PBT are subject to the review and approval of the Committee. Furthermore, the Committee may exercise discretion to exclude certain items from the calculation of profit before tax for purposes of the Plan. The Committee shall establish the PBT target and communicate it to Participants.

“Annual Revenue” means the amount of total operating revenue for the year ending December 31, 2012 reflected in Green Dot's consolidated statements of operations less the impact of stock-based retailer incentive compensation expense and other non-recurring items. The Committee shall establish the Annual Revenue and communicate it to Participants.

“Actual Payout Multiplier” means the percentage set forth in the table above when Green Dot's achievement of each of the PBT metric and Annual Revenue metric are correlated. For example, if Green Dot achieves 105% of the target of the PBT metric and 95% of the target of the Annual Revenue metric, then the Actual Payout Multiplier would be 94%.

Recoupment

In the event that (i) achievement of the PBT and Annual Revenue metrics under the Plan is based on financial results that were subsequently the subject of a substantial restatement of Green Dot financial statements filed with the Securities and Exchange Commission and (ii) a Participant's fraud or intentional illegal conduct materially contributed to such financial restatement, then, in addition to any other remedies available to Green Dot under applicable law, to the extent permitted by law and as the Board of Directors, in its sole discretion, determines appropriate, Green Dot may require recoupment of all or a portion of any after-tax portion of any bonus paid to such participant under the Plan, less compensation that would have been earned by the individual based upon the restated financial results.

General

Nothing contained herein shall be construed as conferring upon any participant the right to continue in the employ of Green Dot as an employee and employment with Green Dot is employment at-will, terminable by either party at any time for any reason.

The Plan shall be binding upon and inure to the benefit of Green Dot, its successors and assigns and, with respect to any earned but unpaid bonus, to the participant and his or her heirs, executors, administrators and legal representatives. The Plan shall be construed in accordance with and governed by the laws of the State of California.

No amounts payable under the Plan shall be funded, set aside or otherwise segregated prior to payment. The obligation to pay bonus amounts shall at all times be an unfunded and unsecured obligation of Green Dot, and Green Dot shall not be required to incur indebtedness to fund any bonus amounts under the Plan unless otherwise directed to do so by the Committee. Participants shall have the status of general creditors. The Plan is not qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and is not subject to any provisions of the Employee Retirement Income Security Act of 1974.

Any questions regarding this Plan should be directed to Green Dot's Compensation Committee of the Board of Directors.

Exhibit 10.24

AMENDMENT NO. 1 TO WARRANT OF GREEN DOT CORPORATION

AMENDMENT NO. 1 dated as of August 15, 2011 (the "Amendment") to the Warrant of Green Dot Corporation, a Delaware corporation (the "Company"), Number W-041, dated as of March 3, 2009 (the "Warrant"), issued to PayPal, Inc., a Delaware corporation (as used in the context of the Warrant as the holder of the Warrant, the "Holder", and as used in the context of the Warrant other than as the Holder, "PayPal").

W I T N E S S E T H :

WHEREAS, the Company issued the Warrant to the Holder on March 3, 2009, in connection with that certain Master Services Agreement between the Company and PayPal, dated as of February 18, 2009; and

WHEREAS, the Company has submitted an application (the "Application") to the Board of Governors of the Federal Reserve System to become a bank holding company pursuant to Section 3(a)(1) of the U.S. Bank Holding Company Act of 1956, as amended; and

WHEREAS, in connection with the Application, the Company and the Holder desire to amend the Warrant as set forth herein to clarify the type of shares for which the Warrant may be exercised.

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. *Defined Terms.* Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Warrant. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Warrant" and each other similar reference contained in the Warrant shall, after this Amendment becomes effective, refer to the Warrant as amended hereby.

Section 2. *Amendment to the Warrant; Class A Common Stock*. Effective as of the date hereof, and pursuant to Section 10.8 of the Warrant, the Warrant is hereby amended as follows:

The first sentence of the Warrant is amended and replaced in its entirety with the following language:

"THIS CERTIFIES THAT, for value received, PayPal, Inc., a Delaware corporation (as used in the context of this Warrant as the holder of this Warrant, the "Holder"), is entitled to purchase up to the Maximum Number (as defined below) of shares (the "Shares") of Class A Common Stock (the "Common Stock") of Green Dot Corporation, a Delaware corporation (the "Company")."

Section 3. *Governing Law*. This Amendment shall be governed by and enforced in accordance with the laws of the State of California, without giving effect to its conflicts of laws principles.

