As filed with the Securities and Exchange Commission on September 29, 2017.

Registration Statement No. 333-220495

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CARGURUS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**7389**	**04-3843478**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification Number)

2 Canal Park
4th Floor
Cambridge, Massachusetts 02141
(617) 354-0068
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Langley Steinert
Chief Executive Officer, President, and Chairman
2 Canal Park
4th Floor
Cambridge, Massachusetts 02141
(617) 354-0068
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Michael A. Conza, Esq. **Gitte J. Blanchet, Esq.** **Morgan, Lewis & Bockius LLP** **One Federal Street** **Boston, Massachusetts 02110** **(617) 341-7700**	**Jason Trevisan** **Chief Financial Officer and Treasurer** **2 Canal Park, 4th Floor** **Cambridge, Massachusetts 02141** **(617) 354-0068**	**Mark G. Borden, Esq.** **Wilmer Cutler Pickering Hale and Dorr LLP** **60 State Street** **Boston, Massachusetts 02109** **(617) 526-6000**

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement becomes effective.

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

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

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

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

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ☒ (do not check if a smaller reporting company)	Smaller reporting company o Emerging growth company ☒

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Estimated Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Class A Common Stock, par value $0.001 per share	10,810,000	$15.00	$162,150,000	$18,794

(1) Includes shares that the underwriters have the option to purchase to cover over-allotments, if any.

(2) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended.

(3) The registrant previously paid $11,590 of this registration fee in connection with the original filing of this Registration Statement on September 15, 2017.

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

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

Subject to Completion. Dated September 29, 2017.

9,400,000 Shares

Class A Common Stock

This is an initial public offering of shares of Class A common stock of CarGurus, Inc.

We are offering 2,500,000 shares of Class A common stock. The selling stockholders identified in this prospectus are offering an additional 6,900,000 shares of Class A common stock. We will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

We have two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion rights. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to ten votes per share and is convertible into one share of Class A common stock. Outstanding shares of Class B common stock will represent approximately 78.5% of the voting power of our outstanding capital stock immediately following this offering.

Following this offering, our founder, Chief Executive Officer, President, and Chairman, Langley Steinert, will hold or have the ability to control approximately 53% of the voting power of our outstanding capital stock. As a result, we will be a "controlled company" within the meaning of the corporate governance rules for the NASDAQ Stock Market. See the section titled "Management — Controlled Company."

Prior to this offering, there has been no public market for our Class A common stock. It is currently estimated that the initial public offering price of our Class A common stock will be between $13.00 and $15.00 per share. We have applied to list our Class A common stock on the NASDAQ Global Select Market under the symbol "CARG."

We are an "emerging growth company" as defined under the federal securities laws, and as such, we may elect to comply with certain reduced reporting requirements for this prospectus and may elect to do so in future filings. See "Prospectus Summary — Implications of Being an Emerging Growth Company."

See "Risk Factors" on page 17 to read about factors you should consider before buying shares of our Class A common stock.

Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discount[(1)]	$	$
Proceeds, before expenses, to CarGurus	$	$
Proceeds, before expenses, to the selling stockholders	$	$

(1) See the section titled "Underwriting (Conflicts of Interest)" for a description of the compensation payable to the underwriters.

To the extent that the underwriters sell more than 9,400,000 shares of Class A common stock, the underwriters have the option to purchase up to an additional 1,410,000 shares of Class A common stock from us and certain of the selling stockholders at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on or about , 2017.

Goldman Sachs & Co. LLC

Allen & Company LLC

RBC Capital Markets

JMP Securities **Raymond James** **William Blair**

Prospectus dated , 2017

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Through and including , 2017 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Neither we, the selling stockholders, nor the underwriters have authorized anyone to provide you with any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We, the selling stockholders, and the underwriters take no responsibility for, and provide no assurance about the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the Class A common stock. Our business, financial condition, results of operations, and prospects may have changed since such date.

For investors outside the United States: Neither we, the selling stockholders, nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about, and to observe any restrictions relating to, this offering and the distribution of this prospectus.

PROSPECTUS SUMMARY

This summary highlights information appearing elsewhere in this prospectus. This summary does not contain all the information you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus, before making any investment decision. Unless the context otherwise requires, we use the terms "CarGurus," the "company," "we," "us," and "our" in this prospectus to refer to CarGurus, Inc. and, where appropriate, our consolidated subsidiaries.

Our Business

CarGurus is a global, online automotive marketplace connecting buyers and sellers of new and used cars. Using proprietary technology, search algorithms, and innovative data analytics, we believe we are building the world's most trusted and transparent automotive marketplace and creating a differentiated automotive search experience for consumers. Our trusted marketplace empowers users with unbiased third-party validation on pricing and dealer reputation as well as other information that aids them in finding "Great Deals from Great Dealers." As of June 30, 2017, we had an active dealer network of over 40,000 dealers, and our selection of over 5.4 million car listings is the largest number of car listings available on any of the major U.S. online automotive marketplaces. In addition to the United States, we operate online marketplaces in Canada, the United Kingdom, and Germany.

A core principle of our marketplace is unbiased transparency. For consumers considering used vehicles, we aggregate vehicle inventory from dealers and apply our proprietary analysis to generate a Deal Rating as either: Great Deal, Good Deal, Fair Deal, High Priced, or Overpriced. Deal Rating illustrates how competitive a listing is compared to similar cars sold in the same region in recent history. We determine Deal Rating principally on the basis of both our proprietary Instant Market Value, or IMV, algorithm, which determines the market value of any given vehicle in a local market, and Dealer Rating, a measure of a dealer's reputation as determined by reviews of that dealer from our user community. By sorting organic search results based on a used car's Deal Rating, we enable consumers to find the most relevant car for their needs. We also provide our users information historically not widely available, such as Price History, Time on Site, and Vehicle History. We believe this approach brings greater transparency, trust, and efficiency to a consumer's car research and buying process, leading to higher engagement and a more informed consumer who is better prepared to purchase at the dealership.

According to Google Analytics, in the second quarter of 2017, we had approximately 61 million average monthly sessions in the United States, up from approximately 45 million during the same period in 2016. According to comScore, we have become the most visited online automotive marketplace in the United States, and we have the largest mobile audience, with over 78% of our second quarter 2017 monthly unique visitors accessing our marketplace from mobile devices. Our focus on providing unbiased transparency for consumers has also created an engaged user community. According to comScore, during the second quarter of 2017, visitors returned to our site 2.4 times as often as any other major U.S. online automotive marketplace, up from 1.8 times as often in the second quarter of 2016.

Our large, engaged, and predominantly mobile user base presents an attractive audience of in-market consumers for our dealers. By connecting dealers with more informed consumers, we believe we provide dealers with an efficient customer acquisition channel and attractive returns on their marketing spend with us. Dealers can list their inventory in our marketplace for free with our Basic Listing product or with a paid subscription to our Enhanced or Featured Listing products.

Dealers with free listings receive anonymized email connections and access to a subset of the tools on our Dealer Dashboard at no cost. Dealers with a paid subscription receive connections to consumers that are not anonymous and can be made through a wider variety of methods, including phone calls, email, managed text and chat, links to the dealer's website, and map directions to dealerships. In addition, dealers subscribed to our Enhanced and Featured Listing products gain full access to our Dealer Dashboard and are also able to display their dealership information to gain brand recognition, which promotes walk-in traffic to the dealer. Our success with dealers is evidenced by the 66% growth in the number of paying dealers in our U.S. marketplace from 2015 to 2016.

Our scaled online marketplace model drives powerful network effects. The industry-leading inventory selection offered by our dealers attracts a large and engaged consumer audience. The value of robust connections to this audience incentivizes dealers to purchase our Enhanced or Featured Listing products. Having more paying dealers provides consumers with more dealer information and methods to contact them. More consumers and connections drives greater value to paying dealers on our platform. Driven by these network effects, we continue to amass more data, which we use to continuously improve our search algorithms, the accuracy of Deal Ratings, our user experience, and, ultimately, the quality of the connections between consumers and dealers.

We generate marketplace subscription revenue from dealers through listing and display advertising subscriptions and advertising revenue from auto manufacturers and other auto-related brand advertisers. Our rapid revenue growth and financial performance over the last several years exemplifies the strength of our marketplace. In 2016, we generated revenue of $198.1 million, a 101% increase from $98.6 million of revenue in 2015. Our revenue for the six months ended June 30, 2017 was $143.3 million, a 70% increase from $84.2 million of revenue in the six months ended June 30, 2016. In 2016, we generated net income of $6.5 million and our Adjusted EBITDA was $11.0 million, compared to a net loss of $1.6 million and Adjusted EBITDA of $(0.4) million in 2015. For the six months ended June 30, 2017, we generated net income of $8.6 million and Adjusted EBITDA of $14.1 million, compared to net income of $0.5 million and Adjusted EBITDA of $1.7 million for the six months ended June 30, 2016. See "Selected Consolidated Financial and Other Data — Adjusted EBITDA" for more information regarding our use of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to our net income (loss).

Industry Dynamics and Market Opportunity

Significant Purchasing Decision for Consumers. A car is often the second largest purchase a consumer will make, second only to his or her home. Traditionally, the process of finding the right car to buy, selecting the right dealer or seller to buy it from, and deciding how much to spend, has been complex and intimidating.

Massive U.S. Automotive Market. The automotive industry is one of the largest in the United States. Borrell Associates estimates that U.S. retail automotive sales reached $1.3 trillion in 2016, with dealers accounting for over 85% of all cars sold. According to these estimates, there are approximately 43,000 dealers in the United States, including over 16,000 franchise dealers affiliated with an automotive brand that often sell both new and used cars, and over 26,000 independent dealers that sell only used cars. These U.S. dealers sold approximately 17 million new cars and 44 million used cars in 2016, while peer-to-peer transactions by individuals accounted for approximately 11 million used cars sold. The same report estimates that the U.S. automotive industry spent over $37 billion on advertising in 2016, $23 billion of which was spent by dealers.

Shift from Offline to Online. Consumers are increasingly using the Internet to search for cars before entering a dealership. According to JD Power & Associates, the average car buyer spends 14 hours researching cars online prior to making a purchase. To respond to this trend, the

U.S. automotive industry has increasingly allocated more marketing spend to online channels. According to Borrell Associates estimates, 57% of the U.S. automotive marketing spend was on online channels in 2016, up from 32% in 2011, and it is expected to increase to 70% by 2021.

Increasing Importance of Mobile Devices. Consumers are increasingly using their mobile devices to search for vehicles. A 2017 Google study estimates that as much as 71% of a consumer's interactions with dealers, brands, and third-party sites during the car buying process occurred on mobile devices.

Highly Fragmented, Local Market. The market for new and used car sales is highly fragmented and local, making it competitive for dealers to find local buyers. A dealer's inventory may change daily and the speed at which a dealer turns its inventory is a key driver of its profitability. Additionally, unlike new cars, no two used cars are alike, making it challenging for dealers to find the right buyer for a specific vehicle in a cost-efficient manner.

Large International Automotive Markets with Similar Dynamics as the United States. Much like in the United States, dealers represent a critical part of international automotive markets. It is estimated that in 2016, there were approximately 5,800 dealers in Canada and 4.9 million new and used cars sold; 11,700 dealers in the United Kingdom and 10.9 million new and used cars sold; and 21,000 dealers in Germany and 10.8 million new and used cars sold.

Consumer and Dealer Challenges

Consumer Challenges. Historically, the lack of unbiased, transparent information has made it difficult for consumers to effectively compare vehicles and find the vehicle that best suits their needs. For consumers searching for used cars, every car is unique, and it is difficult to aggregate the relevant inventory of available used cars across dealers. Generally, dealers also have had more information about car prices than consumers do, as consumers have had limited resources to determine an appropriate price. Selecting the right dealer has also been challenging for consumers as dealer reputations have historically been based primarily on word-of-mouth.

Dealer Challenges. The economics of dealerships depend largely on sales volume, gross margin, and customer acquisition efficiency. To achieve a high return on their marketing investments, dealers must find in-market consumers. Traditional marketing channels, including television, radio, and newspaper, can effectively target locally but are inefficient in reaching the small percentage of consumers who are actively in the market to buy a car. In addition, dealers need to find ways to manage constantly changing inventory and adjust pricing strategies to adapt to frequently changing market conditions.

Our Approach

Why Consumers Choose Us

We believe that our marketplace offers the best online automotive marketplace experience for consumers, distinguished by the following:

- *Largest Inventory Selection.* As of June 30, 2017, we had an active dealer network of over 40,000 dealers, and our selection of over 5.4 million car listings is the largest number of car listings available on any of the major U.S. online automotive marketplaces. We define our active dealer network as consisting of all dealers to which we connected a user about a listing during the ninety-day period ending on the applicable measurement date.

- *Trust and Unbiased Transparency.* Used cars identified through searches in our marketplace are sorted by, and shown with, a Deal Rating, which is determined principally by our proprietary IMV and Dealer Rating. These features, coupled with information historically not

widely available, provide consumers with unbiased, transparent information with which to make their purchasing decision.

- *Intuitive Search Results.* For used car shoppers, our organic search function prioritizes results by a car's Deal Rating, which we believe is most relevant to a consumer's decision. In contrast, paid-inclusion automotive marketplaces award dealers preferential listing placement based on how much a dealer pays.

- *Robust, Mobile-Focused Experience.* We have designed our marketplace to appeal to mobile users by developing our products with a mobile-first mindset. This approach has resulted in over 78% of our monthly unique visitors accessing our marketplace from mobile devices in the second quarter of 2017, and a 43% growth in our average monthly mobile visits from 2015 to 2016, according to comScore.

Why Dealers Choose Us

We believe that dealers choose us for the following reasons:

- *Attractive Return on Investment.* We believe we offer dealers an efficient customer acquisition channel driven by the volume of connections to our users, the quality of those connections, and the brand exposure to our engaged audience in relation to our subscription cost.

- *Large and Engaged Audience.* We are the most visited online automotive marketplace in the United States; according to comScore, in the second quarter of 2017 we had 2.3 times as many visits to our U.S. website as any other major U.S. online automotive marketplace, up from 1.8 times as many during the same period in 2016. In addition, we believe our audience is more engaged than users of other major U.S. online automotive marketplaces; in the second quarter of 2017, our visitors returned to our site more than 2.4 times as often as any other major U.S. online automotive marketplace.

- *Volume of Connections.* Our marketplace enables consumers to easily connect with dealers through a variety of channels. In 2016, we provided over 42 million connections to our dealers in the United States.

- *Broad Suite of Products and Tools.* We offer products that help dealers acquire customers and build their brands. Additionally, we provide tools to help dealers market and sell their cars more efficiently.

Why Auto Manufacturers Choose Us

We believe that auto manufacturers choose to advertise in our marketplace for the following reasons:

- *Unique Non-Overlapping Audience of In-Market Consumers.* Based on comScore estimates, in the second quarter of 2017, 62% of our monthly unique visitors did not visit any of the other major U.S. online automotive marketplaces during the same period. This creates a compelling value proposition to auto manufacturers, as they would have difficulty reaching these users at scale elsewhere.

- *Clean, Uncluttered Pages.* We provide a clean and uncluttered user interface as part of our commitment to creating the best consumer experience. By limiting the number of advertisements on any given page, we help advertisers' messages better resonate when compared to other online automotive marketplaces that display significantly more ads.

Our Strengths

We believe that our competitive advantages are based on the following key strengths:

- ***Trusted Marketplace for Consumers.*** We believe that providing an unbiased and transparent consumer experience has instilled greater trust in us among our users, helping us become the most visited major U.S. online automotive marketplace. In the second quarter of 2017, we experienced over 61 million average monthly sessions. We define average monthly sessions as the number of distinct visits to our website that take place each month within a given time frame, as measured and defined by Google Analytics.

- ***Proprietary Search Algorithms and Data-Driven Approach.*** We have built an extensive repository of data that is the result of over seven years of data aggregation and regression modeling. We calculate IMV using complex algorithms and data analytics that apply more than 20 ranking signals and more than 100 normalization rules to millions of data points. Our proprietary search algorithms and data analytics allow us to use this data to bring greater transparency to our platform through Deal Rating, as well as build new products and launch marketplaces in new countries.

- ***Strong Value Proposition to Dealers.*** We believe that our marketplace offers an efficient customer acquisition channel for dealers, helping them achieve attractive returns on their marketing spend with us. Our strong value proposition to the dealer community is evidenced by the 66% growth in the number of our paying U.S. dealers, and 18% growth in average annual revenue per subscribing dealer, or AARSD, in the United States from 2015 to 2016.

- ***Network Effects Driven by Scale.*** Having reached the majority of dealers and built one of the largest consumer audiences in the United States, we believe that our scale creates powerful network effects that reinforce the competitive strength of our business model. Our large consumer audience incentivizes more dealers to convert to paid usage of our listing products, which in turn provides consumers with more dealer information and methods to contact them. More consumers and connections drive greater value to our paying dealers.

- ***Attractive Financial Model.*** We have a strong track record of revenue growth, profitability, and capital efficiency. Our subscription model results in revenue that is recurring among a diversified customer base.

- ***Founder-Led Management Team with Culture of Innovation.*** Building upon our founder's previous experience in using technology to provide transparent information to consumers, we have fostered a culture of data-driven innovation that we expect will drive continued growth.

Our Growth Strategies

We intend to continue to grow our business by pursuing the following strategies:

- ***Grow Our Paying U.S. Dealer Base.*** We plan to convert more dealers to paying dealers in the United States by demonstrating the value proposition of our marketplace and by introducing new features and services.

- ***Increase Our Share of Dealer Marketing Spend From Existing Products.*** We intend to continue to grow our AARSD by increasing the volume of connections we provide to dealers and demonstrating the value of our large, engaged, and predominantly mobile audience.

- ***Offer Additional Dealer Products.*** We plan to offer new products to help dealers acquire customers, build relationships with prospects, and better manage their inventories, websites, and dealerships.
- ***Grow the Size and Engagement of Our Consumer Audience.*** We intend to continue investing in, and improving the efficiency of, our algorithmic traffic acquisition. We also intend to add new features to assist consumers with more aspects of the car ownership lifecycle.
- ***Invest in Our Brand.*** We plan to further expand our marketing efforts to drive greater brand recognition, trust, and loyalty from consumers and dealers.
- ***Expand into International Markets.*** We plan to grow our marketplaces in Canada, the United Kingdom, and Germany and launch new marketplaces in other countries which have attractive industry dynamics.

Risks Affecting Our Business

You should consider carefully the risks described under the "Risk Factors" section beginning on page 17 and elsewhere in this prospectus. These risks, which include the following, could materially and adversely affect our business, financial condition, operating results, cash flow, and prospects, which could cause the trading price of our Class A common stock to decline and could result in a partial or total loss of your investment:

- Our business is substantially dependent on our relationships with dealers, and our subscription agreements with these dealers do not contain long-term contractual commitments. If a significant number of dealers terminate their subscription agreements with us, our business and financial results would be materially and adversely affected.
- If we fail to maintain or increase the number of dealers that pay subscription fees to us, or fail to maintain or increase the fees paid to us for subscriptions, our business and financial results would be harmed.
- If dealers or other advertisers reduce their advertising spend with us and we are unable to attract new advertisers, our business would be harmed.
- If we are unable to provide a compelling vehicle search experience to consumers through both our web and mobile platforms, the number of connections between consumers and dealers using our marketplace may decline and our business and financial results would be materially and adversely affected.
- We rely on Internet search engines to drive traffic to our website, and if we fail to appear prominently in the search results, our traffic would decline and our business would be adversely affected.
- Any inability by us to develop new products, or achieve widespread consumer adoption of those products, could negatively impact our business and financial results.
- We may be unable to maintain or grow relationships with data providers, or may experience interruptions in the data they provide, which may create a less valuable or less transparent shopping experience and negatively affect our business and operating results.
- The failure to build and maintain our brand would harm our ability to grow our audience and to expand the use of our marketplace by consumers and dealers.
- Our recent, rapid growth is not indicative of our future growth, and our revenue growth rate will decline in the future.

- If we fail to expand effectively into new markets, both domestically and abroad, our revenue, business, and financial results will be harmed.
- We participate in a highly competitive market, and pressure from existing and new companies may adversely affect our business and operating results.
- Following this offering, our founder and Chief Executive Officer will control a majority of the voting power of our outstanding capital stock, and, therefore, will have control over key decision-making and could control our actions in a manner that conflicts with the interests of other stockholders.

Our Status as a Controlled Company

Mr. Steinert, who after our initial public offering will control approximately 53% of the voting power of our outstanding capital stock, will have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of our directors, as well as the overall management and direction of our company. Because Mr. Steinert controls a majority of our outstanding voting power, we will be a "controlled company" under the corporate governance rules for NASDAQ-listed companies. Because we will qualify as a "controlled company," we will not be required to have a majority of our board of directors be independent, nor will we be required to have a compensation committee consisting entirely of independent directors or having an independent nominating function. Following this offering, we intend to initially avail ourselves of certain of these exemptions and, for so long as we qualify as a "controlled company," we will maintain the option to utilize from time to time some or all of these exemptions. For example, upon the closing of this offering, our compensation committee will not consist entirely of independent directors and we will not have a nominating and corporate governance committee.

In the event of Mr. Steinert's death or voluntary termination of all employment and service on our board of directors, or if the sum of the number of shares of our capital stock held by Langley Steinert, by any Family Member of Langley Steinert, and by any Permitted Entity of Langley Steinert (as such terms are defined in our amended and restated certificate of incorporation), assuming the exercise and settlement in full of all outstanding options and convertible securities and calculated on an as-converted to Class A common stock basis, is less than 9,091,484, then each outstanding share of Class B common stock will convert into one share of Class A common stock. Upon any such conversion, we may no longer be a "controlled company."

Corporate Information

We were originally organized on November 10, 2005 as a Massachusetts limited liability company under the name "Nimalex LLC." Effective July 15, 2006, we changed our name to "CarGurus LLC." On June 26, 2015, we converted into a Delaware corporation and changed our name to "CarGurus, Inc."

Our principal executive offices are located at 2 Canal Park, 4th Floor, Cambridge, Massachusetts 02141, and our telephone number is (617) 354-0068. Our website is www.cargurus.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

CarGurus, the CarGurus logo, and other trademarks or service marks of CarGurus appearing in this prospectus are the property of CarGurus. Trade names, trademarks, and service marks of other companies appearing in this prospectus are the property of their respective holders. We have omitted the ® and ™ designations, as applicable, for the trademarks used in this prospectus.

Implications of Being an Emerging Growth Company

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and are therefore subject to reduced public company reporting requirements. We will remain an emerging growth company until the earliest to occur of: the last day of the fiscal year in which we have more than $1.07 billion in annual revenue; the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates; the issuance, in any three-year period, by us of more than $1.0 billion in non-convertible debt securities; and the last day of the fiscal year ending after the fifth anniversary of our initial public offering.

As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable, in general, to public companies that are not emerging growth companies. These provisions include:

- reduced disclosure about our executive compensation arrangements;
- exemption from the requirements to hold non-binding shareholder advisory votes on executive compensation or golden parachute arrangements;
- exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting; and
- reduced disclosure of financial information in this prospectus, such as being permitted to include only two years of audited financial information and two years of selected financial information in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure.

We may choose to take advantage of some, or all, of the available exemptions. We have taken advantage of some reduced reporting burdens in this prospectus. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock. The JOBS Act also permits an emerging growth company to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to avail ourselves of this extended transition period and, as a result, while we are an emerging growth company we will not be subject to new or revised accounting standards at the same time that they become applicable to other public companies that are not emerging growth companies.

THE OFFERING

Class A common stock offered by us	2,500,000 shares
Class A common stock offered by the selling stockholders	6,900,000 shares
Class A common stock to be outstanding after this offering	77,145,294 shares (or 77,850,294 shares if the underwriters option to purchase additional shares is exercised in full)
Class B common stock to be outstanding after this offering	28,161,232 shares
Total Class A common stock and Class B common stock to be outstanding after this offering	105,306,526 shares
Option to purchase additional shares of Class A common stock from us and certain of the selling stockholders	We and the selling stockholders have granted the underwriters an option, exercisable for 30 days after the date of this prospectus, to purchase up to 705,000 additional shares of Class A common stock from us and up to 705,000 shares of Class A common stock from the selling stockholders.
Use of proceeds	We estimate that our net proceeds from the sale of our Class A common stock that we are offering will be approximately $28.5 million (or approximately $37.6 million if the underwriters' option to purchase additional shares in this offering is exercised in full), based upon an assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	The principal purposes of this offering are to increase our financial flexibility, improve our visibility in the marketplace, create a public market for our Class A common stock, and facilitate our future access to the public capital markets. We currently intend to use the net proceeds from this offering primarily for general corporate purposes, including working capital, operating expenses, and capital expenditures. We may also use a portion of the net proceeds to acquire or invest in complementary technologies, solutions, products, services, businesses, or other assets, although we have no present commitments or agreements to enter into any acquisitions or investments. We will not receive any of the proceeds from the sale of Class A common stock in this offering by the selling stockholders, including any proceeds from the sale of up to 705,000 shares by the selling stockholders if the underwriters' option to purchase additional shares is exercised in full. See "Use of Proceeds" for additional information.
Voting rights	Following this offering, we will have two classes of authorized common stock, Class A common stock and Class B common stock. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to ten votes per share and is convertible into one share of Class A common stock. Holders of our Class A common stock and Class B common stock will generally vote together as a single class, unless otherwise required by Delaware law or our amended and restated certificate of incorporation that will become effective upon the closing of this offering. Following this offering, our founder, Chief Executive Officer, President, and Chairman, Langley Steinert, will hold or have the ability to control approximately 53% of the voting power of our outstanding capital stock. As a result, we will be a "controlled company" within the meaning of the corporate governance rules for the NASDAQ Stock Market and Mr. Steinert will have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of our directors and the approval of any change in control transaction. See the sections titled "Principal and Selling Stockholders" and "Description of Capital Stock" for additional information.

Concentration of ownership	Upon the closing of this offering, the outstanding Class B common stock will represent 26.7% of our outstanding shares and approximately 78.5% of the voting power of our outstanding shares, and our executive officers, directors, and stockholders holding more than 5% of our outstanding shares, together with their affiliates, will beneficially own, in the aggregate, approximately 73.0% of our outstanding shares and 75.3% of the voting power of our outstanding shares. Our founder, Chief Executive Officer, President, and Chairman, Langley Steinert, will hold or have the ability to control approximately 53% of the voting power of our outstanding capital stock following this offering.
Conflicts of Interest	Allen & Company LLC, an underwriter in this offering, and its associated persons, including Ian Smith, a member of our board of directors, beneficially own 71,685 shares of our outstanding Series A preferred stock, 1,128,994 shares of our outstanding Series B preferred stock, and 163,331 shares of our outstanding Series C preferred stock, collectively representing 13.5% of our outstanding preferred stock, which shares of preferred stock will automatically convert into 8,184,061 shares of Class A common stock upon the closing of this offering. Because Allen & Company LLC is an underwriter in this offering and because Allen & Company LLC and its associated persons beneficially own more than 10% of our outstanding preferred stock, Allen & Company LLC is deemed to have a "conflict of interest" under Rule 5121, which we refer to herein as Rule 5121, of the Financial Industry Regulatory Authority, Inc., or FINRA. Accordingly, this offering will be conducted in accordance with the applicable provisions of Rule 5121, which requires, among other things, that a "qualified independent underwriter" as defined by Rule 5121 has participated in the preparation of, and has exercised the usual standards of "due diligence" with respect to, the registration statement and this prospectus. Goldman Sachs & Co. LLC has agreed to act as qualified independent underwriter within the meaning of Rule 5121 for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act of 1933, as amended, or the Securities Act, specifically including those inherent in Section 11 of the Securities Act. See "Underwriting (Conflicts of Interest)."
Risk factors	You should read the "Risk Factors" section beginning on page 17 and the other information included in this prospectus for a discussion of factors to consider before deciding to invest in shares of our Class A common stock.
Proposed NASDAQ Global Select Market trading symbol	"CARG"

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on 74,645,294 shares of our Class A common stock outstanding and 28,161,232 shares of our Class B common stock outstanding, in each case, as of June 30, 2017 (assuming the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 60,564,678 shares of Class A common stock upon the closing of this offering), and excludes:

- 1,737,056 shares of Class A common stock issuable upon the exercise of options outstanding as of June 30, 2017 with a weighted-average exercise price of $1.65 per share and 3,474,112 shares of Class B common stock issuable upon the exercise of options outstanding as of June 30, 2017 with a weighted-average exercise price of $1.65 per share;
- 789,934 shares of Class A common stock and 1,579,868 shares of Class B common stock issuable upon the vesting and settlement of restricted stock units, or RSUs, outstanding as of June 30, 2017; and
- 8,457,912 shares of Class A common stock reserved for future issuance under our equity compensation plans, consisting of (i) 657,912 shares of Class A common stock reserved for future issuance under our Amended and Restated 2015 Equity Incentive Plan, as amended, or the 2015 Plan, as of June 30, 2017, plus (ii) 7,800,000 additional shares of Class A common stock reserved for future issuance under our Omnibus Incentive Compensation Plan, or our 2017 Plan, which will become effective upon the closing of this offering.

Immediately prior to the closing of this offering, any remaining shares available for issuance under our 2015 Plan will be added to the shares of our Class A common stock reserved for issuance under our 2017 Plan, and we will cease granting awards under the 2015 Plan. In addition, shares of Class A common stock and shares of Class B common stock subject to outstanding grants under our 2015 Plan as of the effective date of our 2017 Plan that terminate, expire, or are cancelled, forfeited, exchanged, or surrendered on or after the effective date of our 2017 Plan without having been exercised, vested, or paid prior to the effective date of the 2017 Plan, including shares tendered or withheld to satisfy tax withholding obligations with respect to outstanding grants under the 2015 Plan, will be added to the shares of Class A common stock reserved for issuance under our 2017 Plan. See the section titled "Executive Compensation — Employee Benefits and Stock Plans" for additional information.

In addition, unless otherwise noted, the information in this prospectus reflects and assumes the following:

- the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, each of which will occur upon the closing of this offering;
- no exercise of outstanding options or settlement of outstanding RSUs after June 30, 2017;
- the retroactive adjustment to all periods herein of all share and per share information to reflect the share recapitalization effected on June 21, 2017, pursuant to which (i) each share of common stock then issued and outstanding was recapitalized, reclassified, and reconstituted into two fully paid and non-assessable shares of outstanding Class A common stock and four fully paid and non-assessable shares of outstanding Class B common stock, (ii) each outstanding common stock option was adjusted such that (a) each share of common stock underlying such option became two shares of Class A common stock and four shares of Class B common stock and (b) the exercise price per share of common stock underlying such option was adjusted to be one-sixth of the exercise price per share in effect immediately prior to the recapitalization, and (iii) each outstanding RSU was adjusted such that (a) each share of common stock issuable upon settlement of such RSU became two

shares of Class A common stock and four shares of Class B common stock and (b) the fair market value per share of common stock issuable upon settlement of such RSU was adjusted to be one-sixth of the fair market value per share in effect immediately prior to the recapitalization;

- the automatic conversion of all shares of our convertible preferred stock outstanding as of June 30, 2017 into 20,188,226 shares of our Class A common stock and 40,376,452 shares of our Class B common stock, and the subsequent conversion of such shares of Class B common stock into 40,376,452 shares of our Class A common stock, which conversions will occur upon to the closing of this offering; and
- no exercise by the underwriters of their option to purchase up to an additional 1,410,000 shares of Class A common stock from us and certain selling stockholders in this offering.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables summarize our consolidated financial and other data. We derived the summary consolidated statements of operations data for the years ended December 31, 2015 and 2016 from our audited consolidated financial statements included elsewhere in this prospectus. We derived the summary consolidated statements of operations data for the six months ended June 30, 2016 and 2017 and our consolidated balance sheet data as of June 30, 2017 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim consolidated financial statements were prepared on a basis consistent with our annual financial statements and include, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the financial information contained in those statements. Our historical results are not necessarily indicative of the results that may be expected in the future, and our interim results are not necessarily indicative of the results to be expected for the full year or any other period. You should read the summary consolidated financial data set forth below in conjunction with the sections titled "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and

Results of Operations" and our consolidated financial statements, the accompanying notes, and other financial information included elsewhere in this prospectus.