Section 4. *Counterparts*. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 5. *Effectiveness*. This Amendment shall become effective as of the date hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

GREEN DOT CORPORATION

By: /s/ John C. Ricci

Name: John C. Ricci

Title: General Counsel & Corporate Secretary

PAYPAL, INC.

By: /s/ Gary Marino 8/12/11

Name: Gary Marino

Title: SVP, Gbl Credit Products and Risk

Exhibit 10.28

GREEN DOT CORPORATION
SEPARATION AGREEMENT AND RELEASE OF CLAIMS

This Separation Agreement and Release of Claims (the "**Agreement**") is made by and between Green Dot Corporation, a Delaware corporation (the "**Company**"), and Mark Troughton ("**Executive**") dated as of February 24, 2012 (the "**Agreement Date**").

WHEREAS, Executive is currently an employee of the Company.

WHEREAS, the Company and Executive wish to terminate their working relationship as of the Separation Date (defined below), and as such Executive's employment with the Company is being terminated.

WHEREAS, in exchange for Executive's agreement to release the Company from any and all claims arising from or related to the employment relationship, the Company shall provide the benefits as set forth herein.

NOW, **THEREFORE**, in consideration of the mutual promises made herein, the Company and Executive (collectively referred to as the "**Parties**") hereby agree as follows:

1. **Termination.** Executive and the Company acknowledge and agree that Executive's resignation shall be effective, and his employment with the Company shall terminate, as of the close of business, on February 24, 2012 (the "**Separation Date**").

2. **Separation Benefits**. In consideration for the release of claims set forth below and other obligations under this Agreement and in full satisfaction of its obligations to Executive under the terms of any agreements Executive may have with the Company, and provided that this Agreement is executed and delivered by Executive and not revoked under Section 6 herein, the Company agrees to provide Executive with the benefits described in Section 3 below.

3. **Separation Consideration.**

In exchange for Executive's agreement to the release of claims set forth in Section 5 below, the Company agrees to provide Executive with the following benefits (the "**Separation Benefits**"):

(a) **Vesting Acceleration and Post-Termination Exercise Period for Stock Options**. As of the Separation Date, Executive holds options to purchase a total of 643,133 shares of the Class B Common Stock of the Company and 24,000 shares of the Class A Common Stock of the Company (the "**Option(s)**") under the terms of the Company's 2001 Stock Plan (the "**2001 Plan**") and the 2010 Equity Incentive Plan (the "**2010 Plan**" collectively the "**Plans**"), and related stock option agreements evidencing such Options under the Plans. To the extent any Options held by Executive are unvested as of the Separation Date, such unvested Options shall have their vesting accelerate as to one hundred percent such that as of the Effective Date all of the Options shall be vested and exercisable. Executive agrees that under the terms of the Plans and related stock option agreements he has 90 days from his Separation Date to exercise such vested options. Notwithstanding the foregoing, in exchange for Executive's release of claims, the Company shall modify the period during which Executive may exercise his Option(s), such that the Option(s) shall be exercisable to 5:00 pm Pacific Standard Time on January 10, 2013.

(b) **Severance Payment**. On the thirtieth (30^{th}) day following the Separation Date the Company will commence to pay Executive monthly severance, provided the Effective Date has

occurred, based on an annual salary of $475,000. The first salary continuation payment shall include a catch-up payment covering amounts that would otherwise have been paid during the thirty (30) day period and the remaining salary continuation payments shall thereafter be paid on the normal payroll schedule of the Company. All severance payments shall be paid by January 10, 2013, and such severance payments shall cease on such date.

(c) **Bonus Payment.** The Company will pay to you the second half of your 2011 bonus, up to a maximum of $95,000, following determination by the Compensation Committee of the Board of the relevant performance metrics applicable to such bonus (the "**2011 Bonus**").

(d) **COBRA Continuation Coverage**. Executive will be eligible to continue his group health insurance benefits at his own expense following the Separation Date, provided Executive Timely elects COBRA continuation coverage.

4. **No Other Payments Due**. Executive acknowledges that, on the Separation Date, the Company provided him a final paycheck for all accrued salary, any commissions or bonuses that may have accrued or may accrue, unused accrued vacation and other sums that were due to Executive through the Separation Date. Except as specifically provided in Section 3 hereof, Executive acknowledges and agrees that he shall not be entitled to earn or receive payment of any commission or other incentive compensation from the Company.