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
	(in thousands, except share and per share data)			
Consolidated Statements of Operations Data:				
Revenue:				
Marketplace subscription	$ 75,142	$ 171,302	$ 71,638	$ 127,952
Advertising and other	23,446	26,839	12,603	15,323
Total revenue	98,588	198,141	84,241	143,275
Cost of revenue[1]	4,234	9,575	3,819	7,647
Gross profit	94,354	188,566	80,422	135,628
Operating expenses:				
Sales and marketing	81,877	154,125	68,313	104,604
Product, technology, and development	8,235	11,453	5,150	8,357
General and administrative	5,801	12,783	5,618	9,092
Depreciation and amortization	969	1,634	633	1,196
Total operating expenses	96,882	179,995	79,714	123,249
(Loss) income from operations	(2,528)	8,571	708	12,379
Other (expense) income, net	(12)	374	153	217
(Loss) income before income taxes	(2,540)	8,945	861	12,596
(Benefit from) provision for income taxes	(904)	2,448	340	4,043
Net (loss) income	$ (1,636)	$ 6,497	$ 521	$ 8,553
Net (loss) income per share attributable to common stockholders:[2]				
Basic	$ (0.41)	$ (0.58)	$ 0.01	$ 0.08
Diluted	$ (0.41)	$ (0.58)	$ —	$ 0.08
Weighted-average number of shares of common stock used in computing net (loss) income per share attributable to common stockholders:				
Basic	43,141,236	44,138,922	44,651,235	42,122,339
Diluted	43,141,236	44,138,922	48,026,295	46,182,359
Pro forma net (loss) income per share attributable to common stockholders:[2]				
Basic		$ (0.24)		$ 0.08
Diluted		$ (0.24)		$ 0.08
Pro forma weighted-average number of shares of common stock used in computing pro forma net (loss) income per share attributable to common stockholders:				
Basic		104,703,600		102,687,017
Diluted		104,703,600		106,747,037

(1) Includes depreciation and amortization expense for the years ended December 31, 2015 and 2016 and for the six months ended June 30, 2016 and 2017 of $153, $438, $203, and $391, respectively.

(2) See Note 2 of the notes to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our net (loss) income per share attributable to common stockholders, and pro forma net (loss) income per share attributable to common stockholders.

Other Financial Information:

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
	(in thousands)			
Adjusted EBITDA[1]	$ (366)	$ 10,965	$ 1,692	$ 14,116

(1) See "Selected Consolidated Financial and Other Data — Adjusted EBITDA" for more information and for a reconciliation of Adjusted EBITDA to net (loss) income, the most directly comparable financial measure calculated and presented in accordance with U.S. generally accepted accounting principles, or GAAP.

	At June 30, 2017		
	Actual	Pro forma[1]	Pro forma as adjusted[2][3]
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash, cash equivalents, and investments	$ 81,309	$ 81,309	$ 110,064
Property and equipment, net	15,897	15,897	15,897
Working capital	61,534	61,534	91,838
Total assets	115,606	115,606	142,507
Total liabilities	41,852	41,852	40,303
Convertible preferred stock	132,698	—	—
Total stockholders' (deficit) equity	(58,944)	73,754	102,204

(1) Pro forma amounts reflect (i) the automatic conversion of all of our outstanding shares of preferred stock into shares of Class A common stock upon the closing of our initial public offering and (ii) the stock-based compensation expense of $1.9 million associated with the vesting of restricted stock units upon closing of this offering.

(2) Pro forma as adjusted amounts reflect the pro forma conversion adjustments described in footnote (1) above, as well as the sale by us of 2,500,000 shares of our Class A common stock in this offering at an assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Additionally, for purposes of the pro forma as adjusted amounts shown above, the net proceeds to be received by us from the sale of Class A common stock in this offering of $28.5 million have been increased by approximately $305,000 to reflect the estimated offering expenses that had been paid by us as of June 30, 2017.

(3) Each $1.00 increase or decrease in the assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, each of cash, cash equivalents, and investments, total assets, and total stockholders' (deficit) equity on a pro forma as adjusted basis by $2.3 million, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares of Class A common stock offered by us would increase or decrease as applicable, each of cash, cash equivalents, and investments, total assets, and total stockholders' (deficit) equity on a pro forma as adjusted basis by $13.0 million, assuming the assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information contained in this prospectus, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before deciding whether to purchase shares of our Class A common stock. Our business, financial condition, operating results, cash flow, and prospects could be materially and adversely affected by any of these risks or uncertainties. In that event, the trading price of our Class A common stock could decline and you could lose part or all of your investment. See "Special Note Regarding Forward-Looking Statements and Industry and Market Data."

Risks Related to Our Business and Industry

Our business is substantially dependent on our relationships with dealers, and our subscription agreements with these dealers do not contain long-term contractual commitments. If a significant number of dealers terminate their subscription agreements with us, our business and financial results would be materially and adversely affected.

Our primary source of revenue consists of subscription fees paid to us by dealers for access to enhanced features on our automotive marketplace. Our subscription agreements with dealers generally may be terminated by us with 30 days' notice and by dealers with 30 days' notice after the initial term. While the majority of our contracts with dealers currently include one-month initial terms, we are in the process of transitioning many of these dealers to contracts with one-year initial terms. The contracts do not contain contractual obligations requiring a dealer to maintain its relationship with us beyond the initial term. Accordingly, these dealers may cancel their subscriptions with us in accordance with the terms of their subscription agreements. If a significant number of our paying dealers terminate their subscriptions with us, our revenue would be materially and adversely affected.

If we fail to maintain or increase the number of dealers that pay subscription fees to us, or fail to maintain or increase the fees paid to us for subscriptions, our business and financial results would be harmed.

If paying dealers do not experience the volume of consumer connections that they expect during their monthly or annual subscription period, or do not experience the level of car sales they expect from those connections, they may terminate their subscriptions or may insist on renewing their subscriptions at a lower level of fees. Even if dealers do experience increased consumer connections or sales, they may not attribute such increases to our marketplace. If we fail to expand our base of paying dealers, or fail to maintain or increase the level of fees that we receive from them, our business and financial results would be materially and adversely affected.

We allow dealers to list their inventory in our marketplace for free; however dealer identity and contact information is not permitted in such free listings and these dealers do not receive access to the paid features of our marketplace. Many dealers start with us on a non-paying basis and then become paid customers in order to take advantage of the features of our Enhanced or Featured Listing products. If dealers using our site do not convert to our paid offerings at the rates we expect, or if a greater than expected number of our paying dealers elect to terminate their subscriptions, our business and financial results would be harmed.

If dealers or other advertisers reduce their advertising spend with us and we are unable to attract new advertisers, our business would be harmed.

A significant amount of our revenue is derived from advertising revenues generated primarily through advertising sales to dealers, auto manufacturers, and other auto-related brand advertisers. We compete for this advertising revenue with other online automotive marketplaces and with television, print media, and other traditional advertising channels. Our ability to attract and retain advertisers, and to generate advertising revenue, depends on a number of factors, including:

- our ability to increase the number of consumers using our marketplace;
- our ability to compete effectively for advertising spending with other online automobile marketplaces;
- our ability to continue to develop our advertising products in our marketplace;
- our ability to keep pace with changes in technology and the practices and offerings of our competitors; and
- our ability to offer an attractive return on investment, or ROI, to our advertisers for their advertising spend with us.

Our agreements with dealers for display advertising generally include initial terms ranging from one month to one year and may be terminated by us with 30 days' notice and by dealers with 30 days' notice after the initial term. The contracts do not contain contractual obligations requiring an advertiser to maintain its relationship with us beyond the initial term. Our other advertising contracts, including those with auto manufacturers, are typically for a defined period of time and do not have ongoing commitments to advertise on our site beyond the initial time period. We may not succeed in capturing a greater share of our advertisers' spending if we are unable to convince advertisers of the effectiveness or superiority of our marketplace as compared to alternative channels. If current advertisers reduce or end their advertising spending with us and we are unable to attract new advertisers, our advertising revenue and business and financial results would be harmed.

If we are unable to provide a compelling vehicle search experience to consumers through both our web and mobile platforms, the number of connections between consumers and dealers using our marketplace may decline and our business and financial results would be materially and adversely affected.

If we fail to continue to provide a compelling vehicle search experience to consumers, the number of connections between consumers and dealers facilitated through our marketplace could decline, which in turn could lead dealers to stop listing their inventory in our marketplace, cancel their subscriptions, or reduce their advertising spend with us. If dealers stop listing their inventory in our marketplace, we may not be able to maintain and grow our consumer traffic, which may cause other dealers to stop using our marketplace. This reduction in the number of dealers using our marketplace would likely adversely affect our marketplace and our business and financial results. As consumers increasingly use their mobile devices to access the Internet and our marketplace, our success will depend, in part, on our ability to provide consumers with a robust and user-friendly experience through their mobile devices. We believe that our ability to provide a compelling vehicle search experience, both on the web and through mobile devices, is subject to a number of factors, including:

- our ability to maintain an attractive marketplace for consumers and dealers, including on mobile platforms;

- our ability to continue to innovate and introduce products for our marketplace on mobile platforms;
- our ability to launch new products that are effective and have a high degree of consumer engagement;
- our ability to maintain the compatibility of our mobile application with operating systems, such as iOS and Android, and with popular mobile devices running such operating systems; and
- our ability to access a sufficient amount of data to enable us to provide relevant information to consumers, including pricing information and accurate vehicle details.

If use of our marketplace, particularly on mobile devices, does not continue to grow, our business and operating results would be harmed.

We rely on Internet search engines to drive traffic to our website, and if we fail to appear prominently in the search results, our traffic would decline and our business would be adversely affected.

We depend, in part, on Internet search engines such as Google, Bing, and Yahoo! to drive traffic to our website. The number of consumers we attract to our marketplace from search engines is due in part to how and where our websites rank in unpaid search results. These rankings can be affected by a number of factors, many of which are not under our direct control and may change frequently. For example, when a consumer searches for a vehicle in an Internet search engine, we rely on a high organic search ranking of our webpages to refer the consumer to our website. Our competitors' Internet search engine optimization efforts may result in their websites receiving higher search result rankings than ours, or Internet search engines could change their methodologies in a way that would adversely affect our search result rankings. If Internet search engines modify their search algorithms in ways that are detrimental to us, or if our competitors' efforts are more successful than ours, overall growth in our traffic could slow or our traffic could decline. In addition, Internet search engine providers could provide dealer and pricing information directly in search results, align with our competitors, or choose to develop competing products. Search engines may also adopt a more aggressive auction-pricing system for keywords that would cause us to incur higher advertising costs or reduce our market visibility to prospective users. Our website has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. Any reduction in the number of consumers directed to our website through Internet search engines could harm our business and operating results.

Any inability by us to develop new products, or achieve widespread consumer adoption of those products, could negatively impact our business and financial results.

Our success depends on our continued innovation to provide products and services that make our marketplace, website, and mobile application useful for consumers. These new products must be widely adopted by consumers in order for us to continue to attract dealers to our subscription products and services. Accordingly, we must continually invest resources in product, technology, and development in order to improve the attractiveness and comprehensiveness of our marketplace and its related products and effectively incorporate new Internet and mobile technologies into them. These product, technology, and development expenses may include costs of hiring additional personnel and of engaging third-party service providers and other research and development costs. In addition, revenue relating to new products is typically unpredictable and our new products may have lower gross margins and higher marketing and sales costs than our existing products. We may also change our pricing models for both existing and new products so that our prices for our offerings reflect the value those offerings are providing to consumers and

dealers. Our pricing models may not effectively reflect the value of products to consumers and dealers, and, if we are unable to provide a marketplace and products that consumers and dealers want to use, they may become dissatisfied and instead use our competitors' websites and mobile applications. Without an innovative marketplace and related products, we may be unable to attract additional, unique consumers or retain current consumers, which could affect the number of dealers that become paying dealers and the number of advertisers who want to advertise in our marketplace, which could, in turn, harm our business and financial results.

We may be unable to maintain or grow relationships with data providers, or may experience interruptions in the data they provide, which may create a less valuable or transparent shopping experience and negatively affect our business and operating results.

We obtain data regarding available cars from many third-party data providers, including inventory management systems, automotive websites, customer relationship management systems, dealer management systems, and third-party data licensors. Our business relies on our ability to obtain data for the benefit of consumers and dealers using our marketplace. The large amount of inventory and vehicle information available in our marketplace is critical to the value we provide for consumers. The loss or interruption of such inventory data and other vehicle information, such as vehicle history, could decrease the number of consumers using our marketplace. We could experience interruptions in our data access for a number of reasons, including difficulties in renewing our agreements with data providers, changes to the software used by data providers, efforts by industry participants to restrict access to data, and increased fees we may be charged by data providers. While we believe we have identified other providers in the event any of our current providers terminate their relationships with us, or our service is interrupted, there may be a delay while we transition to new providers, which could disrupt our marketplace. If there is a material disruption in the data provided to us, the information that we provide to consumers and dealers using our marketplace may be limited. In addition, the quality, accuracy, and timeliness of this information may suffer, which may lead to a less valuable and less transparent shopping experience for consumers using our marketplace and could materially and adversely affect our business and financial results.

The failure to build and maintain our brand would harm our ability to grow our audience and to expand the use of our marketplace by consumers and dealers.

While we are focused on building our brand recognition, maintaining and enhancing our brand will depend largely on the success of our efforts to maintain the trust of consumers and dealers and to deliver value to each consumer and dealer using our marketplace. If consumers were to believe that we are not focused on providing them with a better automobile shopping experience, our reputation and the strength of our brand may be adversely affected.

Complaints or negative publicity about our business practices, our marketing and advertising campaigns, our compliance with applicable laws and regulations, the integrity of the data that we provide to consumers, data privacy and security issues, and other aspects of our business, irrespective of their validity, could diminish consumers' and dealers' confidence and participation in our marketplace and could adversely affect our brand. There can be no assurance that we will be able to maintain or enhance our brand, and failure to do so would harm our business growth prospects and operating results.

The "Questions" section of our website enables consumers and dealers using our site to communicate with one another and other persons seeking information or advice on the Internet. Although all such information or feedback is generated by users and not by us, claims of defamation or other injury could be made against us for content posted on our website. In addition, negative publicity and user sentiment generated as a result of fraudulent or deceptive conduct by

users of our marketplace could damage our reputation, reduce our ability to attract new users or retain our current users, and diminish the value of our brand.

While we have historically focused our marketing efforts on Internet and mobile channels, we are beginning brand-focused campaigns using television and radio and these efforts may not be successful.

As a consumer brand, it is important for us to increase the visibility of our brand with potential users of our marketplace. While we have historically focused our marketing efforts on Internet and mobile channels, we are beginning to advertise through television, radio, and other channels we have not used previously, with the goal of driving greater brand recognition, trust, and loyalty from a broader consumer audience. If our brand-focused campaigns are not successful and we are unable to recover our marketing costs through increases in user traffic and increased subscription and advertising revenue, or if we discontinue our brand marketing campaigns, it could have a material adverse effect on our business and financial results.

Our recent, rapid growth is not indicative of our future growth, and our revenue growth rate will decline in the future.

Our revenue grew from $98.6 million in 2015 to $198.1 million in 2016, representing a 101% increase between such periods, and grew from $84.2 million for the six months ended June 30, 2016 to $143.3 million for the six months ended June 30, 2017, representing a 70% increase between such periods. In the future, our revenue growth rates will inevitably decline as we achieve higher market penetration rates, as our revenue increases to higher levels, and as we experience increased competition. As our revenue growth rates decline, investors' perceptions of our business may be adversely affected and the market price of our Class A common stock could decline. In addition, we will not be able to grow as expected, or at all, if we do not accomplish the following:

- increase the number of consumers using our marketplace;
- maintain and expand the number of dealers that subscribe to our marketplace;
- attract and retain advertisers placing advertisements in our marketplace;
- further improve the quality of our marketplace, and introduce high quality new products; and
- increase the number of connections between consumers and dealers using our marketplace.

If we fail to expand effectively into new markets, both domestically and abroad, our revenue, business, and financial results will be harmed.

We intend to continue to expand our operations to target new markets, both domestically and abroad, and there can be no assurance our expansion into these new markets will be successful. Our expansion into new markets places us in unfamiliar competitive environments and involves various risks, including the need to invest significant resources and the likelihood that returns on such investments will not be achieved for several years, or possibly at all. In attempting to establish a presence in new markets, we expect, as we have in the past, to incur significant losses in those markets and face various other challenges, such as competition for consumers and dealers using our marketplace, monetizing dealers, new regulatory environments and laws, different consumer shopping habits than those we are familiar with in the United States, and our ability to expand our number of account managers to cover those new markets. Our current and any future expansion plans will require significant resources and management attention. Furthermore, expansion into international markets may not yield results similar to those we have achieved in the United States.

Our international operations involve risks that are different from, or in addition to, the risks we may experience as a result of our domestic operations, and our exposure to these risks will increase as we expand internationally.

We have started to expand our operations internationally. We recently launched marketplaces in Canada, the United Kingdom, and Germany and plan to enter additional markets in the next twelve months. We expect to expand our international operations significantly by continuing to enter new markets abroad and expanding our offerings in new languages. In most international markets, we would not be the first entrant, and our competitors may be more established or otherwise better positioned than we are to succeed. Our competitors may offer services to dealers that make dealers dependent on them, such as hosting dealers' webpages and providing inventory feeds for dealers, which would make it difficult to attract dealers to our marketplace. Dealers may also be parties to agreements with other dealers and syndicates that prevent them from being able to access our marketplace. In addition, we may also face litigation from competitors in new markets. Any of these barriers could impede our expansion into international markets, which could affect our business and potential growth.

Our platform is now available in English, French, German, and Spanish, and we will need to make our platform available in additional languages as we expand into new countries. We may have difficulty modifying our technology and content for use in non-English speaking markets or fostering new communities in non-English speaking markets. Our ability to manage our business and conduct our operations internationally requires considerable management attention and resources, and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal systems, alternative dispute resolution systems, regulatory systems, and commercial infrastructures. Expanding internationally may subject us to new risks or increase our exposure in connection with current risks, including risks associated with:

- recruiting and retaining qualified, multilingual employees, including sales personnel;
- increased competition from local websites and guides and potential preferences by local populations for local providers;
- compliance with applicable foreign laws and regulations, including different privacy, censorship, and liability standards and regulations, and different intellectual property laws;
- providing solutions in different languages for different cultures, which may require that we modify our solutions and features so they are culturally relevant in different countries;
- the enforceability of our intellectual property rights;
- credit risk and higher levels of payment fraud;
- compliance with anti-bribery laws, including compliance with the Foreign Corrupt Practices Act and the U.K. Bribery Act;
- currency exchange rate fluctuations;
- foreign exchange controls that might prevent us from repatriating cash earned outside the United States;
- political and economic instability in some countries;
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the tax laws of the United States or the foreign jurisdictions in which we operate; and
- higher costs of doing business internationally.

We participate in a highly competitive market, and pressure from existing and new companies may adversely affect our business and operating results.

We face significant competition from companies that provide listings, information, lead generation, and car-buying services designed to help consumers shop for cars and to enable dealers to reach these consumers. Our competitors offer various marketplaces, products, and services that compete with us. Some of these competitors include:

- major U.S. online automotive marketplaces: AutoTrader.com, Cars.com, and TrueCar.com;
- U.S. online automotive content publishers, such as Edmunds.com and KBB.com;
- Internet search engines;
- peer to peer marketplaces; and
- sites operated by individual automobile dealers.

We compete with these and other companies for a share of dealers' overall marketing budget for online and offline media marketing spend. To the extent that dealers view alternative marketing and media strategies to be superior to our marketplace, we may not be able to maintain or grow the number of dealers subscribing to, and advertising on, our marketplace, and our business and financial results may be harmed.

We also expect that new competitors will continue to enter the online automotive retail industry with competing marketplaces, products, and services, which could have an adverse effect on our business and financial results.

Our competitors could significantly impede our ability to expand the number of dealers using our marketplace. Our competitors may also develop and market new technologies that render our existing or future marketplace and associated products less competitive, unmarketable, or obsolete. In addition, if our competitors develop marketplaces with similar or superior functionality to ours, and our web traffic declines, we may need to decrease our subscription and advertising fees. If we are unable to maintain our current pricing structure due to competitive pressures, our revenue would likely be reduced and our financial results would be negatively affected.

Our existing and potential competitors may have significantly more financial, technical, marketing, and other resources than we have, and the ability to devote greater resources to the development, promotion, and support of their marketplaces, products, and services. Additionally, they may have more extensive automotive industry relationships than we have, longer operating histories, and greater name recognition. As a result, these competitors may be able to respond more quickly with new technologies and to undertake more extensive marketing or promotional campaigns than we can. In addition, to the extent that any of our competitors have existing relationships with dealers or auto manufacturers for marketing or data analytics solutions, those dealers and auto manufacturers may be unwilling to partner with us. If we are unable to compete with these competitors, the demand for our marketplace and related products and services could substantially decline.

In addition, if one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. Our competitors may also establish or strengthen cooperative relationships with our existing or future data providers, technology partners, or other parties with whom we have relationships, thereby limiting our ability to develop, improve, and promote our solutions. We may not be able to compete successfully against current or future competitors, and competitive pressures may harm our business and financial results.

Our business could be adversely affected if dealer associations or auto manufacturers were to discourage or otherwise deter dealers from subscribing to our marketplace.

Although the dealership industry is highly fragmented, a small number of interested parties have significant influence over the industry. These parties include state and national dealership associations, state regulators, car manufacturers, consumer groups, independent dealers, and consolidated dealer groups. If and to the extent these parties believe that dealerships should not enter into or maintain subscription agreements with us, this belief could become shared by dealerships and we may lose a number of our paying dealers.

Furthermore, auto manufacturers may provide their franchise dealers with financial or other marketing support conditioned upon such dealers adhering to certain marketing guidelines. Auto manufacturers may determine that the manner in which certain of their franchise dealers use our marketplace is inconsistent with the terms of such marketing guidelines, which determination could result in potential or actual loss of the manufacturers' financial or other marketing support to the dealers whose use of our marketplace is deemed objectionable. The potential or actual loss of such marketing support may cause such dealers to cease paying for our paid features, which may adversely affect our ability to maintain or grow the number of our paying dealers.

Dealer closures or consolidations could reduce demand for our products, which may decrease our revenue.

In the past, the number of U.S. dealers has declined due to dealership closures and consolidations as a result of factors such as global economic downturns. When dealers consolidate, the services they previously purchased separately are often purchased by the combined entity in a lesser quantity or for a lower aggregate price than before, leading to volume compression and loss of revenue. Further dealership consolidations or closures could reduce the aggregate demand for our products and services. If dealership closures and consolidations occur in the future, our business, financial position and results of operations could be materially and adversely affected.

We rely on third-party service providers for many aspects of our business, and any failure to maintain these relationships could harm our business.

Our success will depend upon our relationships with third parties, including those with our payment processor and data center host, our security providers, our data providers for dealer inventory and vehicle information, our human resources information system provider, our billing subscription software provider, our customer relationship manager software provider, and our general ledger provider. If these third parties experience difficulty meeting our requirements or standards, or if the license agreements we have entered into with such third parties are terminated or not renewed, it could make it difficult for us to operate some aspects of our business, which could damage our business and reputation. In addition, if such third-party service providers were to cease operations, temporarily or permanently, face financial distress or other business disruptions, increase their fees, or if our relationships with these providers deteriorate, we could suffer increased costs and delays in our ability to provide consumers with content or provide similar services until an equivalent provider could be found or we could develop replacement technology or operations. In addition, if we are unsuccessful in identifying or finding high-quality partners, if we fail to negotiate cost-effective relationships with them, or if we ineffectively manage these relationships, it could have an adverse impact on our business and financial results.

If we continue to grow rapidly, we may not be able to manage our growth effectively.

We have experienced rapid growth in our headcount and operations, which places substantial demand on management and our operational infrastructure. As we continue to grow, we must effectively integrate, develop, and motivate a large number of new employees, while maintaining the beneficial aspects of our company culture. If we do not manage the growth of our business and operations effectively, the quality of our services and efficiency of our operations could suffer, which could harm our brand, results of operations, and overall business.

We depend on key personnel to operate our business, and if we are unable to retain, attract and integrate qualified personnel, our ability to develop and successfully grow our business could be harmed.

We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees. Our future success depends on our continuing ability to attract, develop, motivate, and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, the loss of any of our executive officers or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. Our executive officers and other employees are at-will employees, which means they may terminate their employment relationships with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business could be materially and adversely affected.

If we are unable to successfully respond to changes in the market, our business could be harmed.

While our business has grown rapidly as consumers and dealers have increasingly accessed our marketplace, we expect that our business will evolve in ways which may be difficult to predict. For example, we anticipate that over time we may reach a point when investments in new user traffic are less productive and the continued growth of our revenue will require more focus on developing new products for consumers and dealers, expanding our marketplaces into new international markets to attract new consumers and dealers, and increasing our fees for our products. It is also possible that consumers and dealers could broadly determine that they no longer believe in the value of our marketplace. Our continued success will depend on our ability to successfully adjust our strategy to meet the changing market dynamics. If we are unable to do so, our business could be harmed and our results of operations and financial condition could be materially and adversely affected.

We may in the future be subject to disputes regarding the accuracy of Instant Market Value, Deal Rating, Dealer Rating, and other features of our marketplace.

We provide consumers using our marketplace with our proprietary Instant Market Value, or IMV, Deal Rating, Dealer Rating, and other features to help them evaluate vehicle listings. Revisions to our automated valuation models, or the algorithms that underlie them, may cause the IMV, Deal Rating, or other features to vary from our expectations regarding the accuracy of these tools. In addition, from time to time, consumers and regulators question or disagree with our IMV, Deal Rating, or Dealer Ratings. Any such questions or disagreements could result in distraction from our business or potentially harm our reputation and could result in a decline in consumers' use of our marketplace or could result in legal disputes.

We are subject to a complex framework of federal, state, and foreign laws and regulations, many of which are unsettled, still developing and contradictory, which have in the past, and could in the future, subject us to claims, challenge our business model, or otherwise harm our business.

Various aspects of our business are, may become, or may be viewed by regulators from time to time as subject, directly or indirectly, to United States federal and state laws and regulations, and to foreign laws and regulations. Failure to comply with such laws or regulations may result in the suspension or termination of our ability to do business in affected jurisdictions, the imposition of significant civil and criminal penalties, including fines or the award of significant damages against us and dealers in class action or other civil litigation, or orders requiring us to make adjustments to our marketplace and related products and services.

State Motor Vehicle Sales, Advertising and Brokering, and Consumer Protection Laws

The advertising and sale of new or used motor vehicles is highly regulated by the states in which we do business. Although we do not sell motor vehicles, and although we believe that vehicle listings on our site are not themselves advertisements, state regulatory authorities or third parties could take the position that some of the laws or regulations applicable to dealers or to the manner in which motor vehicles are advertised and sold generally are directly applicable to our business. These state advertising laws and regulations are frequently subject to multiple interpretations and are not uniform from state to state, sometimes imposing inconsistent requirements with respect to new or used motor vehicles. If our marketplace and related products are determined to not comply with relevant regulatory requirements, we or dealers could be subject to significant civil and criminal penalties, including fines, or the award of significant damages in class actions or other civil litigation, as well as orders interfering with our ability to continue providing our marketplace and related products and services in certain states. In addition, even absent such a determination, to the extent dealers are uncertain about the applicability of such laws and regulations to our business, we may lose, or have difficulty increasing the number of paying dealers, which would affect our future growth. For example, in April 2015 the Texas Department of Motor Vehicles, or the TX DMV, notified us that it believed the Price History and IMV information on our website violated the prohibition on advertising savings clauses on used vehicles. The TX DMV gave us 30 days to rectify the issue before it would potentially subject dealers it considered to be advertising on our website to fines. After discussions with the TX DMV, we modified our website to remove the Price History and certain references and comparisons to IMV for used vehicles listed on our website that are for sale in Texas.

If state regulators or other third parties take the position in the future that our marketplace or related products violate applicable brokering, bird-dog, consumer protection, or advertising laws or regulations, responding to such allegations could be costly, could require us to pay significant sums in settlements, could require us to pay civil and criminal penalties, including fines, could interfere with our ability to continue providing our marketplace and related products in certain states, or could require us to make adjustments to our marketplace and related products or the manner in which we derive revenue from dealers using our marketplace, any or all of which could result in substantial adverse publicity, termination of subscriptions by dealers, decreased revenues, distraction for our employees, increased expenses, and decreased profitability.

Federal Laws and Regulations

The Federal Trade Commission, or the FTC, has the authority to take actions to remedy or prevent acts or practices that it considers to be unfair or deceptive and that affect commerce in the United States. If the FTC takes the position in the future that any aspect of our business, including our advertising and privacy practices, constitutes an unfair or deceptive act or practice, responding

to such allegations could require us to defend our practices and pay significant damages, settlements, and civil penalties, or could require us to make adjustments to our marketplace and related products and services, any or all of which could result in substantial adverse publicity, distraction for our employees, loss of participating dealers, lost revenues, increased expenses, and decreased profitability.

Our website and mobile application enable us, dealers, and users to send and receive text messages and other mobile phone communications in certain circumstances. The Telephone Consumer Protection Act, or the TCPA, as interpreted and implemented by the Federal Communications Commission, or the FCC, and federal and state courts, imposes significant restrictions on utilization of telephone calls and text messages to residential and mobile telephone numbers as a means of communication, particularly when the prior express consent of the person being contacted has not been obtained. Violations of the TCPA may be enforced by the FCC, by state attorneys general, or by others through litigation, including class actions. Statutory penalties for TCPA violations range from $500 to $1,500 per violation, which is often interpreted to mean per phone call or text message. Furthermore, several provisions of the TCPA, as well as applicable rules and orders, are open to multiple interpretations, and compliance involves fact-specific analyses.

Any failure by us, or the third parties on which we rely, to adhere to, or successfully implement, appropriate processes and procedures in response to existing or future laws and regulations could result in legal and monetary liability, fines and penalties, or damage to our reputation in the marketplace, any of which could have a material adverse effect on our business, financial condition, and results of operations. Even if the claims are meritless, we may be required to expend resources and pay costs to defend against regulatory actions or third-party claims. Additionally, any changes to the TCPA or its interpretation that further restrict the way users and dealers interact through our website and mobile application, or any governmental or private enforcement actions related thereto, could adversely affect our ability to attract customers and could harm our business, financial condition, results of operations, and cash flows.

Federal Antitrust Laws

The antitrust laws prohibit, among other things, any joint conduct among competitors that would lessen competition in the marketplace. We believe that we are in compliance with the legal requirements imposed by the antitrust laws. However, a governmental or private civil action alleging the improper exchange of information, or unlawful participation in price maintenance or other unlawful or anticompetitive activity, even if unfounded, could be costly to defend and could harm our business, results of operations, financial condition, or cash flows.

Other

Claims could be made against us under both United States and foreign laws, including claims for defamation, libel, invasion of privacy, copyright or trademark infringement, or claims based on other theories related to the nature and content of the materials disseminated by users of our marketplace and the "Questions" section of our website. In addition, domestic and foreign legislation has been proposed that could prohibit or impose liability for the transmission over the Internet of certain types of information. Our defense against any of these actions could be costly and involve significant time and attention of our management and other resources. If we become liable for information provided by our users and transmitted in our marketplace in any jurisdiction in which we operate, we could be directly harmed and we may be forced to implement new measures to reduce our exposure to this liability.

The foregoing description of laws and regulations to which we are or may be subject is not exhaustive, and the regulatory framework governing our operations is subject to continuous change. As we expand our operations internationally, we are and will continue to be exposed to legal and regulatory risks including with respect to privacy, tax, law enforcement, content, intellectual property, and other matters. The enactment of new laws and regulations or the interpretation of existing laws and regulations, both domestically and internationally, in an unfavorable way may affect the operation of our business, directly or indirectly, which could result in substantial regulatory compliance costs, civil or criminal penalties, including fines, adverse publicity, loss of participating dealers, lost revenues, increased expenses, and decreased profitability. Further, investigations by governmental agencies, including the FTC, into allegedly anticompetitive, unfair, deceptive or other business practices by us or dealers using our marketplace, could cause us to incur additional expenses and, if adversely concluded, could result in substantial civil or criminal penalties and significant legal liability, or orders requiring us to make adjustments to our marketplace and related products and services.

Our business is subject to risks related to the larger automotive industry ecosystem, including consumer demand, global supply chain challenges, and other macroeconomic issues.

Decreases in consumer demand could adversely affect the market for automobile purchases and, as a result, reduce the number of consumers using our platform. Consumer purchases of new and used automobiles generally decline during recessionary periods and other periods in which disposable income is adversely affected. Purchases of new and used automobiles are typically discretionary for consumers and have been, and may continue to be, affected by negative trends in the economy, including the cost of energy and gasoline, the availability and cost of credit, reductions in business and consumer confidence, stock market volatility, and increased unemployment. Further, in recent years the market for motor vehicles has experienced rapid changes in technology and consumer demands. Self-driving technology, ride sharing, transportation networks, and other fundamental changes in transportation could impact consumer demand for the purchase of automobiles. A reduction in the number of automobiles purchased by consumers could adversely affect dealers and car manufacturers and lead to a reduction in other spending by these constituents, including targeted incentive programs. In addition, our business may be negatively affected by challenges to the larger automotive industry ecosystem, including global supply chain challenges and other macroeconomic issues. The foregoing could have a material adverse effect on our business, results of operations, and financial condition.

Our dedication to making decisions based primarily on the best interests of our marketplace may cause us to forgo short-term gains in pursuit of potential but uncertain long-term growth.

Our guiding principle is to build our business by making decisions based primarily upon the best interests of our entire marketplace, including consumers, dealers, and other constituents, which we believe has been essential to our success in increasing our user growth rate and engagement and has served the long-term interests of our company and our stockholders. In the past, we have forgone, and we will in the future continue to forgo, certain expansion or short term revenue opportunities that we do not believe are in the best interests of our marketplace and its users, even if such decisions negatively impact our results of operations in the short term. For example, we have begun to manage the text-chat feature of our website where consumers can message paying dealers. Our management of this feature has helped improve dealer response times to consumers, which in turn improves the consumer experience. While our management of this feature provides value to both consumers and paying dealers and could be a potential source of short-term revenue for us, we are not charging for this feature and are instead focusing on the potential long-term value of this feature to our marketplace and its users. However, this strategy

may not result in the long-term benefits that we expect, in which case our user traffic and engagement, business, and financial results could be harmed.

A significant disruption in service on our website or our mobile application could damage our reputation and result in a loss of consumers, which could harm our business, brand, operating results, and financial condition.

Our brand, reputation, and ability to attract consumers, dealers, and advertisers depend on the reliable performance of our technology infrastructure and content delivery. We may experience significant interruptions with our systems in the future. Interruptions in these systems, whether due to system failures, computer viruses, ransomware, or physical or electronic break-ins, could affect the security or availability of our marketplace on our website and mobile application, and prevent or inhibit the ability of consumers to access our marketplace. For example, past disruptions have impacted our ability to activate customer accounts and manage our billing activities in a timely manner. Such interruptions could also result in third parties accessing our confidential and proprietary information, including our intellectual property. Problems with the reliability or security of our systems could harm our reputation, our ability to protect our confidential and proprietary information, result in a loss of consumers and dealers, and result in additional costs.

Substantially all of the communications, network, and computer hardware used to operate our website and mobile application is located in the United States in Boston, Massachusetts and Dallas, Texas, and in Europe in London, United Kingdom. Although we have two locations in the United States and we believe our systems are fully redundant, there may be exceptions for certain hardware. In addition, we do not own or control the operation of these facilities. We also use Amazon Web Services and Google Cloud Storage to back up our data. Our systems and operations are vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, computer viruses, earthquakes, and similar events. The occurrence of any of these events could result in damage to our systems and hardware or could cause them to fail. In addition, we may not have sufficient protection or recovery plans in certain circumstances.

Problems faced by our third-party web hosting providers could adversely affect the experience of consumers using our marketplace. Our third-party web hosting providers could close their facilities without adequate notice. Any financial difficulties, up to and including bankruptcy, faced by our third-party web hosting providers or any of the service providers with whom they contract may have negative effects on our business, the nature and extent of which are difficult to predict. If our third-party web hosting providers are unable to keep up with our growing capacity needs, our business could be harmed.

Any errors, defects, disruptions, or other performance or reliability problems with our network operations could cause interruptions in access to our marketplace as well as delays and additional expense in arranging new facilities and services and could harm our reputation, business, operating results, and financial condition.

Although we carry business interruption insurance, it may not be sufficient to compensate us for the potentially significant losses, including the potential harm to the future growth of our business that may result from interruptions in our service as a result of system failures.

We collect, process, store, share, disclose, and use consumer information and other data, and our actual or perceived failure to protect such information and data or respect users' privacy could damage our reputation and brand and harm our business and operating results.

Use of some functions of our marketplace involves the storage and transmission of consumers' information, some of which may be private, and security breaches could expose us to a

risk of loss or exposure of this information, which could result in potential liability, litigation, and remediation costs. For example, hackers could steal our users' profile passwords, names, email addresses, phone numbers, and zip codes. We also rely on encryption and authentication technology licensed from third parties to effect secure transmission of such information. Like all information systems and technology, our website, mobile application, and information systems may be subject to computer viruses, break-ins, phishing attacks, attempts to overload our servers with denial-of-service or other attacks, ransomware, and similar incidents or disruptions from unauthorized use of our computer systems, any of which could lead to interruptions, delays, or website shutdowns, or could cause loss of critical data or the unauthorized disclosure, access, acquisition, alteration, or use of personal or other confidential information. If we experience compromises to our security that result in website or mobile application performance or availability problems, the complete shutdown of our website or mobile application, or the loss or unauthorized disclosure, access, acquisition, alteration, or use of confidential information, consumers and advertisers may lose trust and confidence in us, and consumers may decrease the use of our website or stop using our website entirely, and advertisers may decrease or stop advertising on our website. Further, outside parties may attempt to fraudulently induce employees, consumers, or advertisers to disclose sensitive information in order to gain access to our information or our consumers' or advertisers' information. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, often are not recognized until launched against a target, and may originate from less regulated and remote areas around the world, we may be unable to proactively address these techniques or to implement adequate preventative measures.

Any or all of the issues above could negatively impact our ability to attract new consumers and increase engagement by existing consumers, cause existing consumers to curtail or stop use of our marketplace or close their accounts, cause existing advertisers to cancel their contracts, or subject us to governmental or third-party lawsuits, investigations, regulatory fines or other actions or liability, thereby harming our business, results of operations, and financial condition.

There are numerous federal, state, and local laws in the United States and around the world regarding privacy and the collection, processing, storing, sharing, disclosing, using, cross-border transfer, and protecting of personal information and other data, the scope of which are changing, subject to differing interpretations, and which may be costly to comply with, may result in regulatory fines or penalties, and may be inconsistent between countries and jurisdictions or conflict with other rules.

We seek to comply with industry standards and are subject to the terms of our privacy policies and privacy-related obligations to third parties. We strive to comply with all applicable laws, policies, legal obligations, and industry codes of conduct relating to privacy and data protection, to the extent possible. However, it is possible that these obligations may be interpreted and applied in new ways or in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices or that new regulations could be enacted. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to consumers or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of sensitive information, which could include personally identifiable information or other user data, may result in governmental investigations, enforcement actions, regulatory fines, litigation or public statements against us by consumer advocacy groups or others, and could cause consumers and dealers to lose trust in us, which could have an adverse effect on our business. Additionally, if third parties that we work with violate applicable laws or our policies, such violations may also put consumer or dealer information at risk and could in turn harm our reputation, business, and operating results.

We may in the future be subject to intellectual property disputes, which are costly to defend and could harm our business and operating results.

We may from time to time face allegations that we have infringed the trademarks, copyrights, patents, and other intellectual property rights of third parties, including from our competitors or non-practicing entities, or may learn of possible infringement to our trademarks, copyrights, patents, and other intellectual property. We could also be subject to lawsuits where consumers and dealers posting content on the "Questions" section of our website disseminate materials that infringe the intellectual property rights of third parties. We have encountered lawsuits in the past containing allegations of intellectual property infringement. For example, in December 2015, Trader Corporation, or Trader, alleged that we infringed its copyright in 196,740 photos of cars that were uploaded onto our Canadian website. Trader sought statutory and punitive damages of approximately CAD$ 99 million along with a permanent injunction prohibiting us from reproducing any other photos in which Trader owns copyright without Trader's consent. On April 6, 2017, the Commercial List of the Ontario Superior Court, or the Commercial List, granted an order declaring that we infringed Trader's copyright in 152,532 photos and awarded Trader statutory damages of CAD$ 305,064 in the aggregate, but dismissed Trader's claim for punitive damages and a permanent injunction. Following release of the decision, the parties agreed that there would be no legal fees or interest payable. In addition, the parties agreed that neither would appeal the decision of the Commercial List.

Patent and other intellectual property litigation may be protracted and expensive, and the results are difficult to predict and may require us to stop offering some features, purchase licenses, or modify our marketplace and features while we develop non-infringing substitutes or may result in significant settlement costs.

In addition, we use open source software in our marketplace platform and will use open source software in the future. From time to time, we may face claims from companies that incorporate open source software into their products, claiming ownership of, or demanding release of, the source code, the open source software, or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional product, technology, and development resources to change our platform or services, any of which would have a negative effect on our business and operating results.

Even if these matters do not result in litigation or are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, our operating results, and our reputation.

Failure to adequately protect our intellectual property could harm our business and operating results.

Our business depends on our intellectual property, the protection of which is crucial to the success of our business. We rely on a combination of patent, trademark, trade secret, and copyright law and contractual restrictions to protect our intellectual property. In addition, we attempt to protect our intellectual property, technology, and confidential information by requiring our employees and consultants to enter into confidentiality and assignment of inventions agreements and third parties to enter into nondisclosure agreements as we deem appropriate. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our website features, software, and functionality or obtain and use information that we consider proprietary.

Competitors may adopt service names similar to ours, thereby harming our ability to build brand identity and possibly lead to user confusion. In addition, there could be potential trade name

or trademark infringement claims brought by owners of other registered trademarks, or trademarks that incorporate variations of the term "CarGurus." If we are restricted in any way in registering our CARGURUS mark in the United Kingdom or elsewhere in the European Union, it would impact our ability to establish and grow our business in Europe. For example, O2 Holdings Limited (now O2 Worldwide Limited, which we refer to as O2 Worldwide), based in the United Kingdom, previously opposed our UK application to register the mark CARGURUS based on its prior registered rights for the mark GURU in the United Kingdom. We have reached an agreement with O2 Worldwide that provides that we are permitted to continue to use our CARGURUS mark in the United Kingdom and the European Union for our services in the automotive field in the manner we have to date, and to register such mark in the United Kingdom and the European Union for such services.

We currently hold the "CarGurus.com" Internet domain name and various other related domain names. The regulation of domain names is subject to change. Regulatory bodies could establish additional top-level domains, appoint additional domain name registrars, or modify the requirements for holding domain names. As a result, we may not be able to acquire or maintain all domain names that use the name CarGurus.

We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders, and otherwise disrupt our operations and harm our operating results.

Our success will depend, in part, on our ability to grow our business in response to the demands of consumers, dealers, and other constituents within the automotive industry as well as competitive pressures. In some circumstances, we may determine to do so through the acquisition of complementary businesses and technologies rather than through internal development. The identification of suitable acquisition candidates can be difficult, time-consuming, and costly, and we may not be able to successfully complete identified acquisitions. The risks we face in connection with acquisitions include:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- coordination of technology, research, and development, and sales and marketing functions;
- transition of the acquired company's consumers and data to our marketplace and products;
- retention of employees from the acquired company;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources, and other administrative systems;
- the need to implement or improve controls, procedures, and policies at a business that prior to the acquisition may have lacked effective controls, procedures, and policies;
- potential write-offs of intangibles or other assets acquired in such transactions that may have an adverse effect on our operating results in a given period;
- potential liabilities for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities, and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, consumers, former stockholders, or other third parties.

Our failure to address these risks or other problems encountered in connection with future acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities, and harm our business generally. Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expense, or impairment charges associated with acquired intangible assets or goodwill, any of which could harm our financial condition. Also, the anticipated benefits of any acquisitions may not materialize.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.

In order to protect our technologies and processes, we rely in part on confidentiality agreements with our employees, independent contractors, and other advisors. These agreements may not effectively prevent disclosure of confidential information, including trade secrets, and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover our trade secrets and proprietary information, and in such cases we may not be able to assert our trade secret rights against such parties. To the extent that our employees, contractors, or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights to related or resulting know-how and inventions. The loss of confidential information or intellectual property rights, including trade secret protection, could make it easier for third parties to compete with our products. In addition, any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain protection of our trade secrets or other proprietary information could harm our business, results of operations, reputation, and competitive position.

We may be unable to halt the operations of websites that aggregate or misappropriate our data.

From time to time, third parties may misappropriate our data through website scraping, robots, or other means and aggregate this data on their websites with data from other companies. In addition, copycat websites may misappropriate data in our marketplace and attempt to imitate our brand or the functionality of our website. If we become aware of such websites, we intend to employ technological or legal measures in an attempt to halt their operations. However, we may be unable to detect all such websites in a timely manner and, even if we could, technological and legal measures may be insufficient to halt their operations. In some cases, particularly in the case of websites operating outside of the United States, our available remedies may not be adequate to protect us against the impact of the operation of such websites. Regardless of whether we can successfully enforce our rights against the operators of these websites, any measures that we may take could require us to expend significant financial or other resources, which could harm our business, results of operations, or financial condition. In addition, to the extent that such activity creates confusion among consumers or advertisers, our brand and business could be harmed.

We have incurred operating losses in the past and we may generate losses in the future.

We have incurred net operating losses in the past. Although we did not experience such losses in 2016 and have experienced significant growth in revenue, our revenue growth rate may decline in the future as a result of a variety of factors. Our international expansion may cause our costs to increase in future periods as we continue to expend substantial financial resources to enter into those markets. Our costs may also increase due to our continued new product development and general administrative expenses, such as legal and accounting expenses related to being a

public company. If we fail to increase our revenue or manage these additional costs, we may incur losses in the future.

Complying with the laws and regulations affecting public companies has increased and will continue to increase our costs and the demands on management and could harm our operating results.

Throughout the process of becoming a public company, and then operating as a public company, we expect to incur significant legal, accounting, and other expenses that we did not incur as a private company and these expenses will increase after we cease to be an "emerging growth company." In addition, the Sarbanes-Oxley Act and rules subsequently implemented by the Securities and Exchange Commission, or the SEC, and NASDAQ impose various requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel expect to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased and will continue to increase our legal, accounting, and financial compliance costs and have made and will continue to make some activities more time consuming and costly. For example, these rules and regulations make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or to incur substantial costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or our board committees or as executive officers.

In addition, the Sarbanes-Oxley Act requires, among other things, that we assess the effectiveness of our internal control over financial reporting annually and the effectiveness of our disclosure controls and procedures quarterly. In particular, beginning with the year ending December 31, 2018, we will need to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on, and our independent registered public accounting firm potentially to attest to, the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, or Section 404. As an "emerging growth company" we may elect to avail ourselves of the exemption from the requirement that our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404. However, we may no longer avail ourselves of this exemption when we cease to be an "emerging growth company" and, when our independent registered public accounting firm is required to undertake an assessment of our internal control over financial reporting, the cost of our compliance with Section 404 will correspondingly increase. Our compliance with applicable provisions of Section 404 will require that we incur substantial accounting expense and expend significant management time on compliance-related issues as we implement additional corporate governance practices and comply with reporting requirements.

Any failure of our internal control over financial reporting could have a material adverse effect on our stated operating results and harm our reputation.

If we are not able to comply with the requirements of Section 404 applicable to us in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC, or other regulatory authorities, which would require additional financial and management resources. Furthermore, investor perceptions of our company may suffer if, in the future, material weaknesses are found, and this could cause a decline in the market price of our stock.

Irrespective of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our stated operating results and harm our reputation. If we are unable to implement these changes effectively or efficiently, it could harm our operations, financial reporting, or financial results and could result in an adverse opinion on internal control from our independent registered public accounting firm.

Seasonality may cause fluctuations in our operating results.

Across the retail automotive industry, consumer purchases typically increase through the first three quarters of each year, due in part to the introduction of new vehicle models from manufacturers, and our consumer marketing spend grows accordingly. As consumer purchases slow in the fourth quarter, our marketing spend growth also slows. This seasonality has not been immediately apparent historically due to the overall growth of other operating expenses. As our growth rates begin to moderate, the impact of these seasonality trends on our results of operations could become more pronounced.

We expect our results of operations to fluctuate on a quarterly and annual basis.

Our revenue and results of operations could vary significantly from period to period and may fail to match expectations as a result of a variety of factors, some of which are outside of our control. Our results may vary as a result of fluctuations in the number of dealers subscribing to our marketplace and the size and seasonal variability of our advertisers' marketing budgets. As a result of the potential variations in our revenue and results of operations, period-to-period comparisons may not be meaningful and the results of any one period should not be relied on as an indication of future performance. In addition, our results of operations may not meet the expectations of investors or public market analysts who follow us, which may adversely affect our stock price.

We may require additional capital to pursue our business objectives and respond to business opportunities, challenges, or unforeseen circumstances. If capital is not available to us, our business, operating results, and financial condition may be harmed.

Although we have not needed to raise substantial equity in the past to support the growth of our business, we intend to continue to make investments to support our growth and may require additional capital to pursue our business objectives and respond to business opportunities, challenges, or unforeseen circumstances, including to increase our marketing expenditures to improve our brand awareness, develop new products, or further improve our marketplace and existing products, enhance our operating infrastructure, and acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. However, additional funds may not be available when we need them, on terms that are acceptable to us, or at all. Volatility in the credit markets may also have an adverse effect on our ability to obtain debt financing.

If we raise additional funds through further issuances 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 common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges, or unforeseen circumstances could be significantly limited, and our business, operating results, financial condition, and prospects could be adversely affected.

Risks Related to this Offering and Our Class A Common Stock

Following this offering, our founder will control a majority of the voting power of our outstanding capital stock, and, therefore, will have control over key decision-making and could control our actions in a manner that conflicts with the interests of other stockholders.

Langley Steinert, our founder, Chief Executive Officer, President, and Chairman, is able to exercise voting rights with respect to a majority of the voting power of our outstanding capital stock and therefore has the ability to control the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation, or sale of all or substantially all of our assets. This concentrated control could delay, defer, or prevent a change of control, merger, consolidation, or sale of all or substantially all of our assets that our other stockholders support, or conversely this concentrated control could result in the consummation of such a transaction that our other stockholders do not support. This concentrated control could also discourage a potential investor from acquiring our Class A common stock, which has limited voting power relative to the Class B common stock, and might harm the trading price of our Class A common stock. In addition, Mr. Steinert has the ability to control the management and major strategic investments of our company as a result of his positions as our Chief Executive Officer, President, and Chairman, and his ability to control the election or replacement of our directors. As a board member and officer, Mr. Steinert owes a fiduciary duty to our stockholders and must act in good faith in a manner he reasonably believes to be in the best interests of our stockholders. If Langley Steinert's status as an officer and director is terminated, his fiduciary duties to our stockholders will also terminate, but his voting power as a stockholder will not be reduced as a result of such termination unless such termination is either made voluntarily by Mr. Steinert or due to Mr. Steinert's death. As a stockholder, even a controlling stockholder, Mr. Steinert is entitled to vote his shares in his own interests, which may not always be aligned with the interests of our other stockholders. See the section titled "Description of Capital Stock — Conversion" for a description of the limited events that will result in the conversion of outstanding Class B common stock into Class A common stock.

We believe that Mr. Steinert's continued control of a majority of the voting power of our outstanding capital stock is beneficial to us and is in the best interests of our stockholders. In the event that Mr. Steinert no longer controls a majority of the voting power, whether as a result of the disposition of some or all his shares of Class A or Class B common stock, the conversion of the Class B common stock into Class A common stock in accordance with its terms, or otherwise, our business or the trading price of our Class A common stock may be adversely affected.

The multiple class structure of our common stock has the effect of concentrating voting control with our founder and certain other holders of our Class B common stock, which will limit or preclude your ability to influence corporate matters.

Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. Stockholders who hold shares of Class B common stock, including certain of our executive officers, employees, and directors and their affiliates, together hold a substantial majority of the voting power of our outstanding capital stock. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively control a majority of the combined voting power of our common stock and therefore are able to control all matters submitted to our stockholders for approval so long as the shares of Class B common stock represent at least 9.1% of all outstanding shares of our Class A and Class B common stock. This concentrated control will limit or preclude your ability to influence corporate matters for the foreseeable future.

Transfers by holders of Class B common stock will generally result in those shares converting into Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning or charitable purposes. The conversion of Class B common stock into Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. If, for example, Mr. Steinert retains a significant portion of his holdings of Class B common stock for an extended period of time, he could, in the future, continue to control a majority of the combined voting power of our outstanding capital stock.

An active trading market for our Class A common stock may not develop, and you may not be able to resell your shares at or above the initial public offering price.

Prior to this offering, there has been no public market for shares of our Class A common stock. Although we anticipate that our Class A common stock will be approved for listing on the NASDAQ Global Select Market, an active trading market for our shares may never develop or be sustained following this offering. The initial public offering price of our Class A common stock will be determined through negotiations between us and the underwriters. This initial public offering price may not be indicative of the market price of our Class A common stock after this offering. In the absence of an active trading market for our Class A common stock, investors may not be able to sell their Class A common stock at or above the initial public offering price or at the time that they would like to sell.

The price of our Class A common stock may be volatile and the value of your investment could decline.

The trading price of our Class A common stock may be volatile and fluctuate substantially. 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. These fluctuations could cause you to lose all or part of your investment in our Class A common stock since you might be unable to sell your shares at or above the price you paid in this offering. 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;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- sales of shares of our Class A common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of new products;
- the public's reaction to our press releases, other public announcements, and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our operating results or fluctuations in our operating results;
- actual or anticipated developments in our business, our competitors' businesses, or the competitive landscape generally;

- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or 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;
- any significant change in our management;
- conditions in the automobile industry; and
- general economic conditions and slow or negative growth of our markets.

The effect of such factors on the trading market for our Class A common stock may be enhanced by the lack of a large and established trading market for our Class A common stock. In addition, the stock market in general, and the market for technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of our Class A common stock, regardless of our actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market prices of a particular company's securities, securities class action litigations have often been instituted against these companies. Litigation of this type, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Allen & Company LLC, one of the underwriters in this offering, has an interest in this offering beyond customary underwriting discounts and commissions due to its ownership interests, and the ownership interests of its associated persons, in our capital stock.

Allen & Company LLC, one of the underwriters in this offering, and its associated persons, own, in the aggregate, in excess of 10% of our outstanding preferred stock. Allen & Company LLC therefore is deemed to have a "conflict of interest" under Rule 5121 of the Financial Industry Regulatory Authority, Inc., or FINRA, which could expose us to certain risks in connection with this offering.

Rule 5121 requires that no sale be made to discretionary accounts by underwriters having a conflict of interest without the prior written approval of the account holder, and that a "qualified independent underwriter," as defined in Rule 5121, participate in the preparation of the registration statement and the prospectus for the offering and exercise the usual standard of due diligence with respect thereto, in addition to pricing this offering. Goldman Sachs & Co. LLC is serving as the qualified independent underwriter in this offering.

Although Goldman Sachs & Co. LLC has, in its capacity as qualified independent underwriter, participated in due diligence and reviewed and participated in the preparation of the registration statement of which this prospectus forms a part, and, although Allen & Company LLC will not confirm sales of the shares to any account over which it exercises discretionary authority without the prior written approval of the account holder, we cannot assure you that these measures will adequately address any potential conflicts of interest. See "Underwriting (Conflicts of Interest)."

Because the initial public offering price of our Class A common stock will be substantially higher than the pro forma net tangible book value per share of our outstanding Class A and Class B common stock following this offering, new investors will experience immediate and substantial dilution.

The initial public offering price of our Class A common stock will be substantially higher than the pro forma net tangible book value per share of our Class A and Class B common stock immediately following this offering based on the total value of our tangible assets less our total liabilities. Therefore, if you purchase shares of our Class A common stock in this offering, you will experience immediate dilution of $13.03 per share, the difference between the price per share you pay for our Class A common stock and its pro forma net tangible book value per share as of June 30, 2017, after giving effect to the issuance of shares of our Class A common stock in this offering. See "Dilution" for more information. Furthermore, investors purchasing shares of our Class A common stock in this offering will only own approximately 8.9% of our outstanding shares of Class A and Class B common stock (and have approximately 2.6% of the combined voting power of the outstanding shares of our Class A and Class B common stock), after giving effect to the issuance of shares of our Class A common stock in this offering and sale of 6,900,000 shares of our Class A common stock by certain selling stockholders. To the extent outstanding options to purchase our Class A common stock or Class B common stock are exercised or additional restricted stock units for our Class A common stock or Class B common stock are settled, investors purchasing our Class A common stock in this offering will experience further dilution.

Sales of substantial amounts of our Class A common stock in the public markets, or the perception that such sales might occur, could depress the market price of our Class A common stock.

The market price for our Class A common stock could decline as a result of the sale of substantial amounts of our Class A common stock, particularly sales by our directors, executive officers, and significant stockholders, a large number of shares of our Class A common stock becoming available for sale, or the perception in the market that holders of a large number of shares intend to sell their shares. Based on shares outstanding at June 30, 2017, upon the closing of this offering we will have outstanding approximately 77,145,294 shares of Class A common stock, including the 9,400,000 shares of Class A common stock that we and the selling stockholders are selling in this offering that may be resold in the public market immediately. The remaining 67,745,294 shares of Class A common stock, or 87.8% of our outstanding shares of Class A common stock after this offering, are currently, and will be following the closing of this offering, restricted as a result of securities laws or lock-up agreements but will be able to be sold, subject to any applicable volume limitations, under federal securities laws with respect to affiliate sales. Our executive officers, directors, and the holders of substantially all of our capital stock and securities convertible into or exchangeable for our capital stock have entered into market standoff agreements with us or have entered into lock-up agreements with the underwriters under which they have agreed, subject to specific exceptions, not to sell, directly or indirectly, any shares of common stock without the permission of Goldman Sachs & Co. LLC for a period of 180 days following the date of this prospectus. We refer to such period as the lock-up period. When the lock-up period expires, we and our security holders subject to a lock-up agreement or market stand-off agreement will be able to sell our shares in the public market. In addition, Goldman Sachs & Co. LLC may, in its sole discretion, release all or some portion of the shares subject to lock-up agreements at any time and for any reason. See "Shares Eligible for Future Sale" for more information. Sales of a substantial number of such shares upon expiration of the lock-up and market stand-off agreements, the perception that such sales may occur, or early release of these agreements, could cause our market price to fall or make it more difficult for you to sell your Class A common stock at a time and price that you deem appropriate.

One hundred eighty days after the effective date of the registration statement of which this prospectus forms a part, the holders of 54,998,789 shares of our common stock will have rights, subject to some conditions, to require us to file registration statements covering their shares of Class A common stock or to include their shares in registration statements that we may file for ourselves or our stockholders.

In addition, the shares of Class A common stock subject to outstanding options and restricted stock units for Class A common stock under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. See "Shares Eligible for Future Sale" for a more detailed description of sales that may occur in the future.

If a substantial number of shares are sold, or if it is perceived that they will be sold, in the public market, before or after the expiration of the contractual lock-up period, the trading price of our Class A common stock could decline substantially.

Anti-takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

The provisions of our amended and restated certificate of incorporation and amended and restated bylaws to be effective on the closing of this offering, and provisions of Delaware law, may have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors. Our corporate governance documents to be effective on the closing of this offering will include provisions:

- creating a classified board of directors whose members serve staggered three year terms;
- authorizing "blank check" preferred stock, which may contain voting, liquidation, dividend, and other rights superior to our Class A common stock and which, from and after the date, referred to as the threshold date, on which the votes applicable to the Class A common stock and Class B common stock controlled by our founder, Chief Executive Officer, President, and Chairman, Langley Steinert, represent less than a majority of the aggregate votes applicable to all shares of the outstanding Class A common stock and Class B common stock, could be issued by our board of directors without stockholder approval;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors;
- limiting the ability, from and after the threshold date, of stockholders to amend our amended and restated certificate of incorporation;
- limiting the ability, from and after the threshold date, of stockholders to fill vacant directorships and remove directors; and
- prohibiting cumulative voting by stockholders.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock.

Any provision of our amended and restated certificate of incorporation, amended and restated bylaws, or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

Our amended and restated certificate of incorporation that will become effective upon the closing of this offering will include a forum selection clause, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Our amended and restated certificate of incorporation that will become effective upon the closing of this offering will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for any stockholder to bring: (i) any derivative action or proceeding brought on behalf of us; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees or agents to us or to our stockholders; (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law or our amended and restated certificate of incorporation or amended and restated bylaws; (iv) any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws; or (v) any action asserting a claim against us or any of our directors, officers, or other employees or agents governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the foregoing provisions. This forum selection provision in our amended and restated certificate of incorporation may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. It is also possible that, notwithstanding the forum selection clause included in our certificate of incorporation, a court could rule that such a provision is inapplicable or unenforceable.

We may invest or spend the proceeds of this offering in ways with which you may not agree or in ways which may not yield a return.

The net proceeds from the sale of our shares of Class A common stock by us in this offering may be used for general corporate purposes, including working capital. We may also use a portion of the net proceeds to acquire complementary businesses, products, services, or technologies. However, we do not have any agreements or commitments for any acquisitions at this time. Our management will have considerable discretion in the application of the net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. The net proceeds may be invested with a view towards long-term benefits for our stockholders and this may not increase our operating results or market value. Until the net proceeds are used, they may be placed in investments that do not produce significant income or that may lose value.

If securities or industry analysts do not publish, or cease publishing, research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our Class A common stock is influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our

company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

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

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any cash dividends in the foreseeable future. As a result, you may only receive a return on your investment in our Class A common stock if the trading price of your shares increases.

Our status as a "controlled company" could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

Upon the closing of this offering, more than 50% of our voting power will be held by Langley Steinert. As a result, we will be a "controlled company" under the corporate governance rules for NASDAQ-listed companies. Under these rules, a company of which more than 50% of the voting power is held by an individual, a group or another company is a "controlled company" and may elect not to comply with certain NASDAQ corporate governance requirements, including

- the requirement that a majority of our board of directors consist of "independent directors" as defined under the rules of NASDAQ;
- the requirement that we have a compensation committee that is composed entirely of directors meeting NASDAQ independence standards applicable to compensation committee members with a written charter addressing the committee's purpose and responsibilities;
- the requirement that our compensation committee be responsible for the hiring and overseeing of persons acting as compensation consultants and be required to consider certain independence factors when engaging such persons; and
- the requirement that director nominees either be selected, or recommended for board of directors' selection, either by "independent directors" as defined under the rules of NASDAQ constituting a majority of the board of director's "independent directors" in a vote in which only "independent directors" participate, or by a nominations committee comprised solely of "independent directors."

Following the closing of this offering, we may rely on certain of these exemptions. Accordingly, should the interests of our controlling stockholder differ from those of other stockholders, the other stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance rules for NASDAQ-listed companies. Our status as a controlled company could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

We are an "emerging growth company," and the reduced disclosure requirements applicable to emerging growth companies may make our Class A common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and may remain an emerging growth company for up to five years. For so long as we remain an emerging growth company, we are permitted and intend to rely on

exemptions from some disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We have taken advantage of reduced reporting burdens in this prospectus. In particular, in this prospectus we have provided only two years of audited financial statements and have not included all of the executive compensation-related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our Class A common stock less attractive if we rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of these accounting standards until they would otherwise apply to private companies. We have elected to avail ourselves of this exemption and, therefore, while we are an emerging growth company we will not be subject to new or revised accounting standards at the same time that they become applicable to other public companies that are not emerging growth companies.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY AND MARKET DATA

This prospectus contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases you can identify forward-looking statements because they contain words such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "might," "likely," "plans," "potential," "predicts," "projects," "seeks," "should," "target," "will," "would," or similar expressions and the negatives of those terms. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- our future financial performance, including our expectations regarding our revenue, cost of revenue, gross profit or gross margin, operating expenses, ability to generate cash flow, and ability to achieve, and maintain, future profitability;
- our ability to attract and retain consumers and dealers using our marketplace;
- our ability to develop new and enhanced products and services to attract and retain consumers and dealers, and our ability to successfully monetize them;
- our anticipated growth and growth strategies and our ability to effectively manage that growth;
- our ability to maintain and build our brand;
- our reliance on our third-party data providers;
- our ability to expand internationally;
- the impact of competition in our industry and innovation by our competitors;
- our ability to hire and retain necessary qualified employees to expand our operations;
- our ability to adequately protect our intellectual property;
- our ability to stay abreast of new or modified laws and regulations that currently apply or become applicable to our business;
- the increased expenses and administrative workload associated with being a public company;
- failure to maintain an effective system of internal controls necessary to accurately report our financial results and prevent fraud; and
- the future trading prices of our Class A common stock.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this prospectus.

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

forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, except as required by law.

This prospectus also contains estimates and other statistical data, including those relating to our industry and the market in which we operate, that we have obtained or derived from industry publications and reports, including reports from comScore, Borrell Associates, and publicly available information. We rely on Google Analytics for data relating to our own key business metrics and, for consistency, we rely on comScore for all data relating to comparisons with our competitors. Google Analytics and comScore use different methodologies to derive their data and therefore their data for similar statistics is not comparable. These industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but do not guarantee the accuracy and completeness of their information. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates, as there is no assurance that any of them will be reached. Based on our industry experience, we believe that the publications and reports are reliable and that the conclusions contained in the publications and reports are reasonable. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors." These and other factors could cause our actual results to differ materially from those expressed in the industry publications and reports.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of 2,500,000 shares of our Class A common stock in this offering will be approximately $28.5 million, based on an assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters' option to purchase additional shares of Class A common stock from us is exercised in full, we estimate that our net proceeds would be approximately $37.6 million, after deducting estimated underwriting discounts and commissions, and estimated offering expenses payable by us. We will not receive any proceeds from the sale of shares by the selling stockholders, although we will bear the costs, other than underwriting discounts and commissions, associated with the sale of these shares.

Each $1.00 increase or decrease in the assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease the net proceeds that we receive from this offering by approximately $2.3 million, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares of Class A common stock offered by us would increase or decrease the net proceeds that we receive from this offering by approximately $13.0 million, assuming the assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We do not expect that a change in the offering price or the number of shares of Class A common stock by these amounts would have a material effect on our use of the proceeds from this offering.