5. **Release of Claims.** In consideration for the benefits set forth above, Executive, on behalf of himself, and his respective heirs, executors, administrators and assigns, hereby fully and forever releases the Company and its affiliates and subsidiaries, and each of their respective heirs, executors, officers, directors, employees, investors, stockholders, administrators, predecessor and successor corporations and assigns (collectively, the "**Released Parties**"), of and from any claim, duty, obligation or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that any of them may possess arising from any omissions, acts or facts that have occurred up until and including the Separation Date including, without limitation:

(a) any and all claims relating to or arising from Executive's employment relationship with the Company and the termination of that relationship;

(b) except with respect to the benefits provided for in Section 3 hereof (and the rights appurtenant thereto), any and all claims relating to or arising from the Option(s) or any other right to purchase shares of the Company's stock;

(c) any and all claims for sales commissions, performance bonuses or similar payments;

(d) any and all claims for wrongful discharge of employment; breach of contract, both express and implied; breach of a covenant of good faith and fair dealing, both express and implied, negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; negligence; and defamation;

(e) any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the California Fair Employment and Housing Act, and any family and medical leave acts; and

(f) any and all claims relating to or arising out of any other laws and regulations relating to employment or employment discrimination.

The Company and Executive agree that the release set forth in this Section 5 shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any payments or benefits receivable, or obligations incurred or specified under this Agreement or to any right of Indemnification Executive had as an officer of the Company, or to any benefits to which Executive is entitled under any 401(k), profit sharing or other employee benefit plan (including the Plans) maintained by the Company to which he is entitled or vested prior to and as of the Separation Date.

6. **Acknowledgment of Waiver of Claims under ADEA**. Executive waives and releases any rights under the Age Discrimination in Employment Act of 1967 ("**ADEA**"). This waiver and release is knowing and voluntary. Executive was advised by this writing that (a) he should consult with an attorney; (b) he has twenty-one (21) days to consider this Agreement; (c) he has seven (7) days following his signing this Agreement to revoke it (the "**Revocation Period**"). This Agreement shall be effective on the eighth (8^{th}) day following the date Executive signed the Agreement without revocation by him (the "**Effective Date**").

7. **Civil Code Section 1542**. Executive represents that he is not aware of any claim that he has with respect to the Released Parties other than the claims that are released by this Agreement. Executive acknowledges that he is familiar with the provisions of California Civil Code Section 1542, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Executive, being aware of said Code section, agrees to expressly waive any rights he may have thereunder, as well as under any other statute or common law principles of similar effect.

8. **Benefits**. Executive's health insurance benefits will cease on the Separation Date, subject to his right (and his qualified beneficiaries' rights) to COBRA continuation coverage. Executive's participation in all other employee benefits and incidents of employment cease on the Separation Date.

9. **Covenants**.

(a) **Voting Agreement and Irrevocable Proxy**. Executive agrees, as a condition to receipt of the benefits set forth in Section 3 hereof, to execute and be bound by a Voting Agreement and Irrevocable Proxy with respect to shares of the Common Stock of the Company, including Shares underlying the Options, owned by Executive (the "**Voting Agreement**").

(b) **Confidential Information**. Executive represents, warrants and agrees that: (i) he properly signed, returned and became a party to the Employee Proprietary Information and Invention Assignment Agreement with the Company (the "**Confidentiality Agreement**"), (ii) the Confidentiality Agreement remains binding and enforceable between the parties; and (iii) Executive has not breached any of his obligations to the Company under the terms of the Confidentiality Agreement.

(c) **Return of Company Property**. Executive agrees to return to the Company all Company documents (and all copies thereof) and other Company property which Executive has in his possession or control, including, but not limited to, Company files, notes, drawings, records, plans, forecasts, reports, studies, analyses, proposals, agreements, financial information, research and development information, sales and marketing information, customer lists, prospect information, pipeline reports, sales reports, operational and personnel information, specifications, code, software, databases, computer-recorded information, tangible property and equipment (including, but not limited to,

computers, facsimile machines, mobile telephones, servers), credit cards, entry cards, identification badges and keys; and any materials of any kind which contain or embody any proprietary or confidential information of the Company (and all reproductions thereof in whole or in part). Executive acknowledges that he has made a diligent search to locate any such documents, property and information by prior to the execution of this agreement. In addition, if Executive has used any personally owned computer, server, or e-mail system to receive, store, review, prepare or transmit any Company confidential or proprietary data, materials or information, then within fifteen (15) days after the Separation Date, Executive shall provide the Company with a computer-useable copy of such information and permanently delete and expunge such Company confidential or proprietary information from those systems.