The principal purposes of this offering are to increase our financial flexibility, improve our visibility in the marketplace, create a public market for our Class A common stock, and facilitate our future access to the public capital markets. We currently intend to use the net proceeds from this offering primarily for general corporate purposes, including working capital, operating expenses, and capital expenditures. We may also use a portion of the net proceeds to acquire or invest in complementary technologies, solutions, products, services, businesses, or other assets, although we have no present commitments or agreements to enter into any acquisitions or investments.

As of the date of this prospectus, we cannot specify with certainty all of the particular uses of the net proceeds from this offering. The amount and timing of our actual expenditures will depend on numerous factors, including the cash used in or generated by our operations, sales and marketing efforts, competition, the pace of our expansion plans, our investments, and acquisitions. Accordingly, we will have broad discretion in using these proceeds. Pending these uses, we intend to invest the net proceeds from this offering in short-term and intermediate-term investment-grade interest-bearing securities and obligations, such as money market accounts, certificates of deposit, commercial paper, and guaranteed obligations of the U.S. government. We cannot predict whether the invested proceeds will yield a favorable return.

DIVIDEND POLICY

We have never declared or paid cash dividends on our Class A common stock. We currently intend to retain all available funds and any future earnings for use in the development, operation, and expansion of our business and do not anticipate declaring or paying any dividends on our Class A common stock in the foreseeable future. Any future determination to declare dividends on our Class A common stock will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions, any restrictions on paying dividends, and other factors that our board of directors may deem relevant. As a result, we anticipate that only appreciation of the price of our Class A common stock, if any, will provide a return to investors in this offering for at least the foreseeable future.

CAPITALIZATION

The following table sets forth our consolidated cash, cash equivalents, and investments and capitalization as of June 30, 2017 on:

- an actual basis;
- on a pro forma basis to reflect (i) the automatic conversion of all shares of our convertible preferred stock outstanding as of June 30, 2017 into 20,188,226 shares of our Class A common stock and 40,376,452 shares of our Class B common stock, which Class B common stock will subsequently convert into 40,376,452 shares of our Class A common stock, which conversions will occur upon the closing of this offering and (ii) the stock-based compensation expense of $1.9 million associated with vesting of restricted stock units upon the closing of this offering; and
- on a pro forma as adjusted basis giving effect to the pro forma adjustments set forth above and to further reflect (i) the filing and effectiveness of our amended and restated certificate of incorporation, which will occur in connection with the closing of this offering and (ii) our receipt of the net proceeds from the sale by us of 2,500,000 shares of Class A common stock in this offering at an assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the front cover of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Additionally, for purposes of the pro forma as adjusted amounts shown above, the net proceeds to be received by us from the sale of Class A common stock in this offering of $28.5 million have been increased by approximately $305,000 to reflect the estimated offering expenses that had been paid by us as of June 30, 2017.

The information below is illustrative only and our capitalization following the closing of this offering will be adjusted based on the actual public offering price and other terms of this offering determined at pricing. You should read this table together with the section titled "Management's

Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes appearing elsewhere in this prospectus.

	At June 30, 2017		
	Actual	Pro forma	Pro forma as adjusted[1]
	(in thousands, except share and per share data)		
Cash, cash equivalents, and investments	$ 81,309	$ 81,309	$ 110,064
Convertible preferred stock, $0.001 par value per share; 11,091,782 shares authorized, 10,094,108 issued or outstanding, actual; 11,091,782 shares authorized, no shares issued or outstanding, pro forma; 10,000,000 shares authorized, no shares issued or outstanding, pro forma as adjusted	$ 132,698	$ —	$ —
Stockholders' (deficit) equity:			
Class A common stock, $0.001 par value per share, 120,020,700 shares authorized, 14,080,616 shares issued and outstanding, actual; 120,020,700 shares authorized, 74,645,294 shares issued and outstanding pro forma; and 500,000,000 shares authorized, 77,145,294 shares issued and outstanding pro forma as adjusted	14	75	77
Class B common stock, $0.001 par value per share, 80,013,800 shares authorized, 28,161,232 shares issued and outstanding, actual; 80,013,800 shares authorized, 28,161,232 shares issued and outstanding pro forma; and 100,000,000 shares authorized, 28,161,232 shares issued and outstanding pro forma as adjusted	28	28	28
Additional paid-in capital	4,032	138,566	167,014
Accumulated deficit	(63,145)	(65,042)	(65,042)
Accumulated other comprehensive loss	127	127	127
Total stockholders' (deficit) equity	(58,944)	73,754	102,204
Total capitalization	$ 73,754	$ 73,754	$ 102,204

(1) Each $1.00 increase or decrease in the assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, each of cash, cash equivalents, and investments, additional paid-in capital, total stockholders' (deficit) equity, and total capitalization on a pro forma as adjusted basis by $2.3 million, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares of Class A common stock offered by us would increase or decrease as applicable, each of cash, cash equivalents, and investments, additional paid-in capital, total stockholders' (deficit) equity, and total capitalization on a pro forma as adjusted basis by $13.0 million, assuming the assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters' option to purchase additional shares of our Class A common stock from us were exercised in full, pro forma as adjusted cash, cash equivalents, and investments, total stockholders' (deficit) equity, total capitalization, and shares outstanding as of June 30, 2017 would be $119.2 million, $111.4 million, $111.4 million, and 106,011,526, respectively.

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on 74,645,294 shares of our Class A common stock outstanding and 28,161,232 shares of our Class B common stock outstanding, in each case, as of June 30, 2017 (assuming the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 60,564,678 shares of Class A common stock upon the closing of this offering), and excludes:

- 1,737,056 shares of Class A common stock issuable upon the exercise of options outstanding as of June 30, 2017 with a weighted-average exercise price of $1.65 per share and 3,474,112 shares of Class B common stock issuable upon the exercise of options outstanding as of June 30, 2017 with a weighted-average exercise price of $1.65 per share;
- 789,934 shares of Class A common stock and 1,579,868 shares of Class B common stock issuable upon the vesting and settlement of restricted stock units, or RSUs, outstanding as of June 30, 2017; and
- 8,457,912 shares of Class A common stock reserved for future issuance under our equity compensation plans, consisting of (i) 657,912 shares of Class A common stock reserved for future issuance under our Amended and Restated 2015 Equity Incentive Plan, as amended, or the 2015 Plan, as of June 30, 2017, plus (ii) 7,800,000 additional shares of Class A common stock reserved for future issuance under our Omnibus Incentive Compensation Plan, or our 2017 Plan, which will become effective upon the closing of this offering.

Upon the closing of this offering, any remaining shares available for issuance under our 2015 Plan will be added to the shares of our Class A common stock reserved for issuance under our 2017 Plan, and we will cease granting awards under the 2015 Plan. In addition, shares of Class A common stock and shares of Class B common stock subject to outstanding grants under our 2015 Plan as of the effective date of our 2017 Plan that terminate, expire, or are cancelled, forfeited, exchanged, or surrendered on or after the effective date of our 2017 Plan without having been exercised, vested, or paid prior to the effective date of the 2017 Plan, including shares tendered or withheld to satisfy tax withholding obligations with respect to outstanding grants under the 2015 Plan, will be added to the shares of Class A common stock reserved for issuance under our 2017 Plan. See the section titled "Executive Compensation — Employee Benefits and Stock Plans" for additional information.

DILUTION

If you invest in our Class A common stock in this offering, your ownership interest will be diluted to the extent of the difference between the initial public offering price per share of our Class A common stock and the pro forma as adjusted net tangible book value per share of our Class A common stock immediately after this offering. Net tangible book value dilution per share to new investors represents the difference between the amount per share paid by purchasers of shares of Class A common stock in this offering and the pro forma as adjusted net tangible book value per share of Class A common stock immediately after closing of this offering.

Our historical net tangible book value per share is determined by dividing our total tangible assets less our total liabilities by the number of shares of common stock outstanding as of June 30, 2017. Our historical net tangible book value as of June 30, 2017 was $73.8 million, or $1.75 per share. Our pro forma net tangible book value was $73.8 million, or $0.72 per share, and is determined by dividing our total tangible assets less our total liabilities by the number of shares of common stock outstanding as of June 30, 2017, after giving effect to the automatic conversion of all shares of our convertible preferred stock outstanding as of June 30, 2017 into 20,188,226 shares of our Class A common stock and 40,376,452 shares of our Class B common stock, which Class B common stock will subsequently convert into 40,376,452 shares of our Class A common stock, which conversions will occur upon the closing of this offering.

After giving effect to the sale by us of 2,500,000 shares of our Class A common stock in this offering at the assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and the receipt of the net proceeds therefrom after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2017 would have been approximately $102.2 million, or $0.97 per share. This represents an immediate increase in pro forma net tangible book value of $0.25 per share to our existing stockholders and an immediate dilution of $13.03 per share to investors purchasing shares of Class A common stock in this offering at the assumed initial public offering price.

The following table illustrates this dilution:

Assumed initial public offering price per share		$ 14.00
Pro forma net tangible book value per share as of June 30, 2017	$ 0.72	
Increase in pro forma net tangible book value per share attributable to new investors in this offering	0.25	
Pro forma as adjusted net tangible book value per share as of June 30, 2017		$ 0.97
Dilution in pro forma as adjusted net tangible book value per share to new investors in this offering		$ 13.03

Each $1.00 increase or decrease in the assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, our pro forma as adjusted net tangible book value per share to new investors by $0.02, and would increase or decrease, as applicable, dilution in pro forma as adjusted net tangible book value per share to new investors in this offering by $0.98, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares of Class A common stock

offered by us would increase or decrease our pro forma as adjusted net tangible book value per share after this offering by $0.11 per share and would increase or decrease dilution in pro forma as adjusted net tangible book value per share to investors in this offering by $0.11 per share, assuming the assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. In addition, to the extent that any outstanding options to purchase common stock are exercised or restricted stock units, or RSUs, are settled, new investors will experience further dilution.

If the underwriters exercise their option to purchase additional shares of Class A common stock from us in full, the pro forma as adjusted net tangible book value per share of our Class A common stock immediately after this offering would be $1.05 per share, and the dilution in pro forma as adjusted net tangible book value per share to new investors in this offering would be $12.95 per share.

The following table summarizes, on a pro forma as adjusted basis at June 30, 2017, the total number of shares purchased from us, the total consideration paid to us, and the average price per share paid to us by existing stockholders and by new investors purchasing shares of Class A common stock in this offering from us at the assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	102,806,526	97.6%	$ 133,580,251	79.2%	$ 1.30
New investors	2,500,000	2.4	35,000,000	20.8	14.00
Total	105,306,526	100.0%	$ 168,580,251	100.0%	$ 1.60

Each $1.00 increase or decrease in the assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease the total consideration paid by new investors and total consideration paid by all stockholders by approximately $2,500,000, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same.

Sales of shares of Class A common stock by the selling stockholders in our initial public offering will reduce the number of shares of common stock held by existing stockholders to 95,906,526, or approximately 91.1% of the total shares of common stock outstanding after our initial public offering, and will increase the number of shares held by new investors to 9,400,000, or approximately 8.9% of the total shares of common stock outstanding after our initial public offering. In addition, to the extent that any outstanding options to purchase common stock are exercised or RSUs are settled, new investors will experience further dilution.

After giving effect to the sale of shares in this offering by us and the selling stockholders, if the underwriters exercise their option to purchase additional shares of Class A common stock from us and the selling stockholders in full, our existing stockholders would own 89.8% and our new investors would own 10.2% of the total number of shares of our common stock outstanding upon the closing of this offering.

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on 74,645,294 shares of our Class A common stock outstanding and 28,161,232 shares of our Class B common stock outstanding, in each case, as of June 30, 2017 (assuming the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 60,564,678 shares of Class A common stock upon the closing of this offering), and excludes:

- 1,737,056 shares of Class A common stock issuable upon the exercise of options outstanding as of June 30, 2017 with a weighted-average exercise price of $1.65 per share and 3,474,112 shares of Class B common stock issuable upon the exercise of options outstanding as of June 30, 2017 with a weighted-average exercise price of $1.65 per share;
- 789,934 shares of Class A common stock and 1,579,868 shares of Class B common stock issuable upon the vesting and settlement of RSUs outstanding as of June 30, 2017; and
- 8,457,912 shares of Class A common stock reserved for future issuance under our equity compensation plans, consisting of (i) 657,912 shares of Class A common stock reserved for future issuance under our Amended and Restated 2015 Equity Incentive Plan, as amended, or the 2015 Plan, as of June 30, 2017, plus (ii) 7,800,000 additional shares of Class A common stock reserved for future issuance under our Omnibus Incentive Compensation Plan, or our 2017 Plan, which will become effective upon the closing of this offering.

Upon the closing of this offering, any remaining shares available for issuance under our 2015 Plan will be added to the shares of our Class A common stock reserved for issuance under our 2017 Plan, and we will cease granting awards under the 2015 Plan. In addition, shares of Class A common stock and shares of Class B common stock subject to outstanding grants under our 2015 Plan as of the effective date of our 2017 Plan that terminate, expire, or are cancelled, forfeited, exchanged, or surrendered on or after the effective date of our 2017 Plan without having been exercised, vested, or paid prior to the effective date of the 2017 Plan, including shares tendered or withheld to satisfy tax withholding obligations with respect to outstanding grants under the 2015 Plan, will be added to the shares of Class A common stock reserved for issuance under our 2017 Plan. See the section titled "Executive Compensation — Employee Benefits and Stock Plans" for additional information.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

We derived the summary consolidated statements of operations data for the years ended December 31, 2015 and 2016 and the consolidated balance sheet data as of December 31, 2015 and 2016 from our audited consolidated financial statements included elsewhere in this prospectus. We derived the summary consolidated statements of operations data for the six months ended June 30, 2016 and 2017 and the consolidated balance sheet data as of June 30, 2017 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim consolidated financial statements were prepared on a basis consistent with our annual financial statements and include, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the financial information contained in those statements. Our historical results are not necessarily indicative of the results that may be expected in the future, and our interim results are not necessarily indicative of the results to be expected for the full year or any other period. You should read the summary consolidated financial data set forth below in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements, the accompanying notes, and other financial information included elsewhere in this prospectus.

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
	(in thousands, except share and per share data)			
Consolidated Statements of Operations Data:				
Revenue:				
Marketplace subscription	$ 75,142	$ 171,302	$ 71,638	$ 127,952
Advertising and other	23,446	26,839	12,603	15,323
Total revenue	98,588	198,141	84,241	143,275
Cost of revenue[(1)]	4,234	9,575	3,819	7,647
Gross profit	94,354	188,566	80,422	135,628
Operating expenses:				
Sales and marketing	81,877	154,125	68,313	104,604
Product, technology, and development	8,235	11,453	5,150	8,357
General and administrative	5,801	12,783	5,618	9,092
Depreciation and amortization	969	1,634	633	1,196
Total operating expenses	96,882	179,995	79,714	123,249
(Loss) income from operations	(2,528)	8,571	708	12,379
Other (expense) income, net	(12)	374	153	217
(Loss) income before income taxes	(2,540)	8,945	861	12,596
(Benefit from) provision for income taxes	(904)	2,448	340	4,043
Net (loss) income	$ (1,636)	$ 6,497	$ 521	$ 8,553

Net (loss) income per share attributable to common stockholders, basic and diluted:[2]				
Basic	$ (0.41)	$ (0.58)	$ 0.01	$ 0.08
Diluted	$ (0.41)	$ (0.58)	$ —	$ 0.08
Weighted-average shares used to compute net (loss) income per share attributable to common stockholders:[2]				
Basic	43,141,236	44,138,922	44,651,235	42,122,339
Diluted	43,141,236	44,138,922	48,026,295	46,182,359
Pro forma net (loss) income per share attributable to common stockholders:[2]				
Basic		$ (0.24)		$ 0.08
Diluted		$ (0.24)		$ 0.08
Pro forma weighted-average shares used to compute pro forma net (loss) income per share attributable to common stockholders:[2]				
Basic		104,703,600		102,687,017
Diluted		104,703,600		106,747,037
Other Financial Information:				
Adjusted EBITDA[3]	$ (366)	$ 10,965	$ 1,692	$ 14,116

(1) Includes depreciation and amortization expense for the years ended December 31, 2015 and 2016 and for the six months ended June 30, 2016 and 2017 of $153, $438, $203, and $391, respectively.

(2) See Note 2 of the notes to our consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of our net (loss) income per share attributable to common stockholders and pro forma net (loss) income per share attributable to common stockholders.

(3) See "— Adjusted EBITDA" below for more information and for a reconciliation of Adjusted EBITDA to net (loss) income, the most directly comparable financial measure calculated and presented in accordance with GAAP.

	December 31,		June 30,
	2015	2016	2017
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash, cash equivalents, and investments	$ 61,363	$ 74,250	$ 81,309
Property and equipment, net	7,147	12,780	15,897
Working capital	52,751	56,457	61,534
Total assets	77,781	100,331	115,606
Total liabilities	20,534	35,605	41,852
Convertible preferred stock	73,378	132,698	132,698
Total stockholders' deficit	(16,131)	(67,972)	(58,944)

Adjusted EBITDA

To provide investors with additional information regarding our financial results, we monitor and have presented within this prospectus Adjusted EBITDA, which is a non-GAAP financial measure. This non-GAAP financial measure is not based on any standardized methodology prescribed by U.S. generally accepted accounting principles, or GAAP, and is not necessarily comparable to similarly titled measures presented by other companies.

We define Adjusted EBITDA as net income (loss), adjusted to exclude: depreciation and amortization, stock-based compensation expense, other expense (income), net, the (benefit from) provision for income taxes, and other one-time, non-recurring items, when applicable. We have presented Adjusted EBITDA in this prospectus because it is a key measure used by our management and board of directors to understand and evaluate our operating performance, generate future operating plans, and make strategic decisions regarding the allocation of capital. In particular, we believe that the exclusion of certain items in calculating Adjusted EBITDA can produce a useful measure for period-to-period comparisons of our business.

We use Adjusted EBITDA to evaluate our operating performance and trends and make planning decisions. We believe Adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the expenses that we exclude. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to key financial metrics used by our management in its financial and operational decision-making. In addition, we evaluate our Adjusted EBITDA in relation to our revenue. We refer to this as Adjusted EBITDA margin and define it as Adjusted EBITDA divided by total revenue.

Our Adjusted EBITDA is not prepared in accordance with GAAP, and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of Adjusted EBITDA rather than net income (loss), which is the most directly comparable GAAP equivalent. Some of these limitations are:

- Adjusted EBITDA excludes stock-based compensation expense, which will be, for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy;
- Adjusted EBITDA excludes depreciation and amortization expense and, although these are non-cash expenses, the assets being depreciated may have to be replaced in the future;
- Adjusted EBITDA does not reflect interest expense, or the cash requirements necessary to service interest, which reduces cash available to us;
- Adjusted EBITDA does not reflect income tax payments that reduce cash available to us; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, we consider, and you should consider, Adjusted EBITDA together with other operating and financial performance measures presented in accordance with GAAP.

The following table presents a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable measure calculated in accordance with GAAP, for each of the periods presented.

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
	(in thousands)			
Reconciliation of Adjusted EBITDA:				
Net (loss) income	$ (1,636)	$ 6,497	$ 521	$ 8,553
Depreciation and amortization	1,122	2,072	836	1,587
Stock-based compensation expense	1,040	322	148	150
Other expense (income), net	12	(374)	(153)	(217)
(Benefit from) provision for income taxes	(904)	2,448	340	4,043
Adjusted EBITDA	$ (366)	$ 10,965	$ 1,692	$ 14,116

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes and other financial information included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or elsewhere in this prospectus, including information with respect to our plans and strategy for our business and our performance and future success, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. In this discussion, we use financial measures that are considered non-GAAP financial measures under Securities and Exchange Commission rules. These rules require supplemental explanation and reconciliation, which is included elsewhere in this prospectus. Investors should not consider non-GAAP financial measures in isolation from or in substitution for, financial information presented in compliance with U.S. generally accepted accounting principles, or GAAP.

Company Overview

CarGurus is a global, online automotive marketplace connecting buyers and sellers of new and used cars. Using proprietary technology, search algorithms, and innovative data analytics, we provide information and analysis that create a differentiated automotive search experience for consumers. Our trusted marketplace empowers users with unbiased third-party validation on pricing and dealer reputation as well as other information that aids them in finding "Great Deals from Great Dealers." As of June 30, 2017, we had an active dealer network of over 40,000 dealers, and our selection of over 5.4 million car listings is the largest number of car listings available on any of the major U.S. online automotive marketplaces. In addition to the United States, we operate online marketplaces in Canada, the United Kingdom, and Germany.

Since our founding in 2006, a core principle of our marketplace has been unbiased transparency. In pursuing this principle, we have continually innovated our product offerings to bring greater transparency, trust, and efficiency to a consumer's car research and buying process, leading to higher engagement and a more informed consumer who is better prepared to purchase at the dealership. Highlights of our history of innovation and commitment to unbiased transparency include:

- In 2007, we launched the www.cargurus.com marketplace in the United States.
- In 2010, we introduced Instant Market Value, or IMV, Deal Ratings, Price History, and Time on Site.
- In 2011, we launched Dealer Reviews and deployed the first version of our mobile-optimized website.
- In 2012, we established a direct-to-dealer sales model for our marketplace listing subscription products.
- In 2013, we launched Sell My Car, a free platform which enables consumers to sell their cars in our marketplace, and new car price analysis features that provide price guidance on new cars.
- In 2014, we launched our first international marketplace in Canada at ca.cargurus.com.
- In 2015, we launched our second international marketplace in the United Kingdom at www.cargurus.co.uk.

- In 2016, we launched our Deal Rating Badges, which allow dealers to add Deal Rating icons on their own websites, user-generated car comparison pages to provide users side-by-side comparisons of vehicles, and a managed text and chat offering to complement our existing communication channels between consumers and dealers.

- In 2017, we launched our third international marketplace in Germany at cargurus.de and we launched dealer search engine marketing, a product that helps dealers more effectively acquire prospects through paid search marketing, social media, and retargeting.

We generate marketplace subscription revenue from dealers through Listing and Dealer Display subscriptions, and advertising revenue from automobile manufacturers and other auto-related brand advertisers. Our rapid revenue growth and financial performance over the last several years exemplifies the strength of our marketplace. In 2016, we generated revenue of $198.1 million, a 101% increase from $98.6 million of revenue in 2015. Our revenue for the six months ended June 30, 2017 was $143.3 million, a 70% increase from $84.2 million of revenue in the six months ended June 30, 2016.

In 2016, we generated net income of $6.5 million and our Adjusted EBITDA was $11.0 million, compared to a net loss of $1.6 million and Adjusted EBITDA of $(0.4) million in 2015. For the six months ended June 30, 2017, we generated net income of $8.6 million and our Adjusted EBITDA was $14.1 million, compared to net income of $0.5 million and Adjusted EBITDA of $1.7 million for the six months ended June 30, 2016. See "Selected Consolidated Financial and Other Data — Adjusted EBITDA" for more information regarding our use of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to our net income (loss).

We have two reportable segments, United States and International. See Note 8 of our consolidated financial statements included elsewhere in this prospectus for more information.

Key Business Metrics

We regularly review a number of metrics, including the key metrics listed below, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections, and make operating and strategic decisions. We believe it is important to evaluate these metrics for the United States and International segments. International is defined as all non-U.S. markets in which we operate. International markets will likely perform differently than the U.S. market due to a variety of factors, including our operating history in the market, our rate of investment, market size, market maturity, and other dynamics unique to each country.

Monthly Unique Users

We define a monthly unique user as an individual who has visited our website within a calendar month, based on data as measured by Google Analytics. We calculate average monthly unique users as the sum of the monthly unique users in a given period, divided by the number of months in that period. We count a unique user the first time a computer or mobile device with a unique IP address accesses our website during a calendar month. If an individual accesses our website using different IP addresses within a given month, the first access by each such IP address is counted as a separate unique user. We view our average monthly unique users as a key indicator of the quality of our user experience, the effectiveness of our advertising and traffic acquisition, and the strength of our brand awareness. Measuring unique users is important to us because our marketplace subscription revenue depends, in part, on our ability to provide dealers with connections to our users and exposure to our marketplace audience. We define connections as interactions between consumers and dealers on our marketplace through phone calls, email,

managed text and chat, and clicks to access the dealer's website and map directions to the dealership.

Average Monthly Unique Users	Year Ended December 31, 2015	Year Ended December 31, 2016	Six Months Ended June 30, 2016	Six Months Ended June 30, 2017
	(in thousands)			
United States	14,986	20,120	19,510	23,089
International	198	1,396	1,034	2,183

Monthly Sessions

We define monthly sessions as the number of distinct visits to our website that take place each month within a given time frame, as measured and defined by Google Analytics. We calculate average monthly sessions as the sum of the monthly sessions in a given period, divided by the number of months in that period. A session is defined as beginning with the first page view from a user IP address and ending at the earliest of when a user closes their browser window, after 30 minutes of inactivity, or at midnight each night. A session can be made up of multiple page views and visitor actions, such as performing a search, visiting vehicle detail pages, and connecting with a dealer. We believe the volume of sessions in a time period, when considered in conjunction with the number of unique users in that time period, is an indicator of consumer satisfaction and engagement with our marketplace.

Average Monthly Sessions	Year Ended December 31, 2015	Year Ended December 31, 2016	Six Months Ended June 30, 2016	Six Months Ended June 30, 2017
	(in thousands)			
United States	31,531	46,706	44,953	61,593
International	342	2,627	1,833	4,871

Number of Paying Dealers

Paying dealers are the number of dealers subscribing to one of our Enhanced or Featured Listing products at the end of a defined period. We believe that the number of paying dealers is indicative of the value proposition of our Listing products, and our sales and marketing success, including our ability to retain paying dealers and develop new dealer relationships.

Number of Paying Dealers	As of December 31, 2015	As of December 31, 2016	As of June 30, 2016	As of June 30, 2017
United States	12,276	20,349	16,944	23,347
International	53	952	306	1,694

Average Annual Revenue per Subscribing Dealer (AARSD)

We measure the average annual revenue we receive from each paying dealer. We define AARSD, as measured at the end of a defined period, as the total marketplace subscription revenue during the trailing 12 months divided by the average number of paying dealers during the same trailing 12-month period. Our ability to grow the AARSD is an indicator of the value proposition of our products and the return on investment, or ROI, our paying dealers realize from our products.

Increases in AARSD are driven by our ability to grow the volume of connections to our users and the quality of those connections, effectively illustrate the value of brand exposure to our engaged audience in relation to subscription cost, upsell package levels, and cross-sell additional products to our paying dealers.

Average Annual Revenue per Subscribing Dealer (AARSD)	As of December 31, 2015	As of December 31, 2016	As of June 30, 2016	As of June 30, 2017
United States	$ 8,835	$ 10,383	$ 9,510	$ 11,048
International	n/a*	$ 3,830	n/a*	$ 4,944

* International revenues were not generated before October 2015 and, therefore, annual data for the trailing 12-month calculation is not available.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss), adjusted to exclude: depreciation and amortization, stock-based compensation expense, other expense (income), net, the (benefit from) provision for income taxes, and other one-time, non-recurring items, when applicable. We monitor and have presented in this prospectus Adjusted EBITDA as a non-GAAP financial measure to supplement the financial information we present on a GAAP basis to provide investors with additional information regarding our financial results. Adjusted EBITDA, as a non-GAAP financial measure, should not be considered in isolation from, or as an alternative to, measures prepared in accordance with GAAP. We consider, and you should consider, Adjusted EBITDA together with other operating and financial performance measures presented in accordance with GAAP. Also, our non-GAAP measure may not necessarily be comparable to similarly titled measures presented by other companies.

We believe that Adjusted EBITDA is a key indicator of our operating results. For further explanation of the uses and limitations of this measure and a reconciliation of our Adjusted EBITDA to the most directly comparable GAAP measure, net income (loss), please see "Selected Consolidated Financial and Other Data — Adjusted EBITDA."

Factors Affecting Our Performance

We believe that our performance and future growth depends on a number of factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in the section titled "Risk Factors."

Grow Our Paying Dealer Base

Our success depends in part on the retention and growth of our paying dealer base. We allow any dealer to list its inventory in our marketplace, receive anonymized email connections and access a subset of the tools on our Dealer Dashboard for free through our Basic Listing product. Through our sales and marketing efforts, we aim to convert those non-paying dealers to Enhanced or Featured Listing subscribers. Dealers with a paid subscription to our Enhanced and Featured Listing products receive connections to consumers that are not anonymous and can be made through a wider variety of methods, including phone calls, email, and managed text and chat. Our platform allows paying dealers to provide a link to their websites, dealership information such as name, address, and hours of operation, and map directions to their dealerships, helping consumers easily contact or visit them, which we believe results in increased local brand awareness and walk-in traffic. Paying dealers also gain access to our Pricing Tool and Market Analysis tool.

As of June 30, 2017, we had over 40,000 dealers in our active dealer network. Based on estimates by Borrell Associates, there are approximately 43,000 dealers in the United States, and therefore our ability to expand our total U.S. dealer count is limited by the diminishing number of dealers that do not actively list their inventory in our marketplace. However, as of June 30, 2017, only 23,347 of the more than 40,000 U.S. dealers in our active dealer network were paying dealers, and we believe that our ability to convert non-paying dealers to paying dealers will be the biggest driver of our future U.S. paying dealer growth. Bringing new non-paying dealers onto our platform and ultimately seeking to convert them to paying dealers will be an additional, but smaller, driver of such growth.

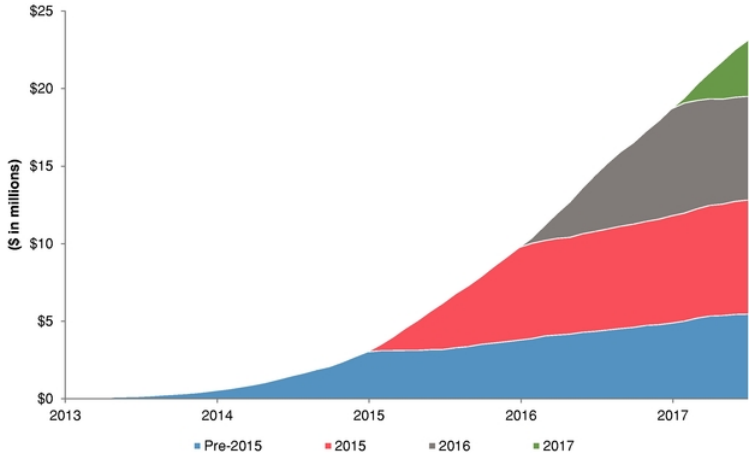
Our marketplace subscription revenue is a product of the number of paying dealers and their average subscription fees, and therefore, increasing the number of paying dealers is a key growth driver. In 2016, marketplace subscription revenue totaled $171.3 million, accounting for 86% of total revenue. We have made a substantial investment in our sales organization, which focuses on converting dealers from Basic Listing to Enhanced or Featured Listing subscribers. Having more paying dealers provides consumers with more dealer information and methods to contact those dealers. More consumers and connections drives greater value to paying dealers on our platform.

Increase Average Annual Revenue per Subscribing Dealer (AARSD)

AARSD is a key driver of our marketplace subscription revenue. AARSD is driven by the volume and quality of connections we deliver to dealers, the perceived value of their brand exposure in our marketplace, and our ability to upsell package levels and cross-sell additional products to our paying dealers. In 2016, we provided our U.S. dealer base with over 42 million connections to prospective car buyers. Historically, our growing user traffic has led to an increase in the volume of connections that we provide our U.S. paying dealers, from 10.3 million connections during the second quarter of 2016 to 12.4 million connections during the same period of 2017. This growth has been a primary contributor to the increase in U.S. AARSD, which grew from $9,510 as of June 30, 2016 to $11,048 as of June 30, 2017, or 16%. In the future, we expect new products to play a more important role in helping us grow AARSD.

We have a history of attracting new paying dealers and increasing their annual spend with us over time primarily due to the value they receive from increased connections provided to them from our marketplace. Additionally, paying dealers increase their spend with us by adding products such as display advertising to their listings subscription. As of June 30, 2017, 15% of our U.S. paying dealers subscribed to our dealer display advertising product, up from 5% as of June 30, 2016. The chart below illustrates the total monthly marketplace subscription revenue from each of several cohorts over the fiscal years presented. Each cohort represents dealers that made their initial purchase from us in a given fiscal year. For example, the fiscal year 2015 cohort represents all dealers that made their initial purchase from us between January 1, 2015 and December 31, 2015. The fiscal year 2015 cohort increased its monthly subscription revenue from $6.0 million as of December 31, 2015 to $6.9 million as of December 31, 2016, an increase of 16%. The cohorts prior to January 1, 2015 had monthly subscription revenue of $3.0 million on December 31, 2014, which increased two years later to $4.9 million on December 31, 2016, representing a compound annual growth rate of 27%.

U.S. Monthly Marketplace Subscription Revenue by Cohort



Note: Data through June 30, 2017.

Launch of New Dealer Products and Services

We intend to introduce additional products and services to help dealers better acquire customers in our marketplace and other digital channels, build relationships with prospects, and better manage their inventories, websites, and dealerships. For example, in 2017, we began offering our dealer search engine marketing product, which helps dealers more effectively acquire customers through paid search, social media, and retargeted advertising. Our revenue growth in the future will be dependent, in part, on our ability to successfully innovate, develop, launch, and gain market acceptance of these new products and services. We believe that new products should not only increase our AARSD, but also make our platform more appealing to a broader pool of dealers.

Grow Our Consumer Audience

Our revenue growth depends, in part, on our ability to grow our consumer audience, a critical driver of the number of connections that we provide to our dealers. Increasing our volume of unique users and their engagement is critical to our success as it incentivizes more dealers to purchase our Enhanced or Featured Listing products to benefit from improved access to and engagement with that audience as well as the additional features those subscription products provide. We intend to continue investing in our proprietary algorithmic traffic acquisition and building our brand awareness. We also plan to add new consumer-facing features, tools, and services to assist consumers with more aspects of the car ownership lifecycle, from researching and buying a car through maintaining and eventually selling the car, which we believe will help us grow our consumer audience.

Increase Our Brand Awareness

We believe that stronger brand awareness among consumers and dealers will contribute to our future growth. Historically, our marketing efforts have been focused on algorithmic traffic acquisition rather than brand marketing. We plan to further expand our marketing on television, radio, and social media to drive greater brand recognition, trust, and loyalty from a broader consumer audience. The timing and magnitude of our advertising activities will impact our sales and marketing expense and overall profitability in each period, and the effectiveness of such activities in attracting consumers and dealers to our platform could impact our revenue in future periods.

Drive Growth and Profitability in International Markets

We believe that our opportunity in international markets is significant. To capitalize on this opportunity, we have launched marketplaces in Canada, the United Kingdom, and Germany, and will continue to invest in growing our presence in these and other countries. We have experienced losses in these countries and it is likely we will experience losses in other countries in which we launch marketplaces. Our ability to successfully grow these markets and drive profitability comparable to our performance in the United States will depend on our ability to acquire a critical mass of dealer inventory, grow consumer traffic, provide high quality connections between consumers and dealers, and increase the number of paying dealers in these markets.

Components of Consolidated Statements of Operations

Revenue

Our revenue is derived from two primary sources: marketplace subscription revenue, which consists of listing and display advertising subscriptions from dealers, and advertising and other revenue, which consists primarily of display advertising revenue from auto manufacturers and other auto-related brand advertisers.

Marketplace Subscription Revenue

We offer three types of marketplace Listing products to our dealers: Basic Listing, which is free; and Enhanced or Featured Listing, which require a paid subscription under a monthly, quarterly, semiannual, or annual subscription basis. As of June 30, 2017, 17% of our U.S. paying dealers were on an annual subscription, compared to fewer than 1% of U.S. paying dealers as of June 30, 2016. Subscription pricing is determined based on a dealer's inventory size, region, and our assessment of the connections and ROI our platform will provide them. We also offer dealers access to our Dealer Dashboard, which includes a performance summary, Dealer Insights tool, user review management platform, Pricing Tool, and Market Analysis tool. The Pricing Tool and Market Analysis tool are available only to paying dealers.

In addition to listing their inventory in our marketplace and gaining access to our Dealer Dashboard, we offer Enhanced and Featured Listing dealers other subscription advertising and customer acquisition products, including display advertising that appears in our marketplace and on other sites on the Internet, which can be targeted by geography, search history, and a number of other factors, and dealer search engine marketing, which helps dealers more effectively acquire customers through paid search, social media, and retargeted advertising.

Marketplace subscription revenue is recognized on a monthly basis as the service is delivered to the dealer.

Advertising and Other Revenue

Advertising and other revenue consists primarily of non-dealer display advertising revenue from auto manufacturers and other auto-related brand advertisers sold on a cost per thousand impressions, or CPM, basis. An impression is an advertisement loaded on a web page. Auto manufacturers and other brand advertisers can execute advertising campaigns that are targeted across a wide variety of parameters, including demographic groups, behavioral characteristics, specific auto brands, categories such as Certified Pre-Owned, and segments such as hybrid vehicles.

For a description of our revenue accounting policies, see "— Critical Accounting Policies and Significant Estimates."

Cost of Revenue

Cost of revenue primarily consists of costs related to supporting and hosting our product offerings. These costs include salaries, benefits, incentive compensation, and stock-based compensation expense related to the customer support team and third-party service provider costs such as data center and networking expenses, allocated overhead, depreciation and amortization expense associated with our property and equipment, and amortization of capitalized website development costs. We allocate overhead costs, such as rent and facility costs, information technology costs, and employee benefit costs, to all departments based on headcount. As such, general overhead expenses are reflected in cost of revenue and each operating expense category. We expect these expenses to increase as we continue to scale our business and introduce new products.

Operating Expenses

Sales and Marketing

Sales and marketing expenses consist primarily of personnel and related expenses for our sales and marketing staff, including salaries, benefits, incentive compensation, commissions, stock-based compensation, and travel costs; costs associated with consumer marketing, such as traffic acquisition, brand building, and public relations activities; costs associated with dealer marketing, such as content marketing, customer and promotional events, and industry events; and allocated overhead. We expect sales and marketing expenses to increase as we grow our audience and attempt to strengthen our brand awareness and, as informed by trends in our business and the competitive landscape of our market, fluctuate from quarter to quarter, which will impact our quarterly results of operations.

Product, Technology, and Development

Product, technology, and development expenses, which include research and development costs, consist primarily of personnel costs of our development team, including payroll, benefits, stock-based compensation expense and allocated overhead costs. Other than website development costs that qualify for capitalization, research and development costs are expensed as incurred. We expect product, technology, and development expenses to increase as we develop new solutions and make improvements to our existing platform.

General and Administrative

General and administrative expenses consist of personnel costs and related expenses for executive, finance, legal, human resources, and administrative personnel, including salaries, benefits, incentive compensation, and stock-based compensation expenses, in addition to the costs associated with professional fees for external legal, accounting and other consulting services, insurance premiums, payment processing and billing costs, and allocated overhead costs. We expect general and administrative expenses to increase as we incur the costs of compliance associated with being a publicly traded company, including legal, audit, and consulting fees.

Depreciation and Amortization

Depreciation and amortization expenses consist of depreciation on property and equipment and leasehold improvements.

Other (Expense) Income

Other (expense) income consists primarily of interest income earned on our cash, cash equivalents, and investments, interest expense on lease obligations, and net foreign exchange gains and losses.

(Benefit from) Provision for Income Taxes

We are subject to federal and state income taxes in the United States and taxes in foreign jurisdictions in which we operate. We have recorded a provision for income taxes for the period ended December 31, 2016 as a result of our consolidated taxable income position. We have recognized a benefit from income taxes for the period ended December 31, 2015 due to our taxable loss position for that period. We recognize deferred tax assets and liabilities based on temporary differences between the financial reporting and income tax bases of assets and liabilities using statutory rates. We regularly assess the need to record a valuation allowance against net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We have not provided a valuation allowance against our net deferred tax assets at December 31, 2015 or 2016, or at June 30, 2017.

Results of Operations

The following table sets forth our selected consolidated statements of operations data for each of the periods indicated. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
	(in thousands)			
Revenue:				
Marketplace subscription	$ 75,142	$ 171,302	$ 71,638	$ 127,952
Advertising and other	23,446	26,839	12,603	15,323
Total revenue	98,588	198,141	84,241	143,275
Cost of revenue	4,234	9,575	3,819	7,647
Gross profit	94,354	188,566	80,422	135,628
Operating expenses:				
Sales and marketing	81,877	154,125	68,313	104,604
Product, technology, and development	8,235	11,453	5,150	8,357
General and administrative	5,801	12,783	5,618	9,092
Depreciation and amortization	969	1,634	633	1,196
Total operating expenses	96,882	179,995	79,714	123,249
(Loss) income from operations	(2,528)	8,571	708	12,379
Other (expense) income, net	(12)	374	153	217
(Loss) income before income taxes	(2,540)	8,945	861	12,596
(Benefit from) provision for income taxes	(904)	2,448	340	4,043
Net (loss) income	$ (1,636)	$ 6,497	$ 521	$ 8,553

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
	(in thousands)			
Additional Financial Data				
Revenue				
United States	$ 98,566	$ 195,824	$ 83,760	$ 139,560
International	22	2,317	481	3,715
Total	$ 98,588	$ 198,141	$ 84,241	$ 143,275
(Loss) income from Operations				
United States	$ 637	$ 27,461	$ 8,467	$ 24,280
International	(3,165)	(18,890)	(7,759)	(11,901)
Total	$ (2,528)	$ 8,571	$ 708	$ 12,379

The following table sets forth our selected consolidated statements of operations data as a percentage of revenue for each of the periods indicated.

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
Revenue:				
Marketplace subscription	76%	86%	85%	89%
Advertising and other	24	14	15	11
Total revenue	100%	100%	100%	100%
Cost of revenue	4	5	4	5
Gross profit	96	95	96	95
Operating expenses:				
Sales and marketing	83	78	81	73
Product, technology, and development	9	6	6	6
General and administrative	6	6	7	6
Depreciation and amortization	1	1	1	1
Total operating expenses	99	91	95	86
(Loss) income from operations	(3)	4	1	9
Other income (expense), net	—	—	—	—
(Loss) income before income taxes	(3)	4	1	9
(Benefit from) provision for income taxes	(1)	1	—	3
Net (loss) income	(2)%	3%	1%	6%

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
Additional Financial Data				
Revenue				
United States	100%	99%	99%	97%
International	—	1	1	3
Total	100%	100%	100%	100%
(Loss) income from Operations				
United States	—%	14%	10%	17%
International	(3)	(10)	(9)	(8)
Total	(3)%	4%	1%	9%

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2017

Revenue

Revenue by Source

	Six Months Ended June 30,		Change	
	2016	2017	Amount	%
	(dollars in thousands)			
Revenue				
Marketplace subscription	$ 71,638	$ 127,952	$ 56,314	79%
Advertising and other	12,603	15,323	2,720	22
Total	$ 84,241	$ 143,275	$ 59,034	70%
Percentage of total revenue:				
Marketplace subscription	85%	89%		
Advertising and other	15	11		
Total	100%	100%		

Overall revenue increased by $59.0 million, or 70%, in the six months ended June 30, 2017 compared to the six months ended June 30, 2016. Marketplace subscription revenue grew by 79%, while advertising and other revenue grew by 22%.

Marketplace subscription revenue increased by $56.3 million in the six months ended June 30, 2017 compared to the six months ended June 30, 2016, and represented 89% of total revenue in the six months ended June 30, 2017, as compared to 85% of total revenue in the six months ended June 30, 2016. This increase in marketplace subscription revenue was attributable primarily to a 45% growth in the number of paying dealers, from 17,250 as of June 30, 2016 to 25,041 as of June 30, 2017, and to a 16% growth in our U.S. AARSD from $9,510 as of June 30, 2016 to $11,048 as of June 30, 2017. We believe that this increase in paying dealers was driven by the overall growth in the number of unique users to our website and mobile application and the continued efforts from our sales and marketing teams to convert Basic Listing dealers to Enhanced and Featured Listing paying dealers.

Advertising and other revenue increased $2.7 million in the six months ended June 30, 2017 compared to the six months ended June 30, 2016, and represented 11% of total revenue in the six months ended June 30, 2017, compared to 15% of total revenue in the six months ended June 30, 2016. The increase in advertising and other revenue is due primarily to a 35% increase in the number of impressions delivered and a 10% increase in the average price per thousand impressions in the six months ended June 30, 2017 compared to the six months ended June 30, 2016. These increases were partially offset by a reduction in other advertising revenue.

Revenue by Segment

	Six Months Ended June 30,		Change	
	2016	2017	Amount	%
	(dollars in thousands)			
Revenue				
United States	$ 83,760	$ 139,560	$ 55,800	67%
International	481	3,715	3,234	NM
Total	$ 84,241	$ 143,275	$ 59,034	70%
Percentage of total revenue:				
United States	99%	97%		
International	1	3		
Total	100%	100%		

NM — Not Meaningful

U.S. revenue increased $55.8 million, or 67%, in the six months ended June 30, 2017 compared to the six months ended June 30, 2016, due primarily to a 38% increase in the number of U.S. paying dealers.

International revenue increased $3.2 million in the six months ended June 30, 2017 compared to the six months ended June 30, 2016, due primarily to a 454% increase in the number of international paying dealers.

Cost of Revenue

	Six Months Ended June 30,		Change	
	2016	2017	Amount	%
	(dollars in thousands)			
Cost of revenue	$ 3,819	$ 7,647	$ 3,828	100%
Percentage of total revenue	4%	5%		

Cost of revenue increased $3.8 million, or 100%, in the six months ended June 30, 2017 compared to the six months ended June 30, 2016, due primarily to costs associated with servicing our revenue growth. Key drivers of the increase included employee-related costs of our customer support team to support the growth in customers and an increase in fees related to servicing our growing advertising revenue.

Operating Expenses

Sales and Marketing Expenses

	Six Months Ended June 30,		Change	
	2016	2017	Amount	%
	(dollars in thousands)			
Sales and marketing	$ 68,313	$ 104,604	$ 36,291	53%
Percentage of total revenue	81%	73%		

Sales and marketing expenses increased $36.3 million, or 53%, in the six months ended June 30, 2017 compared to the six months ended June 30, 2016, due primarily to an increase in advertising costs of $26.2 million, a $6.1 million increase in salaries, commissions, and related expenses due to our increased revenue and a 41% increase in headcount, a $1.2 million increase in expenses related to marketing events, and a $1.1 million increase in consulting fees.

Product, Technology, and Development Expenses

	Six Months Ended June 30,		Change	
	2016	2017	Amount	%
	(dollars in thousands)			
Product, technology, and development	$ 5,150	$ 8,357	$ 3,207	62%
Percentage of total revenue	6%	6%		

Product, technology, and development expenses increased $3.2 million, or 62%, in the six months ended June 30, 2017 compared to the six months ended June 30, 2016, due primarily to an increase in salaries and related employment expenses related to a 67% increase in headcount to support our growth and product innovations.

General and Administrative Expenses

	Six Months Ended June 30,		Change	
	2016	2017	Amount	%
	(dollars in thousands)			
General and administrative	$ 5,618	$ 9,092	$ 3,474	62%
Percentage of total revenue	7%	6%		

General and administrative expenses increased $3.5 million, or 62%, in the six months ended June 30, 2017 compared to the six months ended June 30, 2016, due primarily to an increase of $1.9 million in salaries and other employee-related costs driven by an increase in headcount needed to grow our business and provide personnel to support our expanded operations. Payment processing and billing costs also increased $0.8 million due to increased customer transactions.

Depreciation and Amortization Expenses

	Six Months Ended June 30,		Change	
	2016	2017	Amount	%
	(dollars in thousands)			
Depreciation and amortization	$ 633	$ 1,196	$ 563	89%
Percentage of total revenue	1%	1%		

Depreciation and amortization expenses increased $0.6 million, or 89%, in the six months ended June 30, 2017 compared to the six months ended June 30, 2016, due primarily to increased amortization of additional leasehold improvements.

Other Income, net

	Six Months Ended June 30,		Change	
	2016	2017	Amount	%
	(dollars in thousands)			
Other income, net	$ 153	$ 217	$ 64	42%
Percentage of total revenue	—	—		

Other income, net increased $0.1 million, or 42%, in the six months ended June 30, 2017 compared to the six months ended June 30, 2016, due primarily to an increase in interest income from the investment of excess cash balances.

Provision for Income Taxes

	Six Months Ended June 30,		Change	
	2016	2017	Amount	%
	(dollars in thousands)			
Provision for income taxes	$ 340	$ 4,043	$ 3,703	NM
Percentage of total revenue	—	3%		

NM — Not Meaningful

The provision for income taxes increased $3.7 million in the six months ended June 30, 2017 compared to the six months ended June 30, 2016, due primarily to the increase in U.S. profitability.

Income (Loss) from Operations by Segment

	Six Months Ended June 30,		Change	
	2016	2017	Amount	%
	(dollars in thousands)			
United States	$ 8,467	$ 24,280	$ 15,813	187%
International	(7,759)	(11,901)	(4,142)	(53)
Total	$ 708	$ 12,379	$ 11,671	NM
Percentage of segment revenue:				
United States	10%	17%		
International	NM	NM		

NM — Not Meaningful

U.S. income from operations increased $15.8 million, or 187%, in the six months ended June 30, 2017 compared to the six months ended June 30, 2016. This increase was due to an increase in revenue of $55.8 million, offset in part by an increase in cost of revenue of $2.9 million and operating expenses of $37.1 million.

International loss from operations increased $4.1 million, or 53%, in the six months ended June 30, 2017 compared to the six months ended June 30, 2016. The increase in international loss from operations reflects our continued investment in international markets and expansion into new countries.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2016

Revenue

Revenue by Source

	Year Ended December 31,		Change	
	2015	2016	Amount	%
	(dollars in thousands)			
Revenue				
Marketplace subscription	$ 75,142	$ 171,302	$ 96,160	128%
Advertising and other	23,446	26,839	3,393	14
Total	$ 98,588	$ 198,141	$ 99,553	101%
Percentage of total revenue:				
Marketplace subscription	76%	86%		
Advertising and other	24	14		
Total	100%	100%		

Overall revenue increased by $99.6 million, or 101%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. Marketplace subscription revenue increased by 128% while advertising and other revenue grew by 14%.

Marketplace subscription revenue increased $96.2 million in the year ended December 31, 2016 compared to the year ended December 31, 2015, and represented 86% of total revenue in 2016 compared to 76% of total revenue in 2015. This increase in marketplace subscription revenue

was attributable primarily to a 73% growth in the number of paying dealers, from 12,329 as of December 31, 2015 to 21,301 as of December 31, 2016, and to an 18% growth in our AARSD from $8,835 in the year ended December 31, 2015 to $10,383 in the year ended December 31, 2016. We believe that this increase in paying dealers was driven by the overall growth in the number of unique users to our website and mobile applications and the continued efforts from our sales and marketing teams to convert Basic Listing dealers to Enhanced and Featured Listing paying dealers.

Advertising and other revenue increased $3.4 million in the year ended December 31, 2016 compared to the year ended December 31, 2015, and represented 14% of total revenue in 2016 compared to 24% of total revenue in 2015. The increase in advertising and other revenue is due primarily to a 53% increase in the number of impressions in 2016 compared to 2015. This increase was partially offset by a 19% decrease in the average price per thousand impressions in 2016 compared to 2015. The increase was also partially offset by a reduction in other advertising revenue.

Revenue by Segment

	Year Ended December 31,		Change	
	2015	2016	Amount	%
	(dollars in thousands)			
Revenue				
United States	$ 98,566	$ 195,824	$ 97,258	99%
International	22	2,317	2,295	NM
Total	$ 98,588	$ 198,141	$ 99,553	101%
Percentage of total revenue:				
United States	100%	99%		
International	—	1		
Total	100%	100%		

NM — Not Meaningful

U.S. revenue increased $97.3 million, or 99%, in the year ended December 31, 2016 compared to the year ended December 31, 2015, due primarily to a 66% increase in the number of U.S. paying dealers.

International revenue increased $2.3 million in the year ended December 31, 2016 compared to the year ended December 31, 2015. The first international paying dealers began their subscriptions in the fourth quarter of 2015 and grew to 952 paying dealers at December 31, 2016.

Cost of Revenue

	Year Ended December 31,		Change	
	2015	2016	Amount	%
	(dollars in thousands)			
Cost of revenue	$ 4,234	$ 9,575	$ 5,341	126%
Percentage of total revenue	4%	5%		

Cost of revenue increased $5.3 million, or 126%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was due primarily to a $1.7 million

increase in employee-related costs for our customer support team to support the growth in customers, a $1.5 million increase in fees related to provisioning advertising campaigns on our websites, a $1.1 million increase in costs related to connecting consumers with dealers through a variety of methods, including phone calls, email, and managed text and chat, a $0.4 million increase for data center and hosting costs, a $0.3 million increase in costs to improve the content on our website, and a $0.2 million increase in amortization of website development costs.

Operating Expenses

Sales and Marketing Expenses

	Year Ended December 31,		Change	
	2015	2016	Amount	%
	(dollars in thousands)			
Sales and marketing	$ 81,877	$ 154,125	$ 72,248	88%
Percentage of total revenue	83%	78%		

Sales and marketing expenses increased $72.2 million, or 88%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. This increase was due primarily to an increase in advertising costs of $50.3 million, a $16.0 million increase in salaries, commissions, and related expenses due to our increased revenue and an 84% increase in headcount, a $1.3 million increase in expenses related to marketing events and activities, a $0.9 million increase in rent due to the expansion of our office space, and a $0.8 million increase in consulting fees.

Product, Technology, and Development Expenses

	Year Ended December 31,		Change	
	2015	2016	Amount	%
	(dollars in thousands)			
Product, technology, and development	$ 8,235	$ 11,453	$ 3,218	39%
Percentage of total revenue	8%	6%		

Product, technology, and development expenses increased $3.2 million, or 39%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was due primarily to an increase in salaries and related employment expenses due to our 66% increase in headcount to support our growth and product innovations.

General and Administrative Expenses

	Year Ended December 31,		Change	
	2015	2016	Amount	%
	(dollars in thousands)			
General and administrative	$ 5,801	$ 12,783	$ 6,982	120%
Percentage of total revenue	6%	6%		

General and administrative expenses increased $7.0 million, or 120%, in the year ended December 31, 2016 compared to the year ended December 31, 2015. The change primarily reflected an increase of $2.3 million of salaries and employee-related costs as a result of our 157%

increase in headcount as we continue to grow our business and require additional personnel to support our expanded operations, a $1.5 million increase in payment processing and billing costs due to increased customer transactions from higher revenue, a $1.5 million increase in legal fees for litigation and other services, and a $0.5 million increase from external consulting fees including audit and tax services.

Depreciation and Amortization Expenses

	Year Ended December 31,		Change	
	2015	2016	Amount	%
	(dollars in thousands)			
Depreciation and amortization	$ 969	$ 1,634	$ 665	69%
Percentage of total revenue	1%	1%		

Depreciation and amortization expenses increased $0.7 million, or 69%, in the year ended December 31, 2016 compared to the year ended December 31, 2015, due primarily to increased depreciation and amortization of additional leasehold improvements.

Other (Expense) Income

	Year Ended December 31,		Change	
	2015	2016	Amount	%
	(dollars in thousands)			
Other (expense) income, net	$ (12)	$ 374	$ 386	NM
Percentage of total revenue	—	—		

NM — Not Meaningful

Other (expense) income, increased $0.4 million in the year ended December 31, 2016 compared to the year ended December 31, 2015, due primarily to the investment of cash in certificates of deposit and money market funds due to our increased cash from operations and the issuances of preferred stock in financing transactions.

(Benefit from) Provision for Income Taxes

	Year Ended December 31,		Change	
	2015	2016	Amount	%
	(dollars in thousands)			
(Benefit from) provision for income taxes	$ (904)	$ 2,448	$ 3,352	NM
Percentage of total revenue	(1)%	1%		

NM — Not Meaningful

The provision for income taxes increased $3.4 million in the year ended December 31, 2016 compared to the year ended December 31, 2015. In 2016, we recorded a tax provision on earnings with an effective tax rate of 27.4%. In 2015, we recorded a tax benefit of $0.9 million, or 35.6% effective tax benefit, as a result of our taxable loss position for that period. The Company's effective tax rate for the year ended December 31, 2016 is lower than the U.S. federal statutory rate primarily due to research and development income tax credits. The Company anticipates credits, primarily related to research and development tax credits, to continue to impact the effective tax rate in the future.

(Loss) Income from Operations by Segment

	Year Ended December 31,		Change	
	2015	2016	Amount	%
	(dollars in thousands)			
United States	$ 637	$ 27,461	$ 26,824	NM
International	(3,165)	(18,890)	(15,725)	NM
Total	$ (2,528)	$ 8,571	$ 11,099	NM
Percentage of segment revenue:				
United States	1%	14%		
International	NM	NM		

NM — Not Meaningful

U.S. income from operations increased $26.8 million in the year ended December 31, 2016 compared to the year ended December 31, 2015. This increase was due to an increase in revenue of $97.3 million, offset in part by the increase in cost of revenue of $4.3 million and operating expenses of $66.2 million.

International loss from operations increased $15.7 million in the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase in International loss from operations reflects our continued investment into international markets and expansion into new countries.

Quarterly Results of Operations Data

The following table sets forth our quarterly consolidated statements of operations data for each of the most recent ten quarters ending with the quarter ended June 30, 2017. We have prepared the quarterly data on a basis consistent with the audited consolidated financial statements included elsewhere in this prospectus. In the opinion of management, the financial information reflects all necessary adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of this data. This information should be read in conjunction with the audited consolidated financial statements and related notes included elsewhere in this prospectus. The results of historical periods are not necessarily indicative of the results to be expected for a full year or any future period.

	Three Months Ended									
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017
	(in thousands)									
Revenue										
Marketplace subscription	$ 11,601	$ 16,208	$ 21,080	$ 26,253	$ 32,138	$ 39,500	$ 46,477	$ 53,187	$ 60,172	$ 67,780
Advertising and other	5,305	5,633	6,004	6,504	6,476	6,127	6,659	7,577	6,863	8,460
Total revenue	16,906	21,841	27,084	32,757	38,614	45,627	53,136	60,764	67,035	76,240
Cost of revenue[1]	669	895	1,190	1,480	1,678	2,141	2,852	2,904	3,325	4,322
Gross profit	16,237	20,946	25,894	31,277	36,936	43,486	50,284	57,860	63,710	71,918
Operating expenses:										
Sales and marketing	13,108	18,156	22,884	27,729	31,339	36,974	40,510	45,302	49,071	55,533
Product, technology, and development	1,279	3,213	1,868	1,875	2,336	2,814	2,984	3,319	3,648	4,709
General and administrative	1,007	1,371	1,567	1,856	2,586	3,032	3,101	4,064	4,059	5,033
Depreciation and amortization	100	250	304	315	311	322	432	569	548	648
Total operating expenses	15,494	22,990	26,623	31,775	36,572	43,142	47,027	53,254	57,326	65,923
Income (loss) from operations	743	(2,044)	(729)	(498)	364	344	3,257	4,606	6,384	5,995
Other income (expense)	—	(2)	(8)	(2)	71	82	107	114	164	53
Income (loss) before income taxes	743	(2,046)	(737)	(500)	435	426	3,364	4,720	6,548	6,048
Provision (benefit) for income taxes	265	(729)	(262)	(178)	183	157	1,226	882	2,341	1,702
Net income (loss)	$ 478	$ (1,317)	$ (475)	$ (322)	$ 252	$ 269	$ 2,138	$ 3,838	$ 4,207	$ 4,346
[1] Depreciation and amortization included in cost of revenue	$ 21	$ 23	$ 23	$ 86	$ 101	$ 102	$ 113	$ 122	$ 122	$ 269

The following table sets forth our quarterly consolidated statements of operations data as a percentage of revenue:

	Three Months Ended									
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017
Revenue										
Marketplace subscription	69%	74%	78%	80%	83%	87%	87%	88%	90%	89%
Advertising and other	31%	26%	22%	20%	17%	13%	13%	12%	10%	11%
Total revenue	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cost of revenue	4%	4%	4%	5%	4%	5%	5%	5%	5%	6%
Gross profit	96%	96%	96%	95%	96%	95%	95%	95%	95%	94%
Operating expenses:										
Sales and marketing	78%	83%	84%	85%	81%	81%	76%	75%	73%	73%
Product, technology, and development	8%	15%	7%	6%	6%	6%	6%	5%	5%	6%
General and administrative	6%	6%	6%	6%	7%	7%	6%	7%	6%	7%
Depreciation and amortization	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total operating expenses	93%	105%	98%	98%	95%	95%	89%	88%	85%	87%
Income (loss) from operations	3%	(9)%	(2)%	(3)%	1%	1%	6%	7%	10%	7%
Other income (expense)	0%	(0)%	(0)%	(0)%	0%	0%	0%	0%	0%	0%
Income (loss) before income taxes	3%	(9)%	(2)%	(3)%	1%	1%	6%	7%	10%	7%
Provision (benefit) for income taxes	1%	(3)%	(1)%	(1)%	0%	0%	2%	1%	4%	2%
Net income (loss)	2%	(6)%	(1)%	(2)%	1%	1%	4%	6%	6%	5%

Our revenue has increased over the periods presented above driven by the acquisition of new customers and an increase in AARSD.

Our gross margin has remained relatively consistent on a quarterly basis. We expect our cost of revenue to increase as we continue to scale our business and introduce new products; however, we may experience fluctuations as a percentage of revenue from period to period depending on the timing of significant expenditures.

Our operating expenses have decreased as a percentage of revenue because our revenue has grown faster than the growth in costs associated with increases in headcount and other related expenses to support our growth. Across the retail automotive industry, consumer purchases typically increase through the first three quarters of each year, due in part to the introduction of new vehicle models from manufacturers, and our consumer marketing spend grows accordingly. As consumer purchases slow in the fourth quarter of each year, our marketing spend growth also slows. This seasonality has not been immediately apparent historically due to the overall growth of other operating expenses. As our growth rates begin to moderate, the impact of these seasonality trends on our results of operations could become more pronounced. Historical quarterly patterns should not be considered a reliable indicator of our future performance. We anticipate our operating expenses as a percentage of revenue will fluctuate as we invest in the long-term growth of our business.

Liquidity and Capital Resources

Sources and Uses of Cash

Our cash flows from operating, investing, and financing activities, as reflected in the consolidated statements of cash flows, are summarized in the following table:

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
	(in thousands)			
Net cash provided by operating activities	$ 12,915	$ 20,004	$ 6,582	$ 10,090
Net cash used in investing activities	(7,615)	(51,992)	(35,155)	(6,149)
Net cash provided by (used in) financing activities	49,965	690	74	(137)
Impact of foreign currency on cash	—	(45)	(32)	29
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ 55,265	$ (31,343)	$ (28,531)	$ 3,833

At June 30, 2017, our principal sources of liquidity were cash and cash equivalents of $33.3 million and investments of $48.0 million. Our operations were initially financed by a capitalization of approximately $5 million from external capital and subsequently have been financed primarily from operating activities and recent sales of preferred stock. We generated cash from operating activities of $12.9 million during 2015, $20.0 million during 2016 and $10.1 million during the first six months of 2017, and we expect to generate cash from operations for the foreseeable future. We believe that our existing sources of liquidity will be sufficient to fund our operations for at least the next 12 months. However, our future capital requirements will depend on many factors, including our rate of revenue growth, the expansion of our sales and marketing activities, the support of our product, technology, and development efforts, and the timing and extent of our investment in international markets. To the extent that existing cash, cash equivalents, and investments and cash from operations are insufficient to fund our future activities, we may need to raise additional funds through public or private equity or debt financing. Additional funds may not be available on terms favorable to us, or at all.

Operating Activities

Cash provided by operating activities during the first six months of 2017 was $10.1 million, due primarily to net income of $8.6 million, a $2.1 million increase in accrued income taxes, $1.6 million of depreciation and amortization, and a $1.2 million increase in accounts payable. These increases were partially offset by a $2.9 million decrease in accrued expenses and a $2.7 million increase in accounts receivable.

Cash provided by operating activities during the first six months of 2016 was $6.6 million, due primarily to an increase in accounts payable of $2.5 million, an increase in deferred revenue of $1.3 million, $0.8 million of depreciation and amortization, and net income of $0.5 million.

Cash provided by operating activities during 2016 was $20.0 million. This was due primarily to our net income of $6.5 million, an increase in accounts payable of $5.8 million, primarily related to higher marketing costs, an increase in accrued expenses of $4.1 million due to higher accrued bonuses and commissions, an increase of $1.9 million in deferred revenue related to customer prepayments, and an increase in deferred rent of $1.9 million related to new office space. These increases were partially offset by a $2.2 million increase in prepaid expenses primarily related to income tax payments and a $1.4 million increase in accounts receivable due to revenue growth.

Cash provided by operating activities during 2015 was $12.9 million. This was primarily due to increases in accounts payable, deferred rent, and accrued expenses of $6.1 million, $4.7 million, and $2.5 million, respectively.

Investing Activities

Our investing activities consist primarily of purchases of property and equipment, capitalized website development costs, and short-term investments.

Cash used in investing activities of $6.1 million during the first six months of 2017 was due to $30.0 million of investments in certificates of deposit, net of maturities of $26.8 million, $2.0 million of investments in furniture, computer equipment, and leasehold improvements, and $0.9 million related to the capitalization of website development costs.

Cash used in investing activities of $35.2 million during the first six months of 2016 resulted from $33.0 million of investments in certificates of deposit, $1.7 million of investments in furniture, computer equipment, and leasehold improvements, and $0.5 million related to the capitalization of website development costs.

Cash used in investing activities of $52.0 million during 2016 resulted primarily from $59.8 million of investments in certificates of deposit, net of maturities of $15.0 million, $5.8 million of investments in furniture, computer equipment, and leasehold improvements, and $1.4 million related to the capitalization of website development costs.