(d) **Mutual Non-Disparagement**. Executive agrees that he will not engage in conduct or undertake speech (written or oral) derogatory to or otherwise disparaging of the Company, any officer of the Company, any member of its Board, or its products or services. The Company agrees that its Section 16 Officers and its Board will not engage (or direct others to engage) in conduct or undertake speech (written or oral) derogatory to or otherwise disparaging of Executive. For purposes of this Section 9(d), Company includes any successor or acquirer of the Company and its officers, members of its board of directors and its products and services.

(e) **Non-Solicitation**. Executive further agrees that until January 10, 2013, Executive will not as an employee, agent, consultant, advisor, independent contractor, general partner, officer, director, stockholder, investor, lender or guarantor of any corporation, partnership or other entity, or in any other capacity, directly or indirectly for herself/himself or on behalf of any other person, without the prior written consent of the Company: (i) interfere with the relationship between the Company and its employees or consultants or contractors by encouraging, inducing, soliciting or attempting to solicit any such employee or consultant or contractor to terminate his or her employment or end his or her relationship with the Company; (ii) solicit or attempt to solicit for employment on behalf of Executive or any other person, any person who is an employee or consultant of the Company; or (iii) induce or assist any other person to engage in any of the activities described in (i) and (ii) above. Notwithstanding the foregoing, for purposes of this Agreement, the placement of general advertisements that may be targeted to a particular geographic or technical area but that are not specifically targeted toward employees of the Company shall not be deemed to be a breach of this Section 9(e). For purposes of this Agreement, “Person” means a natural person, corporation, partnership or other entity or a joint venture of two or more of the foregoing.

(f) **Condition Precedent**. Executive Agrees that a condition precedent to receiving the benefits set forth in Section 3 hereof, he will not, until January 10, 2013, as an employee, agent, consultant, advisor, independent contractor, general partner, officer, director, stockholder of any corporation, partnership or other entity, or in any other capacity, directly or indirectly for himself or on behalf of any other person, engage or participate in or acquire any financial or beneficial interest in, any business that competes with the Business in the Restrictive Territory; and in the event Executive breaches this clause (f), then Executive agrees (i) that the Company shall be permitted to cease any continuing severance payments under Section 3; and (ii) to return any severance payments already paid to him, net of taxes, to the Company. For purposes of this subsection (f), “Business” means participating or engaging in, or rendering any services to any business engaged in the design, research, development, manufacture, operation, production, marketing, sale or servicing of any product, or the provision of any service that directly relates to the business of the Company as conducted on the Separation Date, and “Restrictive Territory” means each of the fifty states of the United States. Notwithstanding the foregoing, Executive may own, directly or indirectly, solely as an investment, up to one percent (1%) of any class of “publicly traded securities” of any business that is competitive or substantially similar to the Business.

10. **Breach of this Agreement**. Each party acknowledges that upon material breach of any provision of this Agreement, the Company its officers and directors, on the one hand, and Executive on the other hand, would sustain irreparable harm from such breach, and, therefore, each party agrees that in

addition to any other remedies which a party may have for any material breach of this Agreement or otherwise, such party shall be entitled to obtain equitable relief including specific performance, injunctions and restraining the other party from committing or continuing any such violation of this Agreement.

11. **Authority**. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Executive represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

12. **No Representations**. Neither Party has relied upon any representations or statements made by the other Party hereto which are not specifically set forth in this Agreement.

13. **Severability**. In the event that any provision hereof becomes or is declared by a court or other tribunal of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

14. **Arbitration**. The Parties shall attempt to settle all disputes arising in connection with this Agreement through good faith consultation. In the event no agreement can be reached on such dispute within fifteen (15) days after notification in writing by either Party to the other concerning such dispute, the dispute shall be settled by binding arbitration to be conducted in Los Angeles County, California before the American Arbitration Association under its under its Employment Arbitration Rules and Mediation Procedures, or by a judge to be mutually agreed upon. The Company shall pay the costs of the arbitration proceeding, provided however that each Party shall, unless otherwise determined by the arbitrator, bear its or his own attorneys' fees and expenses. The arbitration decision shall be final, conclusive and binding on both Parties and any arbitration award or decision may be entered in any court having jurisdiction. The Parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. This Section 14 shall not apply to any breach of or efforts to enforce the Confidentiality Agreement. **The parties hereby waive any rights they may have to trial by jury in regard to arbitrable claims.**

15. **Entire Agreement**. This Agreement, along with the other agreements referenced herein, including, without limitation, the Passivity Agreement, represents the entire agreement and understanding between the Company and Executive concerning Executive's separation from the Company, and supersedes and replaces any and all prior agreements and understandings concerning Executive's employment relationship with the Company.