Cash used in investing activities of $7.6 million during 2015 resulted primarily from $6.4 million of investments in furniture, computer equipment, and leasehold improvements and $1.3 million related to the capitalization of website development costs.

Financing Activities

Cash used in financing activities of $0.1 million during the first six months of 2017 primarily reflects $0.3 million of initial public offering costs, partially offset by $0.2 million related to the proceeds from the issuance of common stock related to the exercise of vested stock options.

Cash provided by financing activities of $0.1 million during the first six months of 2016 represented the proceeds from the issuance of common stock related to the exercise of vested stock options.

Cash provided by financing activities of $0.7 million during 2016 primarily reflects $59.7 million of proceeds from the issuance of Series E preferred stock, net of issuance costs, and a tax benefit of $0.8 million related to the exercise of stock options, which was partially offset by the $60.0 million used for the repurchase of previously issued preferred stock, common stock, vested options, and restricted stock units.

Cash provided by financing activities of $50.0 million during 2015 primarily reflects $67.9 million of proceeds from the issuance of Series D preferred stock, net of issuance costs. The proceeds were partially offset by the $18.0 million used for the repurchase of previously issued preferred stock, common stock and vested options.

Contractual Obligations and Known Future Cash Requirements

Our lease obligations consist of various leases for office space in Massachusetts and Dublin with various lease terms through January 2024. The terms of our Massachusetts lease agreements provide for rental payments that increase on an annual basis. We recognize rent expense on a straight-line basis over the lease period. We do not have any debt or material capital lease obligations as of December 31, 2016 and all of our property, equipment, and software have been purchased with cash. We have no material long-term purchase obligations outstanding with any vendors or third parties.

Set forth below is information concerning our known contractual obligations at December 31, 2016 that are fixed and determinable.

	Total	Less than 1 year	2 - 3 years	4 - 5 years	More than 5 years
			(in thousands)		
Operating lease obligations	$ 42,140	$ 6,437	$ 13,432	$ 13,832	$ 8,439
Total contractual obligations	$ 42,140	$ 6,437	$ 13,432	$ 13,832	$ 8,439

Off-Balance Sheet Arrangements

As of December 31, 2016 and June 30, 2017, we did not have any off-balance sheet arrangements, except for operating leases entered into in the normal course of business as discussed above.

Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may affect our financial position due to adverse changes in financial market prices and rates. We are exposed to market risks related to changes in interest rates.

Interest Rate Risk

We did not have any long-term borrowings as of December 31, 2016 or as of June 30, 2017.

We had cash, cash equivalents, and investments of $74.3 million and $81.3 million at December 31, 2016 and June 30, 2017, respectively, which consists of bank deposits, money market funds and certificates of deposit with maturity dates ranging from three to 12 months. Such interest-earning instruments carry a degree of interest rate risk. To date, fluctuations in interest income have not been significant.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition, or results of operations to date. However, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, operating results, and financial condition.

Foreign Currency Exchange Risk

Historically, because our operations and sales have been primarily in the United States, we have not faced any significant foreign currency risk. As of December 31, 2016 and June 30, 2017, we have foreign currency exposures in the British pound and the Euro, although such exposure is not significant.

Our foreign subsidiaries have intercompany accounts that are eliminated upon consolidation, and these accounts expose us to foreign currency exchange rate fluctuations. Exchange rate fluctuations on short-term intercompany accounts are recorded in our consolidated statements of operations under other income (expense).

As we expand internationally, our risks associated with fluctuation in currency rates will become greater, and we will continue to reassess our approach to managing these risks.

Critical Accounting Policies and Significant Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that of our significant accounting policies, which are described in Note 2 to the notes to our consolidated financial statements included elsewhere in this prospectus, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of our operations.

Revenue Recognition

Our revenue is derived from two primary sources: marketplace subscription revenue, which consists of listing and display advertising subscriptions from dealers, and advertising and other revenue, which consists primarily of display advertising revenue from auto manufacturers and other auto-related brand advertisers.

We recognize revenue when all of the following conditions are satisfied: (1) there is persuasive evidence of an arrangement; (2) the service has been provided to the customer; (3) the collection of fees is reasonably assured; and (4) the amount of fees to be paid by the customer is fixed or determinable.

We offer two types of marketplace listing products to dealers, Enhanced or Featured Listing, which require a paid subscription under subscription contracts with initial terms ranging between one month and one year. Contracts for customers generally auto-renew on a monthly basis and are

cancellable by dealers with 30-days' notice after the initial term. In addition, the arrangement allows dealers to access a dashboard to track sales leads and manage their accounts, which we refer to as the Dealer Dashboard. Customers do not have the right to take possession of our software. We recognize revenue in accordance with Accounting Standards Codification, or, ASC, 605, *Revenue Recognition*. We recognize revenue on a monthly basis as revenue is earned. These contracts generally provide the customer with an unlimited amount of automobile inventory they can advertise.

In addition to listing their inventory in our marketplace, we periodically enter into multiple-element service arrangements that provide dealers with Enhanced or Featured Listing products, as well as other advertising and customer acquisition products including display advertising, which appears in our marketplace and on other sites on the Internet and requires a paid subscription under contracts with initial terms ranging from one month to one year. Contracts for customers generally auto-renew on a monthly basis and are cancellable by dealers with 30-days' notice after the initial term.

We assess arrangements with multiple deliverables under Financial Accounting Standards Board, or FASB, Accounting Standards Update, or ASU, No. 2009-13, Revenue Recognition (Topic 605), *Multiple-Deliverable Revenue Arrangements — a Consensus of the FASB Emerging Issues Task Force* (ASU 2009-13), which amended the previous multiple-element arrangements accounting guidance. Pursuant to ASU 2009-13, in order to treat deliverables in a multiple-element arrangement as separate units of accounting, the deliverables must have stand-alone value upon delivery. If the deliverables have stand-alone value upon delivery, we account for each deliverable separately. We have concluded that each element in the arrangement has stand-alone value as the individual services can be sold separately. In addition, there is no right of refund once a service has been delivered. Therefore, we have concluded each element of the arrangement is a separate unit of accounting. While these arrangements are considered multiple-element arrangements, the recognition of the units of accounting follow a consistent ratable recognition given the pattern over which services are provided.

Advertising and other revenue consists primarily of non-dealer display advertising revenue from auto manufacturers and other auto-related brand advertisers sold on a CPM basis. Impressions are the number of times an advertisement is loaded on a web page. Pricing is primarily based on advertisement size and position on our mobile applications and websites, and fees are generally billed monthly. We recognize such revenue as impressions are delivered.

We do not provide minimum impression guarantees or other types of minimum guarantees in our contracts with customers.

We sell advertising directly to auto manufacturers and other auto-related brand advertisers as well as indirectly through revenue sharing arrangements with advertising exchange partners. The advertising we sell is not subject to revenue sharing arrangements. Company-sold advertising revenue is recognized based on the gross amount charged to the advertiser. Partner-sold advertising revenue is recognized based on the net amount of revenue received from the content partners.

Revenue from advertising sold directly by us to auto manufacturers and other auto-related brand advertisers is recorded on a gross basis predominately because we are the primary obligor responsible for fulfilling advertisement delivery, including the acceptability of the services delivered. We enter into contractual arrangements directly with advertisers, and are directly responsible for the fulfillment of the contractual terms and any remedy for issues with such fulfillment. We also have latitude in establishing the selling price with the advertiser, as we sell advertisements at a rate determined at our sole discretion.

Advertising revenue subject to revenue sharing agreements between us and advertising exchange partners is recognized based on the net amount of revenue received from the partner predominately because the advertising partner, and not us, is the primary obligor responsible for fulfillment, including the acceptability of the services delivered. In partner-sold advertising arrangements, the advertising partner has a direct contractual relationship with the advertiser. There is no contractual relationship between us and the advertiser for partner-sold transactions. When an advertising exchange partner sells advertisements, the partner is responsible for fulfilling the advertisements, and accordingly, we have determined the advertising partner is the primary obligor. Additionally, we do not have any latitude in establishing the price with the advertiser for partner-sold advertising.

Revenue is presented net of any taxes collected from customers.

We establish sales allowances at the time of revenue recognition based on our history of adjustments and credits provided to our customers. Sales allowances relate primarily to credits issued for service interruption. In assessing the adequacy of the sales allowance, we evaluate our history of adjustments and credits made through the date of the issuance of the financial statements. Estimated sales adjustments and credits and ultimate losses may vary from actual results which could be material to the financial statements; however, to date, actual sales allowances have been materially consistent with our estimates. Sales allowances are recorded as a reduction to revenue in the consolidated statements of operations.

Website and Software Development Costs

We capitalize certain costs associated with the development of our websites and internal-use software products after the preliminary project stage is complete and until the software is ready for its intended use. Research and development costs incurred during the preliminary project stage or costs incurred for data conversion activities, training, maintenance, and general and administrative or overhead costs are expensed as incurred. Capitalization begins when the preliminary project stage is complete, management, with the relevant authority, authorizes and commits to the funding of the software project, it is probable the project will be completed, the software will be used to perform the functions intended and certain functional and quality standards have been met. Qualified costs incurred during the operating stage of our software applications relating to upgrades and enhancements are capitalized to the extent it is probable that they will result in added functionality, while costs that cannot be separated between maintenance of, and minor upgrades and enhancements to, internal-use software are expensed as incurred.

Capitalized software development costs are amortized on a straight-line basis over their estimated useful life of three years. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

During the years ended December 31, 2015 and 2016, we capitalized $1.3 million and $1.4 million of website development costs, respectively. We recorded amortization expense associated with its capitalized website development costs of $0.2 million and $0.3 million, for the years ended December 31, 2015 and 2016, respectively.

During the six months ended June 30, 2017, we capitalized $0.9 million of website development costs. We recorded amortization expense associated with our capitalized website development costs of $0.3 million for the six months ended June 30, 2017.

Income Taxes

We account for income taxes in accordance with the liability method. Under this method, deferred tax assets and liabilities are recognized based on temporary differences between the financial reporting and income tax bases of assets and liabilities using statutory rates. In addition, this method requires a valuation allowance against net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

We account for uncertain tax positions recognized in the consolidated financial statements by prescribing a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Interest and penalties, if applicable, related to uncertain tax positions would be recognized as a component of income tax expense. We have no recorded liabilities for uncertain tax positions as of December 31, 2015 or 2016 or June 30, 2017.

Stock-Based Compensation

We recognize stock-based compensation for stock-based awards, including stock options and restricted stock units, or RSUs, based on the estimated fair value of the awards. Through the period ended December 31, 2016, we applied an estimated forfeiture rate in determining the total stock-based compensation expense to record for the period. For service-based awards, we recognize compensation expense on a straight-line basis over the requisite service period of the award.

For RSUs issued under our stock-based compensation plans, the fair value of each grant is calculated based on the estimated fair value of our common stock on the date of grant. We estimate the fair value of most stock option awards on the date of grant using the Black-Scholes option-pricing model. Certain stock option awards that have an exercise price that is materially above the current estimated fair market value of our common stock are considered to be "deeply out of the money," and are valued at the date of grant using a binomial lattice option-pricing model. The fair value of each option grant issued under our stock-based compensation plans that is not considered "deeply out of the money" was estimated using the Black-Scholes option-pricing model.

RSUs granted historically are subject to both a service-based vesting and a performance-based vesting condition achieved upon a liquidity event, defined as either a change of control or an initial public offering of our common stock, or IPO. As a result, no compensation cost related to stock-based awards with these performance conditions has been recognized through June 30, 2017, as we have determined that a liquidity event was not probable at December 31, 2015 or 2016 or June 30, 2017. We will record the expense for these awards using the accelerated attribution method over the remaining service period when management determines that achievement of the liquidity event is probable.

We determined the assumptions for the Black-Scholes option-pricing model as discussed below. Each of these inputs is subjective and generally requires significant judgment to determine.

- *Fair Value of Our Common Stock.* Prior to this offering, our stock was not publicly traded, and therefore we estimated the fair value of our common stock, as discussed in "— Common Stock Valuations" below.
- *Expected Term.* The expected term represents the period that the stock-based awards are expected to be outstanding. The expected term of stock options granted has been determined using the simplified method, which uses the midpoint between the vesting date and the contractual term.

- *Risk-Free Interest Rate.* The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of grant for zero-coupon U.S. Treasury constant maturity notes with terms approximately equal to the stock-based award's expected term.

- *Expected Volatility.* Because we do not have a trading history of our common stock, the expected volatility was derived from the average historical stock volatilities of several public companies within our industry that we consider to be comparable to our business over a period equivalent to the expected term of the stock-based awards.

- *Dividend Rate.* The expected dividend is zero as we have not paid and do not anticipate paying any dividends in the foreseeable future.

If any of the assumptions used in the Black-Scholes model change significantly, stock-based compensation for future awards may differ materially compared with the awards granted previously.

The weighted-average fair values of options granted during the years ended December 31, 2015 and 2016 were $0.46 and $0.90, respectively. No options were granted during the six months ended June 30, 2017. The weighted-average assumptions utilized to determine the fair value of options granted are presented in the following table:

	2015	2016
Expected dividend yield	—	—
Expected volatility	64%	49%
Risk-free interest rate	1.73%	1.57%
Expected term (in years)	6.05	6.07

Common Stock Valuations

The fair value of units and shares of our common stock has historically been determined by our board of directors, with input from management, based upon information available at the time of grant. Once a public trading market for our Class A common stock has been established following the closing of this offering, it will no longer be necessary for our board of directors to estimate the fair market value of our common stock in connection with our accounting for granted equity awards. Given the absence of a public market for our Class A common stock prior to this offering and in accordance with the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately Held Company Equity Securities Issued as Compensation*, also known as the Practice Aid, our board of directors has exercised reasonable judgment and considered a number of objective and subjective factors to determine the best estimate of the fair value of our common stock including:

- contemporaneous third-party valuations of our common stock;

- the prices, rights, preferences and privileges of preferred stock relative to the common stock;

- market performance of comparable publicly traded peer companies;

- the prices of convertible preferred stock sold by us to third-party investors;

- our operating and financial performance;

- the lack of marketability of our common stock;

- the U.S. and global economic and capital market conditions and outlook; and

- the likelihood of achieving a liquidity event for the shares of common stock underlying stock options and RSUs, such as an IPO or sale of our company, given prevailing market conditions.

We granted stock options and RSUs with the following exercise prices and grant date fair values, respectively, between January 1, 2016 and the date of this prospectus:

Month and Year of Award Agreement	Award Type	Number of Awards Granted[1]	Exercise Price Per Share	Per Share Fair Value[2]	Aggregate Award Fair Value
		(in thousands, except share and per share data)			
January 2016	Stock option	278,400	$ 6.77	$ 3.19	$ 889
February 2016	RSU	264,000	—	$ 3.19	$ 843
March 2016	Stock option	12,600	$ 6.77	$ 3.19	$ 40
April 2016	Stock option	325,200	$ 6.77	$ 3.19	$ 1,124
May 2016	Stock option	33,600	$ 6.77	$ 3.19	$ 107
June 2016	Stock option	12,600	$ 6.77	$ 3.19	$ 40
July 2016	RSU	303,108	—	$ 3.19	$ 967
August 2016	RSU	3,600	—	$ 3.19	$ 11
October 2016	RSU	423,300	—	$ 4.72	$ 1,996
November 2016	RSU	40,800	—	$ 4.72	$ 192
December 2016	RSU	3,600	—	$ 4.72	$ 17
January 2017	RSU	397,200	—	$ 5.54	$ 2,200
May 2017	RSU	451,434	—	$ 6.89	$ 3,109

(1) One third of which number of shares of common stock subject to the award are shares of Class A common stock and two thirds of which number of shares of common stock subject to the award are shares of Class B common stock.

(2) The per share fair value represents the fair value of one share of our common stock on the date of grant, as determined by our board of directors, after taking into account our most recently available contemporaneous valuations of our common stock as well as additional factors that may have changed since the date of such contemporaneous valuation through the date of grant. The board performed such valuations on the following dates and arrived at the following per share fair values:

Date of Valuation	Per Share Fair Value
December 31, 2015	$ 3.19
August 23, 2016	$ 4.72
December 31, 2016	$ 5.54
March 31, 2017	$ 6.89
June 30, 2017	$ 11.48

The dates of our valuations have not always coincided with the dates of our stock option or RSU grants. In determining the fair value of the shares underlying options and RSUs set forth in the table above, we considered, among other things, the most recent contemporaneous valuations of our common stock and our assessment of additional objective and subjective factors we believed were relevant as of the grant date. The additional factors considered when determining any changes in fair value between the most recent contemporaneous valuation and the grant dates included performance metrics such as monthly revenue, AARSD, headcount and total active customers, our operating and financial performance and current business conditions.

There are significant judgments and estimates inherent in the determination of the fair value of our common stock. These judgments and estimates include assumptions regarding our future operating performance, the time to completing an IPO, or other liquidity event, the related company valuations associated with such events, and the determinations of the appropriate valuation

methods. If we had made different assumptions, our stock-based compensation expense, consolidated net (loss) income and consolidated net (loss) income per share attributable to common stockholders could have been significantly different.

Our contemporaneous valuations were prepared in accordance with the guidelines in the Practice Aid, which prescribes several valuation approaches for determining the value of an enterprise, such as the cost, market and income approaches. These valuations estimated the fair value of a minority interest in our common stock, determined based on our total equity value, or TEV, using the market approach. The market approach considers multiples of financial metrics based on guideline public companies. These multiples are then applied to our financial metrics to derive a range of indicated values. In periods in which we had a significant financing event, the market approach considered this as a significant indicator in determining the fair value of our common stock, and our TEV was estimated using the Option Pricing Method Backsolve, or OPM Backsolve. This methodology utilizes the most recent negotiated arms-length transactions involving the sale or transfer of our stock or equity interests.

Our indicated TEV was then allocated to each equity element of our capital structure (preferred stock, common stock, options, and RSUs). Estimates of the volatility of our common stock were based on available information on the volatility of common stock of comparable, publicly traded companies. We applied a discount for lack of marketability to our common stock based on studies of comparable company-specific adjustments along with consideration of a protective put option model.

Beginning with the August 23, 2016 valuation, we changed the methodology for allocating our equity value to our common stock to a hybrid method, which is a combination of a probability weighted expected return method, or PWERM and an OPM. We made this change as greater certainty developed regarding a possible liquidity event. The PWERM methodology relies on a forward-looking analysis to predict the possible future value of a company. Under this method, discrete future outcomes, such as an IPO, non-IPO scenarios, and a merger or sale are weighted based on our estimate of the probability of each scenario. In our application of the hybrid method, we considered an IPO scenario under the PWERM framework, and a non-IPO scenario modeled using an OPM to reflect the full distribution of possible non-IPO outcomes. The hybrid method is useful when certain discrete future outcomes can be predicted, but also accounts for uncertainty regarding the timing or likelihood of specific alternative exit events.

Emerging Growth Company Status

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. We may take advantage of these exemptions until we are no longer an emerging growth company. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards. We have elected to use the extended transition period for complying with new or revised accounting standards; and as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. We may take advantage of these exemptions up until the last day of the fiscal year following the fifth anniversary of this offering or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1.07 billion in annual revenue, we have more than $700.0 million in market value of our stock held by non-affiliates (and we have been a public company for at least 12 months and have filed one annual report on Form 10-K) or we issue more than $1.0 billion of non-convertible debt securities over a three-year period.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), which modifies how all entities recognize revenue, and consolidates into one ASC Topic (ASC Topic 606, *Revenue from Contracts with Customers*) the current guidance found in ASC Topic 605, and various other revenue accounting standards for specialized transactions and industries. ASU 2014-09 outlines a comprehensive five-step revenue recognition model based on the principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 may be applied using either a full retrospective approach, under which all years included in the financial statements will be presented under the revised guidance, or a modified retrospective approach, under which financial statements will be prepared under the revised guidance for the year of adoption, but not for prior years. Under the latter method, entities will recognize a cumulative catch-up adjustment to the opening balance of retained earnings at the effective date for contracts that still require performance by the entity at the date of adoption.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date* (ASU 2015-14), which defers the effective date of ASU 2014-09 by one year. ASU 2014-09 is now effective for public entities for annual reporting periods beginning after December 15, 2017, including interim periods within those annual reporting periods. We have developed an implementation plan to adopt this new guidance. As part of this plan, we are currently assessing the impact of the new guidance on our results of operations. Based on our procedures performed to date, nothing has come to our attention that would indicate that the adoption of ASU 2014-09 will have a material impact on our revenue recognition; however, further analysis is required and we will continue to evaluate this assessment throughout 2017. While we are still evaluating the impact that this guidance will have on our financial statements and related disclosures, our preliminary assessment is that there will be an impact relating to the accounting for costs to acquire a contract. Under ASU 2015-14, we will be required to capitalize certain costs, primarily commission expense to sales representatives, on our consolidated balance sheet and amortize such costs over the period of performance for the underlying customer contracts. We are still evaluating the impact of capitalizing costs to execute a contract.

For non-public entities, the guidance is effective for annual periods beginning after December 15, 2018. Non-public entities are permitted to adopt the standard as early as annual reporting periods beginning after December 15, 2016 and interim periods therein. We currently expect to apply the modified retrospective method of adoption; however, we have not yet finalized our transition method, but expect to do so upon completion of further analysis.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize most leases on the balance sheet but recognize expenses on the income statement in a manner similar to current practice. The update states that a lessee will recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying assets for the lease term. Leases will continue to be classified as either financing or operating, with classification affecting the recognition, measurement, and presentation of expenses and cash flows arising from a lease. For public entities, the new standard is effective for interim and annual periods beginning on or after January 1, 2019, with early adoption permitted. For non-public entities, the new standard is effective for annual periods beginning after December 15, 2019, with early adoption permitted. We are evaluating the impact this new guidance may have on our consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (ASU 2016-15). ASU 2016-15 is

intended to add or clarify guidance on the classification of certain cash receipts and payments in the statement of cash flows and to eliminate the diversity in practice related to such classifications. For public entities, the guidance in ASU 2016-15 is required for annual reporting periods beginning after December 15, 2017, with early adoption permitted. For non-public entities, the guidance is effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted. We are currently in the process of evaluating the impact and timing of adoption of the ASU 2016-15 on our consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* (ASU 2016-18). ASU 2016-18 requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Entities will also be required to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. For non-public entities, the amendments in ASU 2016-18 are effective for annual periods beginning after December 15, 2018, with early adoption permitted. We adopted this standard effective January 1, 2016, and applied the guidance using a retrospective transition method to each period presented.

BUSINESS

Overview

CarGurus is a global, online automotive marketplace connecting buyers and sellers of new and used cars. Using proprietary technology, search algorithms, and innovative data analytics, we believe we are building the world's most trusted and transparent automotive marketplace and creating a differentiated automotive search experience for consumers. Our trusted marketplace empowers users with unbiased third-party validation on pricing and dealer reputation as well as other information that aids them in finding "Great Deals from Great Dealers." As of June 30, 2017, we had an active dealer network of over 40,000 dealers, and our selection of over 5.4 million car listings is the largest number of car listings available on any of the major U.S. online automotive marketplaces. In addition to the United States, we operate online marketplaces in Canada, the United Kingdom, and Germany.

A core principle of our marketplace is unbiased transparency. For consumers considering used vehicles, we aggregate vehicle inventory from dealers and apply our proprietary analysis to generate a Deal Rating as either: Great Deal, Good Deal, Fair Deal, High Priced, or Overpriced. Deal Rating illustrates how competitive a listing is compared to similar cars sold in the same region in recent history. We determine Deal Rating principally on the basis of both our proprietary Instant Market Value, or IMV, algorithm, which determines the market value of any given vehicle in a local market, and Dealer Rating, a measure of a dealer's reputation as determined by reviews of that dealer from our user community. By sorting organic search results based on a used car's Deal Rating, we enable consumers to find the most relevant car for their needs. For new cars, we help our users understand deal quality by providing price analysis and our Dealer Rating. We also provide our users information historically not widely available, such as Price History, Time on Site, and Vehicle History. We believe this approach brings greater transparency, trust, and efficiency to a consumer's car research and buying process, leading to higher engagement and a more informed consumer who is better prepared to purchase at the dealership.

According to Google Analytics, in the second quarter of 2017, we had approximately 61 million average monthly sessions in the United States, up from approximately 45 million during the same period in 2016. According to comScore, we have become the most visited online automotive marketplace in the United States, and we have the largest mobile audience, with over 78% of our second quarter 2017 monthly unique visitors accessing our marketplace from mobile devices. Our focus on providing unbiased transparency for consumers has also created an engaged user community. According to comScore, during the second quarter of 2017, visitors returned to our site 2.4 times as often as any other major U.S. online automotive marketplace, up from 1.8 times as often in the second quarter of 2016.

Our large, engaged, and predominantly mobile user base presents an attractive audience of in-market consumers for our dealers. By connecting dealers with more informed consumers, we believe we provide dealers with an efficient customer acquisition channel and attractive returns on their marketing spend with us. Dealers can list their inventory in our marketplace for free with our Basic Listing product or with a paid subscription to our Enhanced or Featured Listing products. Dealers with free listings receive anonymized email connections and access to a subset of the tools on our Dealer Dashboard at no cost. Dealers with a paid subscription receive connections to consumers that are not anonymous and can be made through a wider variety of methods, including phone calls, email, managed text and chat, links to the dealer's website, and map directions to dealerships. In addition, dealers with our Enhanced and Featured Listing products are able to display their dealer name, address, and dealership information on their listings to gain brand recognition, which promotes walk-in traffic to the dealer. We also provide paying dealers with full access to our Dealer Dashboard, including inventory pricing tools informed by real-time market

conditions, which help them more effectively price, merchandise, and sell their cars. Our success with dealers is evidenced by the 66% growth in the number of paying dealers in our U.S. marketplace from 2015 to 2016.

Our scaled online marketplace model drives powerful network effects. The industry-leading inventory selection offered by our dealers attracts a large and engaged consumer audience. The value of robust connections to this audience incentivizes dealers to purchase our Enhanced or Featured Listing products. Having more paying dealers provides consumers with more dealer information and methods to contact them. More consumers and connections drives greater value to paying dealers on our platform. Driven by these network effects, we continue to amass more data, which we use to continuously improve our search algorithms, the accuracy of Deal Ratings, our user experience, and, ultimately, the quality of the connections between consumers and dealers.

We generate marketplace subscription revenue from dealers through Listing and Dealer Display subscriptions and advertising revenue from auto manufacturers and other auto-related brand advertisers. Our rapid revenue growth and financial performance over the last several years exemplifies the strength of our marketplace. In 2016, we generated revenue of $198.1 million, a 101% increase from $98.6 million of revenue in 2015. Our revenue for the six months ended June 30, 2017 was $143.3 million, a 70% increase from $84.2 million of revenue in the six months ended June 30, 2016. In 2016, we generated net income of $6.5 million and our Adjusted EBITDA was $11.0 million, compared to a net loss of $1.6 million and Adjusted EBITDA of $(0.4) million in 2015. For the six months ended June 30, 2017, we generated net income of $8.6 million and Adjusted EBITDA of $14.1 million, compared to net income of $0.5 million and Adjusted EBITDA of $1.7 million for the six months ended June 30, 2016. See "Selected Consolidated Financial and Other Data — Adjusted EBITDA" for more information regarding our use of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to our net income (loss).

Industry Dynamics and Market Opportunity

Significant Purchasing Decision for Consumers. A car is often the second largest purchase a consumer will make, second only to his or her home. Traditionally, the process of finding the right car to buy, selecting the right dealer or seller to buy it from, and deciding how much to spend, has been complex and intimidating. A 2017 Google study estimates that, during the car buying process, a consumer might have over 900 digital interactions with dealers, brands, and third-party sites. Historically, aggregating inventory across dealerships has been challenging and finding objective information regarding the fair price of a car and the quality of a dealership has been difficult.

Massive U.S. Automotive Market. The automotive industry is one of the largest in the United States. Borrell Associates estimates that U.S. retail automotive sales reached $1.3 trillion in 2016, with automotive dealers accounting for over 85% of all cars sold. According to these estimates, there are approximately 43,000 dealers in the United States, including over 16,000 franchise dealers affiliated with an automotive brand that often sell both new and used cars, and over 26,000 independent dealers that sell only used cars. These U.S. dealers sold approximately 17 million new cars and 44 million used cars in 2016, while peer-to-peer transactions by individuals accounted for approximately 11 million used cars sold. The same report estimates that the U.S. automotive industry spent over $37 billion on advertising in 2016, $23 billion of which was spent by dealers, representing over 60% of the market. Borrell Associates estimates that the U.S. automotive industry will spend approximately $47 billion on advertising by 2021, approximately 62% of which will be spent by dealers. In addition to marketing spend, based on information from investment bank analyst research, we believe that U.S. dealers spend approximately $4.5 billion a year on software solutions, including inventory management, customer relationship management, and data services, among other applications.

Shift from Offline to Online. Consumers are increasingly using the Internet to search for cars before entering a dealership. According to JD Power & Associates, the average car buyer spends 14 hours researching cars online prior to making a purchase. This shift in consumer behavior, which places more reliance on digital research, has led to a decrease in the number of dealership visits a consumer makes prior to purchasing a car; the average consumer visited 1.6 dealerships before buying a car in 2015, which is a 68% decrease from 2005. To respond to this trend, the U.S. automotive industry has increasingly allocated more marketing spend to online channels. According to Borrell Associates estimates, 57%, or $21 billion, of the U.S. automotive marketing spend was on online channels in 2016, up from 32% in 2011, and it is expected to increase to 70% by 2021.

Increasing Importance of Mobile Devices. Consumers are increasingly using their mobile devices to search for vehicles. For many consumers, shopping for a car is an intermittent process occurring on and off dealers' lots, making it particularly well-suited for a mobile search experience. A 2015 Google study estimates that more than half of shoppers use a smartphone for research while on a dealer's lot, and a 2017 Google study estimates that as much as 71% of a consumer's interactions with dealers, brands, and third-party sites during the car buying process occurred on a mobile device.

Highly Fragmented, Local Market. The market for new and used car sales is highly fragmented and local, making it competitive for dealers to find local buyers. A dealer's inventory may change daily and the speed at which a dealer turns its inventory is a key driver of its profitability. Additionally, unlike new cars, no two used cars are alike, and used car buyers often search for a very specific configuration, including make, model, trim, options, year, mileage, and price. This makes it challenging for dealers to find the right buyer for a specific vehicle in a cost-efficient manner.

Large International Automotive Markets with Similar Dynamics as the United States. Much like in the United States, dealers represent a critical part of international automotive markets. It is estimated that in 2016, there were approximately 5,800 dealers in Canada and 4.9 million new and used cars sold; 11,700 dealers in the United Kingdom and 10.9 million new and used cars sold; and 21,000 dealers in Germany and 10.8 million new and used cars sold. We believe our marketplace will be attractive in these and other international markets as an alternative to paid-inclusion automotive marketplaces that lack unbiased transparency for consumers and free listing options for dealers.

Consumer Challenges

Upon determining what type of car to purchase, consumers face many questions:

- Which dealer has a car like this?
- What is a fair price for this particular type of car?
- Have others had a good experience buying from this dealer?

In answering these questions, consumers have historically had limited access to unbiased information on specific vehicles, car pricing, and dealer reputation. For consumers searching for used cars, every car is unique, and it is difficult to aggregate the relevant inventory of available used cars across dealers, a difficulty exacerbated by the lack of consistency in the way that dealers characterize a car's attributes. Generally, dealers also have had more information about car prices than consumers do, as consumers have had limited resources and tools to determine an appropriate price. Finally, selecting the right dealer has also been challenging for consumers as dealer reputations have historically been based primarily on word-of-mouth. The lack of clear,

unbiased, transparent information has made it difficult for consumers to effectively compare vehicles and find the vehicle that best suits their needs.

Dealer Challenges

The economics of dealerships depend largely on sales volume, gross margin, and customer acquisition efficiency. To achieve a high return on their marketing investments, dealers must find in-market consumers, yet because car purchases are infrequent, only a small percentage of consumers are shopping for a car at any given point in time. Traditional marketing channels, including television, radio, and newspaper, can effectively target locally but are inefficient in reaching the small percentage of consumers who are actively in the market to buy a car. In addition, used car pricing is fluid because it is based on rapidly shifting supply and demand dynamics. Dealers need to find ways to manage constantly changing inventory and adjust pricing strategies to adapt to frequently changing market conditions.

Our Approach

Why Consumers Choose Us

We believe that our marketplace offers the best online automotive marketplace experience for consumers, distinguished by the following:

- *Largest Inventory Selection.* As of June 30, 2017, we had an active dealer network of over 40,000 dealers, and our selection of over 5.4 million car listings is the largest number of car listings available on any of the major U.S. online automotive marketplaces. We define our active dealer network as consisting of all dealers to which we connected a user about a listing during the ninety-day period ending on the applicable measurement date. Our marketplace enables consumers to easily connect with these dealers through a variety of channels, including phone calls, email, managed text and chat, links to the dealer's website, and map directions to dealerships.

- *Trust and Unbiased Transparency.* Used cars identified through searches in our marketplace are sorted by and shown with a Deal Rating, which illustrates how competitive a listing is compared to similar cars sold in the same region in recent history. We determine Deal Rating principally on the basis of our proprietary IMV and Dealer Rating, which is based on qualified dealer reviews from our users, associated with the car. For new cars, which have manufacturer suggested retail prices, or MSRPs, and no vehicle history, we help our users understand deal quality by providing price analysis and our Dealer Rating. These features, coupled with information historically not widely available, such as Price History, Time on Site, and Vehicle History, provide consumers with unbiased, transparent information with which to make their purchasing decision.

- *Intuitive Search Results.* For used car shoppers, our organic search function prioritizes results by a car's Deal Rating, which we believe is most relevant to a consumer's decision criteria. In contrast, paid-inclusion automotive marketplaces award dealers preferential listing placement based on how much a dealer pays. Apart from a limited number of paid Featured listings for each search, our organic search results are oriented solely by "Great Deals from Great Dealers" in the relevant local market. We also empower consumers with a variety of tools to search and filter the inventory on our site in ways that help them efficiently find the best car for their needs. Furthermore, the limited amount of advertising content on our search results pages reduces unnecessary clutter and allows consumers to focus on their search results.

- *Robust, Mobile-Focused Experience.* We have designed our marketplace to appeal to mobile users by developing our products with a mobile-first mindset. This approach has resulted in over 78% of our monthly unique visitors accessing our marketplace from mobile devices in the second quarter of 2017 and a 43% growth in our average monthly mobile visits from 2015 to 2016, according to comScore. Our growth in mobile visits continues in 2017; according to comScore, we had over 34 million average mobile monthly visits, the most of any online automotive marketplace in the United States, and we had 44% more mobile monthly unique visitors than the next largest mobile audience among the major U.S. automotive marketplaces during the second quarter of 2017.

Why Dealers Choose Us

We believe that dealers choose us for the following reasons:

- *Attractive Return on Investment.* Return on investment, or ROI, which measures gross profit from the sale of cars in relation to the amount of the associated marketing expense, is a principal metric for assessing the performance of a customer acquisition channel. We believe we offer dealers an efficient customer acquisition channel driven by the volume of connections to our users, the quality of those connections, and the brand exposure to our engaged audience in relation to our subscription cost.

- *Large and Engaged Audience.* We are the most visited online automotive marketplace in the United States; according to comScore, in the second quarter of 2017 we had 2.3 times as many visits to our U.S. website as any other major U.S. online automotive marketplace, up from 1.8 times as many during the same period in 2016. In addition, we believe our audience is more engaged than users of other online automotive marketplaces; in the second quarter of 2017, our visitors returned to our site 2.4 times as often as any other major U.S. online automotive marketplace.

- *Volume of Connections.* Our marketplace enables consumers to easily connect with dealers through a variety of channels, including phone calls, email, managed text and chat, links to the dealer's website, and map directions to dealerships. Leveraging our large consumer audience, we provided over 42 million connections to our dealers in the United States in 2016.

- *Broad Suite of Products and Tools.* We offer products that help dealers acquire customers and build their brands, such as Enhanced Listing, Featured Listing, Dealer Display advertising, Deal Rating Badges, and dealer search engine marketing. Additionally, we provide tools to help dealers market and sell their cars more efficiently, such as our Pricing Tool, Market Analysis tool, and Dealer Insights tool.

Why Auto Manufacturers Choose Us

In addition to dealers, our audience also appeals to auto manufacturers. Auto manufacturers have few other opportunities to reach an audience of consumers as large and engaged as ours who are actively looking to purchase a car. We believe that auto manufacturers also choose us for the following reasons:

- *Unique Non-Overlapping Audience of In-Market Consumers.* Based on comScore estimates, in the second quarter of 2017, 62% of our monthly unique visitors did not visit any of the other major U.S. online automotive marketplaces during the same period. This creates a compelling value proposition to auto manufacturers, as they would have difficulty reaching these users at scale elsewhere. In addition, traditional media channels, such as television, radio, and newspaper, provide limited segmentation and targeting ability, such that only a

small fraction of consumers reached will actively be in the market to purchase a car. In contrast, based on a survey of 1,767 of our users we conducted during the second quarter of 2017, 88% are actively shopping for a car and 48% intend to buy a car in the next month. Furthermore, advertisers on our site can target consumers based on geography, various demographic and behavioral segmentations, and browsing history.

- *Clean, Uncluttered Pages.* We provide a clean and uncluttered user interface that helps users efficiently find the best car for their needs as part of our commitment to create the best consumer experience. We limit the number of advertisements on any given page; for example, our mobile site has no advertisements on the front page and we have on average fewer than two banner advertisements per search results page, or SRP, across both desktop and mobile. This helps advertisers' messages better resonate when compared to other online automotive marketplaces that display significantly more ads per SRP.

Our Strengths

We believe that our competitive advantages are based on the following key strengths:

Trusted Marketplace for Consumers. We provide consumers with unbiased information, intuitive search results, and other tools that empower them to find "Great Deals from Great Dealers." In the United States, we offer the largest online selection of new and used car listings of any major U.S. online automotive marketplace. We aggregate and analyze these listings using proprietary technology and innovative data analytics to create a differentiated automotive search experience for consumers. We believe that providing an unbiased and transparent consumer experience has instilled greater trust in us among our users, helping us become the most visited online automotive marketplace in the United States. In the second quarter of 2017, we experienced over 61 million average monthly sessions in the United States. We define average monthly sessions as the number of distinct visits to our website that take place each month within a given time frame, as measured and defined by Google Analytics. Our focus on the consumer experience is also evidenced by the success of our mobile platform, with over 78% of our monthly unique visitors in the second quarter of 2017 accessing our marketplace through mobile channels. We believe this user traffic and engagement, critical to any successful marketplace, will continue to strengthen our market position.

Proprietary Search Algorithms and Data-Driven Approach. We have built an extensive repository of data on cars, prices, dealers, and the interactions between consumers and dealers that is the result of over seven years of data aggregation and regression modeling. Our proprietary search algorithms and data analytics allow us to use this valuable data to bring greater transparency to our platform. The primary product of this analysis is our determination of a used car's IMV, which, in addition to Dealer Rating, drives our Deal Rating. We calculate IMV by applying more than 20 ranking signals and more than 100 normalization rules to millions of data points, including the make, model, trim, features, condition, history, geographic location, and mileage of the car. The growing volume of connections between consumers and dealers on our platform allows us to continually improve the accuracy of our IMV, Dealer Ratings, and used car search results sorted by Deal Rating. We apply the knowledge gained from analyzing this ever-growing data set to build new products for our consumers and dealers and to more efficiently launch marketplaces in new countries.

Strong Value Proposition to Dealers. We believe that our marketplace offers an efficient customer acquisition channel for dealers, helping them achieve attractive returns on their marketing spend with us. In 2016, we provided our U.S. dealer base with over 42 million connections to prospective car buyers, most of which were for used cars. We define connections as interactions between consumers and dealers in our marketplace through phone calls, email, managed text and

chat, and clicks to access the dealer's website and map directions to the dealership. We provide all dealers with tools that are informed by real-time market conditions, which help them merchandise and sell their cars. Our paying dealers also gain access to our Pricing Tool and Market Analysis tool. Our strong value proposition to the dealer community is evidenced by the 66% growth in the number of paying U.S. dealers and 18% growth in average annual revenue per subscribing dealer, or AARSD, in the United States from 2015 to 2016.

Network Effects Driven by Scale. Having reached the majority of dealers and built one of the largest consumer audiences in the United States, we believe that our scale creates powerful network effects that reinforce the competitive strength of our business model. As of June 30, 2017, we had an active dealer network of over 40,000 dealers and a selection of over 5.4 million listings, which helped make us the most visited major U.S. online automotive marketplace in the second quarter of 2017, according to comScore. Our large consumer audience increases our appeal to dealers and incentivizes more dealers to purchase our Enhanced or Featured Listing products to access the numerous benefits unavailable to non-paying dealers. Having more paying dealers in our marketplace provides consumers with more dealer information and methods to contact those dealers. More consumers and connections drive greater value and a higher return to paying dealers' marketing spend on our platform. Driven by these network effects, we continue to amass more data, which we use to further strengthen our search algorithms, the utility of analysis complementing each listing, the quality of our user experience, and the value of connections between consumers and dealers.

Attractive Financial Model. We have a strong track record of revenue growth, profitability, and capital efficiency. In 2016, we generated revenue of $198.1 million, a 101% increase from $98.6 million of revenue in 2015. A significant portion of our revenue is recurring due to the subscription nature of our products; in 2016, dealer marketplace listing and dealer display advertising subscription revenue, which we consider to be recurring revenue, comprised 86% of total revenue. Furthermore, our revenue base is highly diversified due to the fragmented nature of the automotive dealer industry. We also have been able to grow and invest in our future growth while improving profitability due to the operating leverage in our business model. On a consolidated basis, while our revenue grew 101%, our Adjusted EBITDA margin expanded from 0% in 2015 to 6% in 2016. In the United States, which is our most developed market, we grew our revenue by 99% in 2016 while increasing our income from operations from $0.6 million in 2015 to $27.5 million in 2016.

Founder-Led Management Team with Culture of Innovation. Our founder, Chief Executive Officer, President, and Chairman, Langley Steinert, co-founded and was previously chairman of TripAdvisor, an online marketplace for travel-related content based on the mission of using technology and a data-driven approach to provide transparency for consumers' travel planning. At CarGurus, we are bringing the same transparency to the automotive market. Founded in 2006, CarGurus grew through 2014 using approximately $5 million of outside capital and today we continue to focus on data-driven innovation and financial discipline to build our company.

Our Growth Strategies

We intend to continue to grow our business by pursuing the following strategies:

Grow Our Paying U.S. Dealer Base. We plan to convert more dealers to paying dealers in the United States by leveraging our sales and account management teams and demonstrating the value proposition of our marketplace as an attractive customer acquisition channel with a compelling ROI. As of June 30, 2017, approximately 57% of dealers in our active dealer network were paying dealers. We will continue to introduce new features and services to our Enhanced and

Featured Listing products, such as our recently introduced managed text and chat feature, to further encourage conversion from non-paying to paid usage.

Increase Our Share of Dealer Marketing Spend From Existing Products. According to comScore, in the second quarter of 2017, we captured 51% of total minutes consumers spent visiting the major U.S. online automotive marketplaces. However, we believe our average share of dealers' online marketing spend is less than our proportionate share of online consumer traffic on automotive marketplaces. We intend to continue to grow our AARSD by increasing the volume of connections we provide to dealers for new and used cars and demonstrating the value of our large, engaged, and predominantly mobile audience and the attractive return dealers can achieve through higher marketing spend on our platform. For example, we increased the volume of connections provided to our U.S. dealers by over 20% to 12.4 million connections during the second quarter of 2017, compared to 10.3 million connections during the same period in 2016. As we grow our consumer audience and corresponding connections to dealers, we believe dealers will be incentivized to pay more for those increasing connections.

Offer Additional Dealer Products. In addition to our current suite of dealer products, we plan to offer new products to help dealers acquire customers, build relationships with prospects, and better manage their inventories, websites, and dealerships. For example, in 2017, we began offering a digital marketing product that helps dealers more effectively acquire prospects through paid search marketing and retargeting.

Grow the Size and Engagement of Our Consumer Audience. We will continue investing in, and improving the efficiency of, our algorithmic traffic acquisition. In addition, we intend to add new features, tools, and services to assist consumers with more aspects of the car ownership lifecycle, from researching and buying a car through maintaining and eventually selling their car. For example, we have introduced car comparison pages to help with research, monthly payment calculators to help with buying, and Sell My Car to help individuals with selling their cars.

Invest in Our Brand. We have significant opportunities to increase our brand awareness. Historically, our marketing efforts have been focused on algorithmic traffic acquisition rather than brand marketing. We plan to further expand our marketing on television, radio, and social media to drive greater brand recognition, trust, and loyalty from a broader consumer audience. In addition, we believe that a stronger brand will drive greater trust and loyalty with the dealer community.

Expand into International Markets. Enabled by our proprietary algorithms and data analytics, our flexible and extensible search platform has allowed us to launch marketplaces in Canada, the United Kingdom, and Germany. We have designed our platform to accommodate a growing list of tools that allows us to support country-specific requirements and vehicle data across multiple formats and countries. By leveraging these strengths, as well as our selling and marketing expertise, we plan to launch new marketplaces in other countries that have attractive industry dynamics. There are over 60,000 dealers in the international markets where we have launched or plan to launch in the next twelve months. In 2016, we generated international revenue of $2.3 million, which accounted for 1% of our total revenue, compared to approximately $22,000, which accounted for a negligible percentage of our total revenue in 2015.

Our Products

Consumer Marketplace

We provide consumers an online automotive marketplace where they can search for new and used car listings from our dealers, as well as sell their car. Through our marketplace, we provide consumers with information that helps them find the most relevant car for their needs. A user accesses our U.S. marketplace through our desktop or mobile-optimized website at cargurus.com

or by using our mobile app. Most users specify whether they are searching for used, certified pre-owned, or new cars and then provide their desired vehicle make and model and their zip code.

Used and Certified Pre-Owned Cars

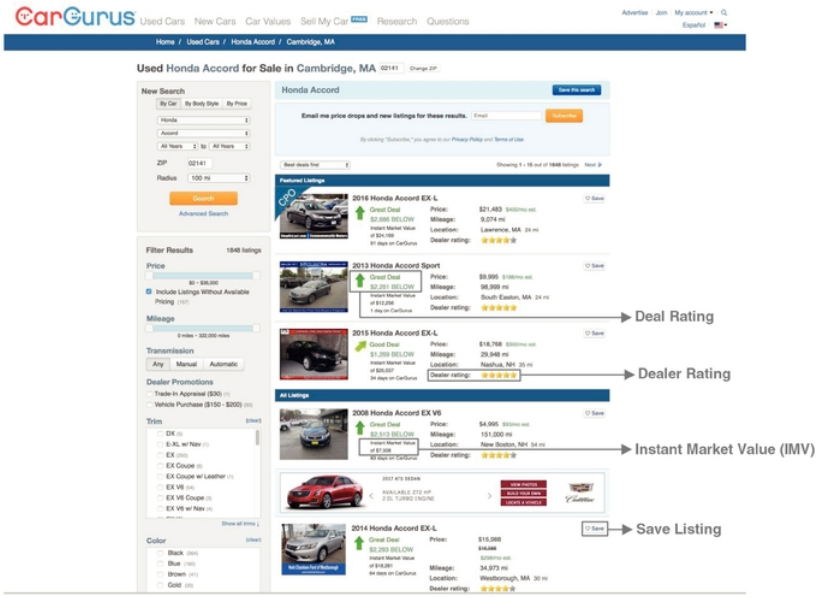
Using our proprietary search algorithms, we immediately display the search results, ranked by Deal Rating, on an SRP. Nearly every used listing in our marketplace is assigned one of five Deal Ratings: Great Deal, Good Deal, Fair Deal, High Priced, or Overpriced. Deal Rating illustrates how competitive a listing is compared to the most similar cars sold in the same region in recent history. A listing's Deal Rating is based primarily upon our IMV and the Dealer Rating of the dealer.

Instant Market Value. IMV is a proprietary algorithm that determines the market value of a used vehicle in a local market and is a key input for determining a vehicle's Deal Rating. The IMV algorithm is the product of over seven years of regression modeling utilizing more than seven million used car data points. IMV takes into account a number of factors, including comparable currently listed and previously sold used cars in respective local markets and vehicle details including make, model, trim, year, mileage, options, and vehicle history. Our algorithm uses more than 20 ranking signals and more than 100 normalization rules that distill unstructured data from hundreds of sources across thousands of dealers.

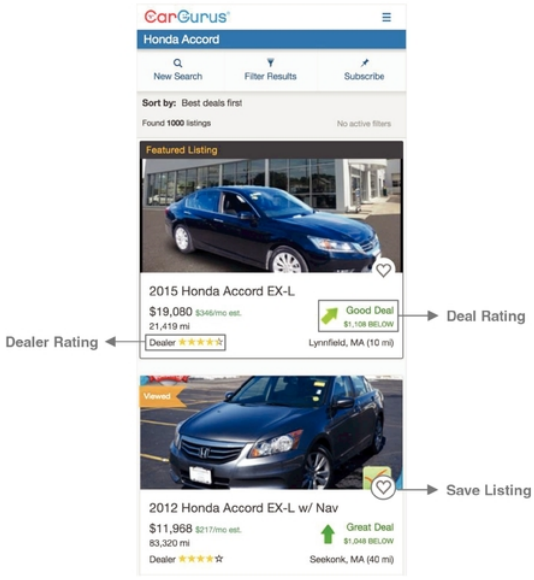
Dealer Ratings. Dealer Ratings are unique user-generated content from our users' experiences with dealers with whom they have connected. To promote high-quality reviews, a user must have interacted with the dealer on our site to submit a review. We believe this requirement, together with additional qualification standards, results in a more valuable Dealer Rating. Dealer Rating is an important component of a listing's Deal Rating and as a result can impact the organic search position of a listing.

In addition to each car's Deal Rating, our SRP provides users with other useful information, including the difference between the listing price and the IMV that we have determined for the car, Time on Site, mileage, Dealer Rating, and, for paying dealers, dealer location. We provide in-depth search filters, including price, mileage, trim, color, options, condition, body style, miles per gallon, seating capacity, vehicle ownership and usage history, seller type, and days on market, among others, which we believe represents the most comprehensive search capability among major U.S. online automotive marketplaces. We also provide our users with additional features to aid their search, including similar vehicle recommendations, side-by-side vehicle comparisons, expert reviews, and user rankings. The SRP also gives users the ability to save searches and receive alerts that keep them informed of relevant developments in the market, including new available inventory and price changes to cars they are monitoring.

Used Car SRP — Desktop



Used Car SRP — Mobile

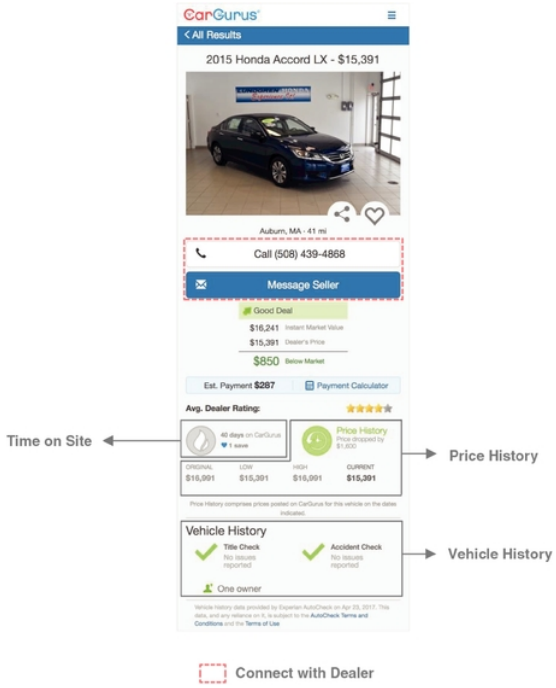


If a user clicks on one of the listings on the SRP, the user is taken to that listing's vehicle detail page, or VDP. Each VDP provides extensive photos and a comprehensive description of the vehicle, dealer name, address, and dealership information for paying dealers, detailed dealer reviews, methods to contact the dealer, payment calculators, and helpful information about the vehicle, including:

- *Price History.* Information about changes to a vehicle's price on our site. We also offer price change alerts to consumers on searches they have saved, which allows them to respond quickly to changes in the market.
- *Time on Site.* How long a vehicle has been on our site and how many users have saved the vehicle to their list of favorite listings, indicators of the likely demand for the car.
- *Vehicle History.* Includes title check, accident check, owner number, and fleet status of the vehicle, giving consumers data that helps them better understand the car's condition.

Used Car VDP — Desktop

Used Car VDP — Mobile



New Cars

Search results for new car listings are sorted by proximity of dealers with inventory matching the user's search. Our new car VDPs include our Dealer Rating and many of the other features of our used car listings, such as Price History and Time on Site. Deal Rating is not applicable to new car listings because it utilizes data not relevant to new cars. Instead, we analyze data on MSRPs and recent sales of similar new vehicles, accounting for trade-ins, incentives, and other factors that can affect the price of a new car, to provide users with comparative price information.

Sell My Car

We also allow our users to list their cars for free in our marketplace. Our Sell My Car tools enable individual car owners to easily merchandise their vehicles, determine an appropriate selling price with our proprietary price guidance, and manage their listings and communications with prospective buyers among our audience.

Dealer Marketplace

Our marketplace connects dealers to a large audience of informed and engaged consumers. We offer three types of marketplace Listing products to our dealers: Basic Listing, which is free, and Enhanced or Featured Listing, each of which requires a paid subscription. We price our Enhanced and Featured Listing products as a monthly, quarterly, semiannual, or annual subscription based on the dealer's inventory size, region, and our assessment of the ROI our solution will provide them.

- *Basic Listing.* Basic Listing allows non-paying dealers to list their inventory in our marketplace anonymously. Consumers can contact these dealers only through an anonymous, CarGurus-branded email address so the dealer does not receive any of the consumer's personal contact information. Non-paying dealers cannot display their name, address, website URL, or phone number.

- *Enhanced Listing.* Enhanced Listing provides dealers with a higher volume and quality of connections to consumers. Dealers with an Enhanced Listing gain the opportunity to connect with consumers directly through email, phone, and managed text and chat. Our platform also allows paying dealers to provide a link to their website, dealership information such as name, address, and hours of operation, and map directions to their dealership on VDPs, helping consumers easily contact or visit them, which we believe results in increased local brand awareness and walk-in traffic.

- *Featured Listing.* In addition to all of the benefits of the Enhanced Listing subscription discussed above, Featured Listing dealers pay a premium subscription rate to promote their Great Deal, Good Deal, and Fair Deal inventory in a clearly labeled section of a limited number of Featured listings at the top of the search results page. We believe this premium placement generates increased connection volume relative to Enhanced Listing.

Dealer Dashboard

Basic, Enhanced, and Featured Listing dealers all have access to the following Dealer Dashboard features and tools:

- *Performance Summary.* Provides dealers with real-time and historical data analyzing the connections and consumer exposure they have received in our marketplace. This enables dealers to analyze connections and SRP and VDP views at a granular level to inform the dealer's sales and merchandising efforts.

- *Dealer Insights.* Provides pricing analysis of the dealer's inventory, as well as a summary of vehicles' missing information such as price, photos, or trim. This data helps dealers better merchandise their vehicles.

- *User Review Management.* Allows dealers to track and manage their dealership reviews from our users. Dealers can respond to users, report potentially fraudulent reviews, and publish positive reviews to social media platforms for broader exposure.

Enhanced and Featured Listing dealers also have access to the following additional features and tools:

- *Pricing Tool.* Helps dealers evaluate the impact of pricing changes for each used vehicle in their inventory and the resulting impact on the car's Deal Rating, empowering dealers to make informed pricing decisions based on market data in their local area.

- *Market Analysis.* Informs dealers of local market trends in used cars, such as the most searched makes and models in their local market. This information helps dealers align with

local consumer preferences and inform strategies for increasing inventory turnover and new vehicle acquisition.

Dealer Advertising and Customer Acquisition Products

In addition to listing cars in our marketplace, we also provide all dealers with a web widget that allows them to place Deal Rating Badges, which show our unbiased Deal Rating next to cars that have been rated as a Great Deal, Good Deal, or Fair Deal, on their own website. Our Deal Rating serves as trusted, third-party validation on their website.

We offer Enhanced and Featured Listing dealers the following advertising and customer acquisition products:

- *Dealer Display.* Dealers are able to buy display advertising that appears in our marketplace and on other sites on the Internet to build brand awareness. Advertisements can be targeted by geography, search history, and a number of other targeting factors, allowing dealers to increase their visibility with relevant consumers and drive consumers to the dealer's own website.

- *Dealer Search Engine Marketing.* Leveraging the capabilities we have developed for our own algorithmic traffic acquisition, including search engine marketing, or SEM, we offer a product that manages SEM for dealers to drive qualified traffic to their websites. Utilizing algorithmic bidding strategies and keyword list bidding, we help optimize dealer SEM performance.

Below is a summary of the products and features available to dealers in our marketplace:

		Free	Paid	
		Basic	Enhanced	Featured
Dealer Marketplace	Lead Contact Information	Anonymized	Direct email address and phone number if provided	Direct email address and phone number if provided
	Photos Per Listing	Up to 12	Up to 100	Up to 100
	Full Dealer Branding on VDPs: *Direct phone number, website, address, link to map, and directions*	✗	✓	✓
	Managed Text / Chat	✗	✓	✓
	Top Featured Slot on SRPs	✗	✗	✓
Dealer Dashboard	Performance Summary	✓	✓	✓
	Dealer Insights	✓	✓	✓
	User Review Management	✓	✓	✓
	Pricing Tool	✗	✓	✓
	Market Analysis	✗	✓	✓
Dealer Advertising	Deal Rating Badges	✓	✓	✓
	Dealer Display	✗	✓*	✓*
	Dealer Search Engine Marketing	✗	✓*	✓*

* Available for an additional fee

Auto Manufacturer and Other Advertiser Products

Our platform offers auto manufacturers and others the ability to purchase display advertising on our site to execute targeted marketing strategies:

- *Brand Reinforcement.* We allow auto manufacturers to buy advertising on our site and target consumers based on the make, model, and zip code of the cars that a specific consumer is searching for, in order to maximize exposure to interested consumers.
- *Category Sponsorship.* To address evolving priorities influenced by industry dynamics, seasonality, and other factors, we offer the ability to sponsor entire areas of prominent high traffic pages of our site, such as the New Car front page, Used Car front page, or Research Center.
- *Automobile Segment Exclusivity.* To support the introduction of new models or the success of existing models, we allow manufacturers to target specific automobile segments, such as SUV, sedan, hybrid, luxury, truck, or minivan.
- *Consumer Segment Exposure.* Through our platform, auto manufacturers can target consumers both on our site and on third-party sites based on various parameters, including household income and vehicle specifications, such as make or model, and zip codes.

Marketing

Our marketing initiatives aim to drive brand awareness and engagement among consumers and dealers and to position us as a trusted online automotive marketplace.

Consumer Marketing

We have built our audience on the strength of our user experience, and we remain focused on delivering an engaging consumer marketplace. The strength of the consumer experience that we offer is one of our most powerful marketing tools. By providing an intuitive search experience in our marketplace and relevant content, updates, and tools to consumers during their car search, we believe the users that comprise our large and engaged audience provide informal endorsements, more powerful than most marketing messages.

Historically, our consumer marketing efforts have been focused primarily on algorithmic traffic acquisition. We employ a team of engineers and data scientists that optimizes our user acquisition through search engines, social media, and other digital marketing channels and has, for instance, tested over 350 million keywords on various search engines. We believe our expertise in this area constitutes a competitive advantage over less sophisticated competitors, or those who outsource these capabilities.

More recently we have begun augmenting our marketing efforts with brand-building investments in broadcast media, such as television and radio. Our brand awareness is currently lower than other major U.S. online automotive marketplaces in the United States, despite our large monthly audience and higher user engagement. We believe that as a result of our trusted product, audience engagement, and relatively low brand awareness, we are well-positioned to strengthen our brand by investing in broadcast media.

Our more than 5.4 million car listings as of June 30, 2017, on-site user behavior, connections between consumers and dealers, and opinion data from our users create significant opportunities for us to create and publish car shopping insights. We consistently gain earned media coverage in national, regional, and trade press outlets as well as social channels by leveraging our proprietary data to inform newsworthy content.

Dealer Marketing

The primary goals of our dealer marketing initiatives are to acquire dealers not yet in our marketplace, convert non-paying dealers into paying dealers, retain our existing paying dealers, and expand annual subscription revenues from our existing paying dealers. Our dealer marketing efforts aim to:

- *Educate Dealers on the Quality of Our Audience and Attractive ROI.* We educate dealers on our industry-leading monthly sessions, our strong user engagement, and the large number of connections that we facilitate through our marketplace. We also highlight to dealers how unique features of our platform, such as our intuitive user interface and our proprietary technology and data analytics, yield consumers that we believe are more informed and better prepared to purchase at the dealership, which can lead to a higher ROI for their marketing spend.

- *Provide Best Practices to Assist Dealers in Becoming Successful in Our Marketplace.* We provide ongoing communications through live webinars, white papers, testimonials, and videos, which show dealers how to use our products to position their inventory for success on our platform. We maintain consistent communication with dealers by email and events to ensure awareness of recent product releases and provide custom account management.

- *Provide Thought Leadership that Educates Dealers on Marketplace Trends.* We generate insightful content on market trends and best practices in digital advertising that are shared through webinars, dealer forums, dealer advisory councils, and our participation in industry conferences and events.

Sales

Our sales team is responsible for bringing dealers onto our marketplace as paying or non-paying dealers. We have built an efficient inside sales team of over 200 employees that sell our marketplace Listing products to franchise and independent dealers and dealer groups. We have also built a field sales team residing in large metropolitan areas around the country that builds relationships with the largest dealer groups and national enterprises that make centralized decisions for their dealerships. We also have advertising sales employees based in Cambridge, Massachusetts; Detroit, Michigan; and Los Angeles, California.

We have a comprehensive dealer account management process to assist dealers in becoming successful in our marketplace. We assign a Customer Success Associate to every new paying dealer to assist with proper onboarding and integration with any relevant software systems. The dedicated Customer Success Associate spends time educating dealers on a range of topics, including effectively using the Dealer Dashboard and tracking sales, and measuring ROI for their marketing spend. After the onboarding period, a dedicated Dealer Relations Account Manager works to assist the dealer in utilizing our tools and maximizing ROI from our offerings, including optimizing inventory acquisition, effectively pricing vehicles, vehicle merchandising, and keeping inventory up-to-date with complete vehicle information. We believe this active communication with our dealers fosters customer satisfaction.

Culture and Employees

Our company culture has developed out of our data-driven and innovative approach to the automotive market. We leverage data to drive innovation across all facets of our business and continuously optimize our products and processes to serve our consumers, dealers, advertisers, and partners. Our approach emphasizes original thought, impact, and collaboration across our organization, and we recognize and award employees who drive positive impact across these

constituencies. We encourage collaboration across our entire workforce and invest in creating a work environment that facilitates partnership among our employees.

We have won a number of awards recognizing our strong culture, including *Boston Globe*'s "Top Place to Work" for three years in a row from 2014 to 2016 and *Boston Business Journal*'s "Best Places to Work" for three of the past four years in 2013, 2015, and 2016.

As of September 25, 2017, we had 514 full-time employees, 34 of which were based in our international markets. None of our employees is represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

Technology and Product Development

We are a technology company focused on innovative, actionable data analysis. We design our mobile and web products to create an unbiased, transparent experience for both consumers and dealers. We believe in rapid development and frequent updates and have internal tools and automation that allow us to efficiently evolve our products. Our software is built using a combination of internally developed software, third-party software and services, and open source software.

Our Search Technology

Our search and ranking technology is served by a proprietary in-memory search index solution that is scalable, fast, and extensible, allowing us to expand easily into new markets, as demonstrated by our recently launched international marketplaces. We have highly flexible interfaces that allow dealers to add their inventory to our index without changing data or formats, enabling us to quickly integrate hundreds of inventory sources with minimal effort and easily support inventory growth.

Our Mobile Technology

We have designed our marketplace to appeal to mobile users by developing our products with a mobile-first mindset. All of our search results pages use a single-page application type approach to eliminate page reloads and improve responsiveness. We also use techniques, including predictive pre-fetching and infinite scrolling, to load content onto a user's mobile device more efficiently.

Our Integrations

We make available several application program interfaces and web widgets that integrate with customer relationship management and inventory management solutions, among other platforms. These integrations incorporate our data and tools into the fabric of dealers' marketing and customer engagement strategies. For example, our Deal Rating Badges are used on over a thousand websites and allow our Deal Rating technology to be promoted across the Internet.

Infrastructure

Our websites are hosted at third-party data centers near Boston, Massachusetts; Dallas, Texas; and London, England. We use third-party content distribution networks to cache and serve many portions of our site at locations across the globe. We monitor and test at the application, host, network, and full site levels to maintain availability and performance. Our development servers are located at our corporate headquarters in Cambridge, Massachusetts. We use third-party cloud computing services for many data processing jobs.

Competition

We face competition to attract consumers and paying dealers to our marketplace and to attract advertisers to purchase our advertising products and services. Our competitors offer various marketplaces, products, and services that compete with us. Some of these competitors include:

- major U.S. online automotive marketplaces: AutoTrader.com, Cars.com, and TrueCar.com;
- U.S. online automotive content publishers, such as Edmunds.com and KBB.com;
- Internet search engines;
- peer to peer marketplaces; and
- sites operated by individual automobile dealers.

Competition for Consumers and Dealers

We compete for consumer visits with other online automotive marketplaces, free listing services, general search engines, and dealers' websites. We compete for consumers primarily on the basis of the quality of the consumer experience. We believe we compete favorably on user experience due to the number of our vehicle listings, the unbiased transparency of the information we provide on cars, prices, and dealers, the intuitive nature of our user interface, and our leading mobile user experience, among other factors.