16. **Section 409A**. To the extent (a) any payments or benefits to which Employee becomes entitled under this Agreement, or under any agreement or plan referenced herein, in connection with Employee's termination of employment with the Company constitute deferred compensation subject to Section 409A of the Internal Revue Code of 1986, as amended (the "**Code**") and the regulations thereunder and (b) Employee is deemed at the time of such termination of employment to be a "specified employee" under Section 409A of the Code, then such payments shall not be made or commence until the earliest of (i) the expiration of the six (6)-month period measured from the date of Employee's "separation from service" (as such term is at the time defined in Treasury Regulations under Section 409A of the Code) from the Company; or (ii) the date of Employee's death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Employee, including (without limitation) the additional twenty percent (20%) tax for which Employee would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have

otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Employee or Employee's beneficiary in one lump sum (without interest). Any termination of Employee's employment is intended to constitute a “separation from service” and will be determined consistent with the rules relating to a “separation from service” as such term is defined in Treasury Regulation Section 1.409A-1. It is intended that each installment of the payments provided hereunder constitute separate “payments” for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). It is further intended that payments hereunder satisfy, to the greatest extent possible, the exemption from the application of Section 409A of the Code (and any state law of similar effect) provided under Treasury Regulation Section 1.409A-1(b)(4) (as a “short-term deferral”). To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision will be read in such a manner so that all payments hereunder comply with Section 409A of the Code

17. **Withholding Taxes**. All amounts payable pursuant to this Agreement shall be subject to applicable withholding taxes.

18. **No Oral Modification**. This Agreement may only be amended in writing signed by Executive and the Company.

19. **Effective Date**. This Agreement is effective upon the Effective Date.

20. **Governing Law**. This Agreement shall be governed by the laws of the State of California, without regard to its conflicts of law provisions.

21. **Counterparts**. This Agreement may be executed in counterparts, and each coun-terpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

22. **Assignment**. This Agreement may not be assigned by Executive without the prior written consent of the Company.

23. **Voluntary Execution of Agreement**. This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of the Parties hereto, with the full intent of releasing all claims. The Parties acknowledge that:

(a) they have read this Agreement;

(b) they have been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of their own choice or that they have voluntarily declined to seek such counsel;

(c) they understand the terms and consequences of this Agreement and of the releases it contains; and

(d) they are fully aware of the legal and binding effect of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Separation Agreement and Release on the respective dates set forth below.

GREEN DOT CORPORATION

Dated February 24, 2012

/s/ Steven W. Streit

By: Steven W. Streit, CEO

Dated February 24, 2012

/s/ Mark Troughton

By: Mark Troughton

Exhibit 10.29

VOTING AGREEMENT AND IRREVOCABLE PROXY

This Voting Agreement and Irrevocable Proxy (the "**Agreement**") is entered into as of February 24, 2012 by and between Mark T. Troughton ("**Stockholder**") and Green Dot Corporation, a Delaware corporation (the "**Company**").

WHEREAS, the Company and Stockholder are parties to that certain Separation Agreement, dated as of the date hereof (as amended from time to time, the "**Separation Agreement**"); and

WHEREAS, the execution and delivery of this Agreement by Stockholder is a material inducement to the willingness of the Company to enter into the Separation Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1

Voting Restrictions; Grant Of Proxy

Section 1.01 *Voting Restrictions on Shares*. Stockholder hereby agrees that, prior to the third anniversary of the date hereof, at every meeting of the stockholders of the Company, and at every adjournment or postponement thereof, he will vote, to the extent not voted by the person(s) appointed under the Proxy (as defined in Section 1.02 below), the Shares (as defined below) and any New Shares (as defined below) in accordance with the recommendation of management or the Board of Directors of the Company with respect to each matter on which the holders of shares of Class A Common Stock or Class B Common Stock are entitled to vote.

Section 1.02 *Irrevocable Proxy*. Concurrently with the execution and delivery of this Agreement, Stockholder shall deliver to the Company a duly executed proxy in the form attached hereto as Exhibit A (the "**Proxy**"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, until the third anniversary of the date hereof, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of stockholders of the Company or action or approval by written resolution or consent of stockholders of the Company with respect to the matters contemplated by Section 1.01 covering the total number of Shares and New Shares in respect of which Stockholder is entitled to vote at any such meeting or in connection with any such written consent. Upon the execution of this Agreement by Stockholder, Stockholder hereby revokes any and all prior proxies (other than the Proxy) given by Stockholder with respect to the subject matter contemplated by Section 1.01.

Section 1.03 *Effect on New Shares.* Any shares of Company capital stock or other securities of the Company that Stockholder purchases or with respect to which Stockholder otherwise acquires beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) after the date of this Agreement and prior to the third anniversary of the date hereof, including by reason of any stock split, stock dividend, reclassification, recapitalization or other similar transaction or pursuant to the exercise of Company Options and Other Rights (as defined below) (collectively, the "**New Shares**") shall be subject to the terms and conditions of this Agreement to the same extent as if they constituted Shares.

ARTICLE 2

Representations And Warranties Of Stockholder

Stockholder represents and warrants to the Company as of the date hereof that:

Section 2.01 *Authorization*. Stockholder has all requisite power, capacity and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Stockholder and the consummation by Stockholder of the transactions contemplated hereby have been duly authorized by all necessary action, if any, on the part of Stockholder, and no other actions or proceedings on the part of Stockholder are necessary to authorize the execution and delivery by Stockholder of this Agreement and the consummation by Stockholder of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Stockholder and, assuming the due authorization, execution and delivery of this Agreement by the Company, constitutes a valid and binding obligation of Stockholder, enforceable against Stockholder in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity.

Section 2.02 *Non-Contravention*. The execution and delivery of this Agreement does not, and the performance by Stockholder of his agreements and obligations hereunder will not, conflict with, result in a breach or violation of or default under (with or without notice or lapse of time or both), or require notice to or the consent of any person under, any agreement, commitment, law, rule, regulation, judgment, order or decree to which Stockholder is a party or by which Stockholder is, or any of his assets are, bound, except for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, prevent or delay Stockholder from performing his obligations under this Agreement.

Section 2.03 *Ownership of Shares*. As of the date hereof, Stockholder is the beneficial or record owner of, or exercises voting power over, that number of shares of Company capital stock set forth on the signature page hereto (all such shares owned beneficially or of record by Stockholder, or over which Stockholder exercises voting power, on the date hereof, collectively, the "**Shares**"). As of the date hereof, the Shares constitute Stockholder's entire interest in the outstanding shares of Company capital stock and Stockholder is not the beneficial or record holder of, and does not exercise voting power over, any other outstanding shares of capital stock of the Company. No person not a signatory to this Agreement has a beneficial interest in or a right to acquire or vote any of the Shares (other than, if Stockholder is a married individual and resides in a state with community property laws, the community property interest of his or her spouse to the extent applicable under such community property laws). The Shares are free and clear of any lien or encumbrance and any other limitation or restriction (including any restriction on the right to vote or otherwise dispose of such shares). None of the Shares is subject to any voting trust or other agreement or arrangement with respect to the voting of such shares. Stockholder's principal residence or place of business is set forth on the signature page hereto.

Section 2.04 *Ownership of Other Company Securities*. As of the date hereof, Stockholder is the legal and beneficial owner of the number of options and other rights to acquire, directly or indirectly, shares of Class A Common Stock of the Company or Class B Common Stock (collectively, "**Common Stock**") of the Company set forth on the signature page hereto (collectively, the "**Company Options and Other Rights**"). The Company Options and Other Rights are free and clear of any lien or encumbrance and any other limitation or restriction (including any restriction on the right to vote or otherwise dispose of such shares).

ARTICLE 3

Representations And Warranties Of The Company

The Company represents and warrants to Stockholder as of the date hereof that:

Section 3.01. *Corporation Authorization*. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby are within the corporate powers of the Company and have been duly authorized by all necessary corporate action. This Agreement constitutes a valid and binding agreement of the Company enforceable in accordance with its terms.

Section 3.02. *Non-Contravention*. The execution, delivery and performance by the Company of this agreement and the consummation of the transactions contemplated hereby do not and will not (i) violate the certificate of incorporation or bylaws of the Company, (ii) violate any applicable law, rule, regulation, judgment, injunction, order or decree, (iii) require any consent or other action by any person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration or to a loss of any benefit to which the Company is entitled under any provision of any agreement or other instrument binding on the Company or (iv) result in the imposition of any lien or encumbrance on any asset of the Company.

ARTICLE 4

Covenants Of Stockholder

Stockholder hereby covenants and agrees that:

Section 5.01. *No Proxies for Shares*. Except pursuant to the terms of this Agreement, Stockholder shall not, without the prior written consent of the Company, directly or indirectly, grant any proxies or enter into any voting trust or other agreement or arrangement with respect to the voting of any shares of Common Stock that is in any manner inconsistent with Section 1.01 hereof, until after the third anniversary of the date hereof.

Section 5.02. *No Actions.* Except as otherwise provided herein, Stockholder shall not, in his capacity as a stockholder of the Company, directly or indirectly, take any action that would make any representation or warranty contained herein untrue or incorrect or be reasonably expected to have the effect of impairing the ability of Stockholder to perform his obligations under this Agreement.

ARTICLE 5

Miscellaneous

Section 5.01. *Notices*. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission but not electronic mail) and shall be given,

if to the Company, to:

Green Dot Corporation

605 East Huntington Drive, Suite 205

Monrovia, CA 91016

Attention: Legal Department

Facsimile No.: (626) 775-3704

if to Stockholder, to the address set forth for Stockholder on the signature page hereof.

or to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other party hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. on a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed to have been received on the next succeeding business day in the place of receipt.

Section 5.02. *Further Assurances*. Stockholder will execute and deliver, or cause to be executed and delivered, all further documents and instruments, and use his reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable law to implement the voting restrictions contemplated by this Agreement.

Section 5.03. *Amendments and Waivers; Termination*. (a) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

(c) This Agreement shall terminate automatically on to the third anniversary of the date hereof.

Section 5.04. *Expenses*. All costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

Section 5.05. *Successors and Assigns*. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and

assigns; provided that no party may assign, delegate or otherwise transfer any of his rights or obligations under this Agreement without the consent of the other party hereto. Notwithstanding the foregoing, nothing in this Section 5.05 or elsewhere in this Agreement shall prevent the Stockholder from transferring all or a portion of the Shares or create any obligations for third-party purchasers of the Shares, provided that the Stockholder does not beneficially own (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) the Shares held by such third parties following such purchases.

Section 5.06. *Governing Law*. This Agreement and any claim or dispute arising hereunder or in connection herewith shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the conflicts of law rules of such state.

Section 5.07. *Jurisdiction*. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the actions contemplated hereby shall be brought in the United States District Court for the District of Delaware or any Delaware State court sitting in Wilmington, Delaware, so long as one of such courts shall have subject matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of Delaware, and each of the parties hereby irrevocably consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 5.01 shall be deemed effective service of process on such party.

Section 5.08. *WAIVER OF JURY TRIAL*. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 5.09. *Counterparts; Effectiveness*. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

Section 5.10 *Entire Agreement*. This Agreement and the documents and instruments and other agreements specifically referred to herein or delivered pursuant hereto (including, without limitation, the Proxy) constitutes the entire agreement between the parties with respect to

the subject matter of this Agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

Section 5.11 *Severability*. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other governmental authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 5.12 *Specific Performance; Injunctive Relief*. The parties hereto acknowledge that the Company will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of Stockholder set forth herein or in the Proxy. Therefore, it is agreed that, in addition to any other remedies that may be available to the Company upon any such violation of this Agreement or the Proxy, the Company shall have the right to enforce such covenants and agreements and the Proxy by specific performance, injunctive relief or by any other means available to the Company at law or in equity and Stockholder hereby waives any and all defenses that could exist in his favor in connection with such enforcement and waives any requirement for the security or posting of any bond in connection with such enforcement.

[Remainder of this page intentionally left blank]

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

GREEN DOT CORPORATION	STOCKHOLDER:
By: /s/ Steven W. Streit	/s/ Mark T. Troughton
Name: Steven W. Streit	Name: Mark T. Troughton
Title: CEO	
	(Print Address)
	(Print Address)
	(Print Fax Number)
	(Print Telephone Number)

Shares and Company Options and Other Rights beneficially owned on the date hereof, or over which Stockholder exercises voting power on the date hereof:

Class A Common Stock, par value $0.001 per share	
Class B Common Stock, par value $0.001 per share	
Company Stock Options	
Company Restricted Stock Units	
Other: _____ (specify)	

EXHIBIT A

IRREVOCABLE PROXY

TO VOTE STOCK OF

GREEN DOT CORPORATION

The undersigned stockholder ("**Stockholder**") of Green Dot Corporation, a Delaware corporation (the "**Company**"), hereby irrevocably (to the fullest extent permitted by applicable law) appoints Steven W. Streit, John L. Keatley and John C. Ricci of the Company, or any other designee of the Company, as the sole and exclusive attorney and proxy of Stockholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Stockholder is entitled to do so) with respect to all of the shares of capital stock of the Company that now are or hereafter may be beneficially owned by Stockholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "**Shares**") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Stockholder as of the date of this Irrevocable Proxy are listed on the final page of this Irrevocable Proxy. Upon Stockholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given by Stockholder with respect to the subject matter contemplated by this Irrevocable Proxy are hereby revoked with respect to such subject matter and Stockholder agrees to not, without the prior written consent of the Company, grant any subsequent proxies or enter into any voting trust or other agreement or arrangement with respect to the voting of any shares of Class A Common Stock and Class B Common Stock of the Company that is in any manner inconsistent with Section 1.01 of the Voting Agreement (defined below), until after the third anniversary of the date hereof.

Until the third anniversary of the date hereof, this Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Voting Agreement and Irrevocable Proxy dated as of even date herewith by and between the Company and Stockholder (the "**Voting Agreement**"), and is granted in consideration of the Company entering into that certain Separation Agreement, dated as of the date hereof (the "**Separation Agreement**"), by and between the Company and the Stockholder.

The attorneys and proxies named above, and each of them, are hereby authorized and empowered by Stockholder, at any time prior to the third anniversary of the date hereof, to act as Stockholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Stockholder with respect to the Shares, at every annual, special or adjourned meeting of the stockholders of the Company as follows: in accordance with the recommendation of management or the Board of Directors of the Company with respect to each matter on which the holders of shares of Class A Common Stock or Class B Common Stock are entitled to vote.

The attorney and proxy named above may not exercise this Irrevocable Proxy on any other matter except as provided above. Stockholder may vote the Shares on all other matters.

All authority herein conferred shall survive the death or incapacity of Stockholder and any obligation of Stockholder hereunder shall be binding upon the heirs, personal representatives, successors and assigns of Stockholder.

[Remainder of this page intentionally left blank]

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of the Company. This Irrevocable Proxy shall terminate, and be of no further force and effect, automatically on the third anniversary of the date hereof.

Dated: February 24, 2012

Dated: February 24, 2012

/s/ Mark T. Troughton

Mark T. Troughton

Shares beneficially owned on the date hereof:

Class A Common Stock, par value $0.001 per share	
Class B Common Stock, par value $0.001 per share	
Company Stock Options (Class A)	
Company Stock Options (Class B)	
Company Restricted Stock Units	
Other: _____ (specify)	

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-168283) pertaining to the Second Amended and Restated 2001 Stock Plan, 2010 Equity Incentive Plan and 2010 Employee Stock Purchase Plan of Green Dot Corporation of our reports dated February 29, 2012, with respect to the consolidated financial statements of Green Dot Corporation, and the effectiveness of internal control over financial reporting of Green Dot Corporation, included in this Annual Report (Form 10-K) for the year ended December 31, 2011.

/s/ Ernst & Young, LLP
Los Angeles, California
February 29, 2012

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13A-14(A)/15D-14(A)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven W. Streit, certify that:

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

Date: February 29, 2012

By: /s/ Steven W. Streit
Name: Steven W. Streit
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13A-14(A)/15D-14(A)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John L. Keatley, certify that:

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

Date: February 29, 2012

By: /s/ John L. Keatley
Name: John L. Keatley
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

I, Steven W. Streit, 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 my knowledge:

- the Annual Report on Form 10-K of Green Dot Corporation for the year ended December 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Green Dot Corporation.

Date: February 29, 2012

By: /s/ Steven W. Streit
Name: Steven W. Streit
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

I, John L. Keatley, 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 my knowledge:

- the Annual Report on Form 10-K of Green Dot Corporation for the year ended December 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Green Dot Corporation.

Date: February 29, 2012

By: /s/ John L. Keatley
Name: John L. Keatley
Chief Financial Officer
(Principal Financial Officer)