We compete for dealers' marketing spend with offline customer acquisition channels, other online automotive marketplaces, dealers' own customer acquisition efforts on general search engines, and other Internet sites that attract consumers searching for vehicles. We compete primarily on the basis of the ROI that our marketplace provides. We believe we compete favorably due to our large user audience, high user engagement, and the volume and quality of connections we provide to well-informed consumers, which results in an attractive ROI for dealers.

Competition for Advertisers

We compete for a share of advertisers' total marketing budgets with offline advertising channels, media sites, websites dedicated to helping consumers shop for cars, major Internet portals, general search engines, and social media sites, among other sites. We also compete for a share of advertisers' overall marketing budgets with traditional media, such as television, radio, magazines, newspapers, automotive guide publications, and billboards. We compete for advertising spend based on the marketing ROI that our marketplace provides. We believe we compete favorably due to our large user audience size, high user engagement, and the effectiveness and relevance of our advertising products.

Intellectual Property

We protect our intellectual property through a combination of patents, copyrights, trademarks, service mark, domain names, trade secret laws, confidentiality procedures, and contractual restrictions.

We have four pending U.S. patent applications. These applications cover proprietary technology that relates to various functionalities on our websites, generally in connection with ordering, adjusting, and fraud detection. We intend to pursue additional patent protection to the extent we believe it would be beneficial to our competitive position.

We have a number of registered and unregistered trademarks. We registered "CarGurus," the CarGurus logo, the CG logo, and related marks, as trademarks in the United States and certain

other jurisdictions. We will pursue additional trademark registrations to the extent we believe doing so would be beneficial to our competitive position.

We are the registered holder of a variety of domestic and international domain names that include "CarGurus" and similar variations.

Facilities

We do not own any real property. Our principal executive offices are located in Cambridge, Massachusetts where we lease a total of approximately 99,982 square feet of space in two buildings under leases that expire in November 2022 and January 2024. We also lease office space in Detroit, Michigan, and Dublin, Ireland.

Regulatory

Various aspects of our business are, may become, or may be viewed by regulators from time to time as subject, directly or indirectly, to U.S. federal, state, and foreign laws and regulations. In particular, the advertising and sale of new or used motor vehicles is highly regulated by the states in which we do business. Although we do not sell motor vehicles, and although we believe that vehicle listings on our site are not themselves advertisements, state regulatory authorities or third parties could take the position that some of the laws or regulations applicable to dealers or to the manner in which motor vehicles are advertised and sold generally are directly applicable to our business. These state advertising laws and regulations, which were generally developed decades before the emergence of the Internet, are frequently subject to multiple interpretations, and are not uniform from state to state, sometimes imposing inconsistent requirements with respect to new or used motor vehicles, and the manner in which they should be applied to our business model is not always clear. State regulators or other third parties could take, and on some occasions have taken, the position that our marketplace or related products violate applicable brokering, bird-dog, consumer protection, or advertising laws or regulations.

In order to operate in this regulated environment, we develop our products and services with a view toward appropriately managing the risk that our regulatory compliance, or the regulatory compliance of the dealers whose inventory is listed on our website, could be challenged.

We consider federal and state advertising and consumer protection laws and regulations in designing our products and services. With respect to paid advertising, other than display advertising and featured dealer listings, we believe that most of the content displayed on the websites we operate does not constitute paid advertising for the sale of motor vehicles. Nevertheless, we endeavor to design the content in a manner that would comply with federal and state advertising regulations and consumer protection laws if, and to the extent that, the content is considered to be vehicle sales advertising.

Our website and mobile application enable us, dealers, and users to send and receive text messages and other mobile phone communications in certain circumstances. The Telephone Consumer Protection Act, as interpreted and implemented by the Federal Communications Commission and federal and state courts, imposes significant restrictions on utilization of telephone calls and text messages to residential and mobile telephone numbers as a means of communication, particularly when the prior express consent of the person being contacted has not been obtained.

Legal Proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently subject to any pending or threatened litigation that we believe, if determined adversely to us, would individually, or taken together, would reasonably be expected to have a material adverse effect on our business or financial results.

MANAGEMENT

Executive Officers, Key Employees, and Non-Employee Directors

The following table sets forth the names, ages, and positions of our executive officers, key employees, and non-employee directors as of September 25, 2017:

Name	Age	Position
Executive Officers:		
Langley Steinert	53	Chief Executive Officer, President, and Chairman
Jason Trevisan	43	Chief Financial Officer and Treasurer
Samuel Zales	53	Chief Operating Officer
Key Employees:		
Thomas Caputo	43	Senior Vice President, Product
Oliver Chrzan	39	Senior Vice President, Engineering
Kathleen Patton	50	Senior Vice President, General Counsel and Secretary
Sarah Welch	45	Senior Vice President, Consumer Marketing
Non-Employee Directors:		
Stephen Kaufer[2]	55	Director
Anastasios Parafestas[1]	62	Director
David Parker[2]	54	Director
Simon Rothman[1][2]	52	Director
Ian Smith[1]	47	Director

(1) Member of our compensation committee.

(2) Member of our audit committee.

Each executive officer serves at the discretion of our board of directors and holds office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal.

There are no family relationships among any of our executive officers, key employees, or non-employee directors.

Executive Officers

Langley Steinert. Langley Steinert is our founder and has served as our Chief Executive Officer and a member of our board of directors since inception. Mr. Steinert has served as our President since June 2015 and our Chairman since September 2017. From February 2000 through February 2006, Mr. Steinert was chairman and co-founder of TripAdvisor, Inc., or TripAdvisor, an online marketplace for travel-related content. Mr. Steinert holds a Masters of Business Administration from the Tuck School of Business at Dartmouth College and a Bachelor of Arts from Georgetown University.

We believe Mr. Steinert is qualified to serve as a member of our board of directors because of his extensive experience in the online marketplace industry. As our founder and our Chief Executive Officer, we also value his deep understanding of our business as it has evolved over time.

Jason Trevisan. Jason Trevisan has served as our Chief Financial Officer since September 2015 and as our Treasurer since July 2016. Prior to joining the company, Mr. Trevisan was a General Partner with Polaris Partners, or Polaris, a venture capital firm, from September 2003 to August 2015. While at Polaris, Mr. Trevisan led investments in and served as a board director at numerous consumer Internet and software companies including Legalzoom, PartsSource, Shoedazzle, and The Roberts Group. Prior to joining Polaris, from September 1999 to June 2001,

Mr. Trevisan held management roles in Analytics and Client Services at aQuantive, a digital marketing service and technology company, which was acquired by Microsoft in 2007. Earlier in his career, from July 1996 to August 1999, he served as a consultant with Bain & Company. Mr. Trevisan received his Masters of Business Administration from the Tuck School of Business at Dartmouth College and a Bachelor of Arts from Duke University.

Samuel Zales. Samuel Zales has served as our Chief Operating Officer since September 2017. Mr. Zales served as our Chief Revenue Officer from December 2015 to September 2017 and as our President of Dealer Operations and International from November 2014 to December 2015. Prior to joining CarGurus, from January 2014 to October 2014, Mr. Zales was Executive Vice President of Zeta Interactive, a marketing software company that acquired ClickSquared, Inc., or ClickSquared, in January 2014. From March 2013 to January 2014, Mr. Zales was Chief Executive Officer of ClickSquared, a marketing software company. Prior to ClickSquared, Mr. Zales was a consultant to multiple technology and software companies and joined the boards of four venture-backed companies. From October 2008 to November 2011, Mr. Zales was President of Zoom Information, Inc., or ZoomInfo, a software as a service company, where he led day-to-day operations and oversaw the company's growth strategy into the marketing services and sales intelligence arenas. Prior to ZoomInfo, from January 2007 to October 2008, Mr. Zales was Chief Executive Officer of BuyerZone.com LLC, or BuyerZone, a division of Reed Business Information, a business unit of Reed Elsevier PLC, which acquired BuyerZone in January 2007. From November 1999 to January 2007, Mr. Zales was President and Chief Executive Officer of BuyerZone, an online marketplace for business purchasing, which he led to its successful acquisition by Reed Business Information. Mr. Zales holds a Masters of Business Administration from the Kellogg Graduate School of Management at Northwestern University and a Bachelor of Arts from Dartmouth College.

Key Employees

Thomas Caputo. Thomas Caputo has served as our Senior Vice President of Product since January 2017. Prior to joining CarGurus, from July 2012 to January 2017, Mr. Caputo served as the Chief Product Officer at Fiksu Inc., or Fiksu, a mobile marketing company. Prior to Fiksu, from January 2011 to August 2012, Mr. Caputo was vice president of product management at [x+1] Inc., or [x+1], a digital marketing company, which was acquired by Rocket Fuel Inc. in August 2014. Prior to joining [x+1], from October 2007 to January 2011, Mr. Caputo served as vice president at Advanced Technology Ventures, or ATV, a venture capital firm. Prior to joining ATV, from August 2003 to October 2007, Mr. Caputo served as a group product manager at Microsoft Corporation. Mr. Caputo holds a Masters of Science from Stanford University, a Masters of Business Administration from Stanford University Graduate School of Business and a Bachelor of Arts from Dartmouth College.

Oliver Chrzan. Oliver Chrzan has served as our Senior Vice President of Engineering since November 2015. Mr. Chrzan served as our Vice President of Engineering from September 2013 to November 2015, our Director of Software Development from May 2010 to September 2013, and our Senior Software Engineer from March 2008 to May 2010. Prior to joining CarGurus, from January 2006 to January 2008, Mr. Chrzan worked as a Senior Technical Lead at Dovel Technologies, or Dovel, a software company. At Dovel, Mr. Chrzan led a team of engineers who developed large information systems for various U.S. government agencies. Prior to joining Dovel, from June 2000 to January 2006, Mr. Chrzan worked at Raytheon on several U.S. Department of Defense projects. Mr. Chrzan holds a Bachelor of Science from Cornell University.

Kathleen Patton. Kathleen Patton has served as our Senior Vice President, General Counsel since August 2017 and has served as our Secretary since September 2017. Ms. Patton previously served as the Senior Vice President, General Counsel, and Secretary of Demandware, Inc., or Demandware, a provider of enterprise-class cloud commerce solutions for retailers and branded

manufacturers, from June 2015 until August 2016 and as Demandware's Associate General Counsel from April 2012 until June 2015. From June 2010 until March 2012, Ms. Patton was Associate General Counsel at Stream Global Services, Inc., or Stream, a business process outsource service provider specializing in customer relationship management. Prior to joining Stream, Ms. Patton worked in law firms, as the Director of Practice Development at Brown Rudnick LLP, the Practice Director at Day Pitney LLP, a corporate partner and associate at McDermott, Will & Emery LLP and an associate at Walter, Conston, Alexander & Green, P.C. Ms. Patton holds a Bachelor of Arts from Dartmouth College and a Juris Doctor from Georgetown University Law Center.

Sarah Welch. Sarah Welch has served as our Senior Vice President of Consumer Marketing since February 2016. Prior to joining CarGurus, from August 2011 to January 2016, Ms. Welch was Chief Marketing Officer and General Manager, Consumer at Gazelle, Inc., or Gazelle, a consumer electronics marketplace where she oversaw the end-to-end consumer experience including all aspects of marketing, product management, customer care, and direct-to-consumer sales. Prior to Gazelle, from January 2005 to July 2011, Ms. Welch held various positions at TripAdvisor, an online marketplace for travel-related content. Her roles at TripAdvisor included Vice President of the TripAdvisor Media Group from July 2009 to August 2011, Vice President of Marketing from March 2008 to July 2009, and Director from January 2005 to March 2008. Ms. Welch holds a Masters of Business Administration from Stanford University and a Bachelor of Arts from Brown University.

Non-Employee Directors

Stephen Kaufer. Mr. Kaufer has served as a member of our board of directors since June 2007. He co-founded TripAdvisor, an online marketplace for travel-related content, in February 2000 and has been the President and Chief Executive Officer of TripAdvisor since that time. Mr. Kaufer has been a director of TripAdvisor since the completion of its spin-off from Expedia, Inc. in December 2011. Prior to co-founding TripAdvisor, Mr. Kaufer served as President of CDS, Inc., or CDS, an independent software vendor specializing in programming and testing tools. Prior to joining CDS, Mr. Kaufer co-founded CenterLine Software in 1985 and served as its Vice President of Engineering until 1998. Mr. Kaufer serves on the boards of several privately held companies, including LiveData, Inc. and GlassDoor, Inc., as well as the Neuroendocrine Tumor Research Foundation. Mr. Kaufer holds a Bachelor of Arts from Harvard University.

We believe Mr. Kaufer is qualified to serve as a member of our board of directors because of his extensive experience as an executive in the online marketplace industry. Mr. Kaufer also possesses strategic and governance skills gained through his executive and director roles with several privately held companies.

Anastasios Parafestas. Mr. Parafestas has served as a member of our board of directors since March 2006. Mr. Parafestas founded, and has been the President and Managing Member of, The Bollard Group LLC, an investment advisory firm, since July 1995, and its private equity arm Spinnaker Capital LLC, since March 2000. Spinnaker Capital LLC is the Managing Member of Argonaut 22 LLC, a holder of more than 5% of our capital stock. During the past five years, Mr. Parafestas has served as a member of the board of directors of seven private companies and served as a member of the audit and compensation committees of two of such companies. Mr. Parafestas holds a Master of Law in Taxation from Boston University, a Juris Doctor from New England Law Boston, and a Bachelor of Science from Bentley College.

We believe Mr. Parafestas is qualified to serve as a member of our board of directors because of his extensive business experience in the areas of investment management, accounting, taxation, and consulting and his years of experience serving as a board member.

David Parker. Mr. Parker has served as a member of our board of directors since March 2006. Mr. Parker also currently serves as the Chief Executive Officer of Entrepreneurship For All, Inc., a non-profit organization. Mr. Parker founded DigitalAdvisor, an Internet company, in February 2003 and served as DigitalAdvisor's Chief Executive Officer until August 2011. Prior to founding DigitalAdvisor, from August 2000 to September 2002, Mr. Parker was co-founder and Vice President of Business Development for SoundBite Communications, Inc., or SoundBite, an automated customer contact solution delivered over the telephone. Prior to founding SoundBite, from February 1999 to August 2000, Mr. Parker was Vice President of Business Development of Direct Hit Technologies, Inc., an Internet search technology company, which was sold to Ask Jeeves Inc. Mr. Parker was General Manager of New Media at Viaweb Inc. from November 1997 to February 1999. Mr. Parker currently serves as a member of the board of directors of two private companies. Mr. Parker holds a Masters of Business Administration and Bachelor of Arts from Harvard University.

We believe Mr. Parker is qualified to serve as a member of our board of directors because of his extensive background with consumer Internet companies and his prior experience as a board member.

Simon Rothman. Mr. Rothman has served as a member of our board of directors since March 2006. Mr. Rothman has also been a Partner and Executive in Residence at Greylock Partners, a venture capital firm, since December 2011. From January 2006 to December 2010, Mr. Rothman served as the founder and Chief Executive Officer of Glyde Corporation, an online resale marketplace. From January 1999 to September 2005, Mr. Rothman held various roles at eBay Inc., an e-commerce company. These roles included Vice President of U.S. Operations and Global Vice President, eBay Motors. Prior to joining eBay, he worked at McKinsey & Company, a management consulting firm. Mr. Rothman has served as a member of several boards of directors of private companies over the past five years including serving on the board of Tesla Motors, Inc. prior to its initial public offering. Mr. Rothman holds a Masters in Business Administration from Harvard University.

We believe Mr. Rothman is qualified to serve as a member of our board of directors because of his extensive experience in the online automobile marketplace industry and his experience acting as a board member.

Ian Smith. Mr. Smith has served as a member of our board of directors since June 2007. Mr. Smith has been a Managing Director at Allen & Company LLC, a holder of more than 5% of our capital stock, since March 2003, where Mr. Smith focuses on technology companies, providing advice and investment. Mr. Smith currently serves on the board of directors of Aurora Innovation, Inc., a privately held provider of autonomous vehicle technology. Mr. Smith holds a Bachelor of Arts from Williams College.

We believe Mr. Smith is qualified to serve as a member of our board of directors because of his extensive experience working with and advising technology companies on strategic transactions through his investment banking and investing experience, as well as his insight into financial and investment matters.

Board Composition

Our business and affairs are managed under the direction of our board of directors. The number of directors is fixed by our board of directors, subject to the terms of our amended and restated certificate of incorporation and amended and restated bylaws that will become effective upon the closing of our initial public offering, or IPO. Our board of directors currently consists of six directors, three of whom qualify as "independent" under the NASDAQ rules.

In accordance with the amended and restated certificate of incorporation and our amended and restated bylaws that will become effective upon the closing of our IPO, our board of directors will be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our directors will be divided among the three classes as follows:

- the Class I directors are David Parker and Simon Rothman, and their terms will expire at the annual meeting of stockholders to be held in 2018;
- the Class II directors are Anastasios Parafestas and Stephen Kaufer, and their terms will expire at the annual meeting of stockholders to be held in 2019; and
- the Class III directors are Langley Steinert and Ian Smith, and their terms will expire at the annual meeting of stockholders to be held in 2020.

The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change of control. Under Delaware law, our directors may be removed for cause by the affirmative vote of the holders of a majority of the votes applicable to our outstanding voting stock. Our amended and restated certificate of incorporation will provide that from and after the date, which we refer to as the threshold date, on which the votes applicable to the Class A common stock and Class B common stock controlled by our founder and Chief Executive Officer, Langley Steinert, represent less than a majority of the aggregate votes applicable to all shares of the outstanding Class A common stock and Class B common stock, directors may not be removed by our stockholders without cause.

Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, our board of directors determined that each of Stephen Kaufer, David Parker, and Simon Rothman does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the applicable rules and regulations of the Securities and Exchange Commission, or the SEC, and the listing requirements and rules of the NASDAQ Global Select Market. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including each non-employee director's beneficial ownership of our capital stock and the transactions involving them described in the section titled "Certain Relationships, Related Person, and Other Transactions."

Controlled Company

Because Mr. Steinert controls a majority of our outstanding voting power, we will be a "controlled company" under the corporate governance rules for NASDAQ-listed companies. Under these rules, a company is a "controlled company" if more than 50% of the voting power in the election of directors is held by an individual, group or another company. A "controlled company" may elect not to comply with certain corporate governance requirements, including the requirements that:

- a majority of the board of directors consist of independent directors;

- the compensation committee be composed entirely of directors meeting NASDAQ independence standards applicable to compensation committee members with a written charter addressing the committee's purpose and responsibilities;
- the compensation committee be responsible for the hiring and overseeing of persons acting as compensation consultants and be required to consider certain independence factors when engaging such persons; and
- director nominees either be selected, or recommended for board of directors' selection, either by "independent directors" as defined under the rules of NASDAQ constituting a majority of the board of director's "independent directors" in a vote in which only "independent directors" participate, or by a nominations committee comprised solely of "independent directors."

Following this offering, we intend to initially avail ourselves of certain of these exemptions and, for so long as we qualify as a "controlled company," we will maintain the option to utilize from time to time some or all of these exemptions. For example, upon the closing of this offering our compensation committee will not consist entirely of independent directors and we will not have a nominating and corporate governance committee. Transfers by holders of Class B common stock will generally result in those shares converting into Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning or charitable purposes. The conversion of Class B common stock into Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares. Particularly, if Mr. Steinert retains a significant portion of his holdings of Class B common stock for an extended period of time, he could, in the future, continue to control a majority of the combined voting power of our outstanding capital stock.

Board Leadership Structure

Langley Steinert is the Chairman of our board of directors. We have a separate chair for each committee of our board of directors. The chairs of each committee are expected to report annually to our board of directors on the activities of their committee in fulfilling their responsibilities as detailed in their respective charters and to specify shortcomings, if any.

Board's Role in Risk Oversight

Our board of directors oversees the management of risks inherent in the operation of our business and the implementation of our business strategies. Our board of directors performs this oversight role by using several different levels of review. In connection with its review of the operations and corporate functions of our company, our board of directors addresses the principal risks associated with those operations and corporate functions. In addition, our board of directors reviews the risks associated with our business strategies periodically throughout the year as part of its consideration of undertaking any such business strategies.

Committees of our Board of Directors

Our board of directors has an audit committee and a compensation committee. The composition and responsibilities of each of the committees of our board of directors are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit Committee

Our audit committee is comprised of Simon Rothman, David Parker, and Stephen Kaufer. Simon Rothman serves as our audit committee chairperson. Each of Simon Rothman, David Parker, and Stephen Kaufer meets the requirements for independence of audit committee members under current NASDAQ and SEC rules and regulations. Each member of our audit committee meets the financial literacy requirements of the current NASDAQ rules. In addition, our board of directors has determined that Simon Rothman is an audit committee financial expert within the meaning of Item 407(d) of Regulation S-K under the Securities Act of 1933, as amended, or the Securities Act. The responsibilities of our audit committee include, among other things:

- selecting and hiring the independent registered public accounting firm to audit our financial statements;
- helping to make certain of and confirm the independence and performance of the independent registered public accounting firm;
- approving scope, fees, and terms of all audit and permissible non-audit engagements;
- reviewing financial statements and discussing with management and the independent registered public accounting firm our annual audited and quarterly financial statements, the results of the independent audit and the quarterly reviews, and the reports and certifications regarding internal controls over financial reporting and disclosure controls;
- preparing the audit committee report that the SEC requires to be included in our annual proxy statement;
- reviewing reports and communications from the independent registered public accounting firm;
- reviewing the adequacy and effectiveness of our internal controls and disclosure controls and procedures;
- reviewing our policies on risk assessment and risk management;
- reviewing related person transactions;
- overseeing procedures for the receipt, retention, and treatment of accounting-related complaints and the confidential submission by our employees of concerns regarding questionable accounting or auditing matters; and
- reviewing annually the audit committee charter and the committee's performance.

Our audit committee operates under a written charter that satisfies the applicable rules of the SEC and NASDAQ. We intend to comply with future requirements to the extent they become applicable to us.

Compensation Committee

Our compensation committee is comprised of Ian Smith, Simon Rothman, and Anastasios Parafestas. Ian Smith serves as our compensation committee chairperson. Because we will be a "controlled company" under NASDAQ rules, our compensation committee is not required to be fully independent, although if such rules change in the future or we no longer meet the definition of a "controlled company" under the current rules, we will adjust the composition of the compensation committee in order to comply with such rules. The purpose of our compensation committee is, to the extent such tasks are not performed by our full board of directors, to oversee our compensation policies, plans, and benefit programs and to discharge the responsibilities of our board of directors relating to compensation of our executive officers. Our compensation committee operates under a

written charter. Except to the extent that our full board of directors undertakes any responsibility directly, the responsibilities of our compensation committee include, among other things:

- overseeing our compensation policies, plans, and benefit programs;
- reviewing and approving, or making recommendations to our board of directors regarding, the compensation of our executive officers (other than the Chief Executive Officer, for which the compensation committee only makes a recommendation to the board of directors);
- reviewing and approving, and, where appropriate, recommending to the board of directors for approval, any material employment agreements, severance arrangements and change in control agreements and provisions for the Chief Executive Officer and other executive officers when, and if, appropriate, as well as any special supplemental benefits;
- reviewing annually the compensation committee charter and compensation committee performance;
- preparing the compensation committee report that the SEC requires to be included in our annual proxy statement; and
- administering our equity compensation plans.

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee has ever been an executive officer or employee of ours. None of our executive officers currently serves, or has served during the last completed fiscal year, on the compensation committee or board of directors of any other entity that has one or more executive officers serving as a member of our board of directors or compensation committee. Each of Ian Smith and Anastasios Parafestas, through entities with respect to which he has sole investment power or a trust to which he is a co-trustee, have engaged in transactions which have been disclosed pursuant to Item 404 of Regulation S-K under the Securities Act. See "Certain Relationships, Related Person and Other Transactions" on page 136 for additional information regarding these transactions.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that will be effective upon the closing of this offering that is applicable to all of our employees, officers, and directors, including our Chief Executive Officer, Chief Financial Officer, and other executive and senior financial officers. The Code of Business Conduct and Ethics will be available on our website. We expect that any amendments to the code, or any waivers of its requirements, will be disclosed on our website.

Non-Employee Director Compensation

During our fiscal year ended December 31, 2016, we did not pay any cash compensation or make any stock or option grants to our non-employee directors for their service as board members. A non-employee director is a director who is not employed by us and who does not receive compensation from us (other than for services as a director) or have a business relationship with us that would require disclosure under certain SEC rules. Directors who are also our employees receive no additional compensation for their service as directors. During our fiscal year ended December 31, 2016, Mr. Steinert served as both an employee and a director. See the section titled "Executive Compensation" for additional information about his compensation.

Non-Employee Director Compensation Policy

We intend to adopt a non-employee director compensation policy to be in effect following the closing of this offering and on terms to be determined at a later date by our board of directors. Under the non-employee director policy, our non-employee directors will be eligible to receive compensation for service on our board of directors and committees of our board of directors.

EXECUTIVE COMPENSATION

Our named executive officers, consisting of our principal executive officer and the next two most highly compensated executive officers who were serving as executive officers as of December 31, 2016, are:

- Langley Steinert, our founder, Chief Executive Officer, President, and Chairman;
- Jason Trevisan, our Chief Financial Officer and Treasurer; and
- Samuel Zales, our Chief Operating Officer.

Summary Compensation Table

The following table provides information regarding the compensation of our named executive officers during the year ended December 31, 2016.

Name and principal position	Year	Salary ($)	Bonus ($)	Total ($)
Langley Steinert *Chief Executive Officer, President, and Chairman*	2016	$ 279,675	$ 250,000[1]	$ 529,675
Jason Trevisan, *Chief Financial Officer and Treasurer*	2016	$ 305,100	$ 175,000[1]	$ 480,100
Samuel Zales *Chief Operating Officer*	2016	$ 335,610	$ 300,000[1]	$ 635,610

(1) Represents a discretionary bonus award earned as a result of our performance in the 2016 fiscal year paid in 2017. The discretionary bonus award was made in the sole discretion of our board of directors, taking into account individual and company performance. Such bonus awards were not paid pursuant to a plan providing for compensation intended to serve as incentive for performance, and such amounts were not determined based upon outcomes with respect to any specified performance targets.

Outstanding Equity Awards at Fiscal Year-End

The following table presents certain information concerning outstanding equity awards held by our named executive officers as of December 31, 2016.

	Option awards				Stock awards	
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price per share ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units that have not vested ($)[1]
Langley Steinert	—	—	—	—	—	—
Jason Trevisan	—	—	—	—	545,286[2]	$ 7,634,004
Samuel Zales	375,750	397,596[3]	$ 0.16	12/10/2024	—	—

(1) The market price for our Class A common stock is based on the assumed initial public offering price of $14.00 per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus.

(2) In October 2016, we repurchased 2,900 shares of Class A common stock and 5,800 shares of Class B common stock underlying Mr. Trevisan's time-vested restricted stock units, or RSUs. Accordingly, these RSUs represent 181,762 shares of Class A common stock and 363,524 shares of Class B common stock granted under our 2015 Equity Incentive Plan, or the 2015 Plan, and vest and settle on the satisfaction of both (i) a service-based vesting condition and (ii) a liquidity event-based condition. Subject to Mr. Trevisan's continued employment, the service-based vesting requirements are satisfied as follows: 25% of the RSUs vested on August 31, 2016 and 6.25% of the RSUs vest on the

last day of each three month period thereafter until August 31, 2019. As of December 31, 2016, the service-based condition was satisfied for 54,804 shares of Class A common stock and 109,608 shares of Class B common stock underlying the RSUs. If a transaction (as defined in our 2015 Plan) occurs before August 31, 2019, any portion of the RSUs that are not vested as to the service-based requirements will accelerate and become fully vested. The liquidity event-based vesting requirements will be satisfied on the first to occur of (a) the effective date of the registration statement in connection with this offering, or (b) a transaction (as defined in our 2015 Plan).

(3) Represents an option to purchase Class A common stock and Class B common stock granted under our 2006 Plan. In October 2016, the Company repurchased 7,284 shares of Class A common stock and 14,568 shares of Class B common stock underlying such option. Therefore, as of December 31, 2016, 125,250 shares of Class A common stock and 250,500 shares of Class B common stock were vested and exercisable, and 16,566 shares of Class A common stock and 33,132 shares of Class B common stock subject to the option vested and became exercisable or will vest and become exercisable on each of February 3, 2017, August 3, 2017, November 3, 2017, May 3, 2018, August 3, 2018, and November 3, 2018 and 16,568 shares of Class A common stock and 33,136 of Class B common stock subject to the option vested and became exercisable or will vest and become exercisable on each of May 3, 2017 and February 3, 2018. The unvested shares subject to this option are subject to accelerated vesting as described elsewhere in this prospectus. The option award was granted with a per share exercise price greater than the fair market value of one share of our Class B common stock on the date of grant, as determined in good faith by our board of directors with the assistance of a third party valuation analysis.

Executive Employment Arrangements

We have entered into employment letters with each of Messrs. Steinert, Trevisan, and Zales. These agreements provide for at-will employment and generally include the named executive officer's base salary, an indication of eligibility for an annual performance-based bonus opportunity, equity awards, and certain severance and change of control benefits. These employment arrangements are described below.

Langley Steinert

The offer letter with Mr. Steinert, effective March 17, 2006, memorializes the terms of Mr. Steinert's position as our Chief Executive Officer. The terms provide that Mr. Steinert is entitled to a base salary, which may be adjusted on an annual basis, and participation in our benefit programs. In connection with his commencement of employment, Mr. Steinert entered into a non-disclosure, development and non-competition agreement, which provides that at all times during Mr. Steinert's employment and thereafter, Mr. Steinert will maintain the confidentiality of all confidential information obtained by him as a result of his employment and assign all inventions to us. In addition, during the term of Mr. Steinert's employment, and for the one-year period (subject to certain extensions in the event of a breach) after Mr. Steinert's termination of employment, Mr. Steinert cannot (i) compete against our company, (ii) interfere or do business with any customers or affiliates of our company, or (iii) solicit in any way the existing or future employees of our company or any others who provide services to our company.

Jason Trevisan

The offer letter with Mr. Trevisan, dated August 10, 2015, provides for an initial annual base salary of $300,000, which may be adjusted on an annual basis, consistent with salary review procedures for other company employees. In connection with the commencement of his employment, Mr. Trevisan received a $50,000 sign-on bonus, which was subject to repayment if Mr. Trevisan's employment terminated within 12 months following Mr. Trevisan's start date. Mr. Trevisan is eligible to receive a discretionary annual bonus. The annual bonus target is 33% of his annual base salary, but the actual amount awarded each year, if any, is subject to company and individual performance.

In connection with the commencement of his employment, Mr. Trevisan was awarded 553,986 RSUs under our Amended and Restated 2015 Equity Incentive Plan, or the 2015 Plan, which can be

settled for 184,662 shares of Class A common stock and 369,324 shares of Class B common stock, subject to service-based vesting and liquidity event-based vesting, both the service-based vesting and liquidity event-based vesting conditions must be satisfied prior to the seventh anniversary of the date of grant in order for the RSUs to fully vest. With respect to the service-based vesting condition, 25% of the units vested on August 31, 2016, and an additional 6.25% vest every three months thereafter until August 31, 2019, subject to Mr. Trevisan's continued employment on the applicable vesting dates. The liquidity-event based vesting condition will be satisfied upon the first to occur of an initial public offering or a transaction (as defined in our 2015 Plan). In addition, if a transaction (as defined in our 2015 Plan) occurs prior to August 31, 2019, any portion of the award that is not vested will accelerate and become fully vested, provided that Mr. Trevisan is still employed with us on such date. In October 2016, we repurchased time-vested RSUs which could be settled for 2,900 shares of Class A common stock and 5,800 shares of Class B common stock from Mr. Trevisan.

Mr. Trevisan in entitled to participate in all employee benefits made available to other company employees, including but not limited to health insurance, paid time off (including three weeks of paid vacation), and reimbursement for business expenses in accordance with our expense reimbursement policy.

If we terminate his employment for cause, we will pay Mr. Trevisan his accrued compensation and benefits through the date of termination and he will forfeit the vested and unvested RSUs. If Mr. Trevisan terminates his employment for any reason, we will pay him his accrued compensation and benefits through the date of termination and he will retain any portion of his RSUs that have vested due to the service-based vesting condition.

If we terminate Mr. Trevisan's employment without cause, or Mr. Trevisan terminates his employment for good reason, he will receive accrued compensation through the date of termination and, provided he executes and does not revoke a release of claims, Mr. Trevisan will be entitled to (i) a severance payment of $100,000, which will be paid in a lump sum within 60 days following his termination of employment and (ii) any portion of the RSUs that would have vested as to the service-based vesting condition over the 12-month period following his termination, had he remained employed during that period, will vest as of his termination of employment and will remain subject to the liquidity-event based vesting condition.

Pursuant to the terms of the offer letter, (1) "cause" is generally defined as a finding by our board of directors that Mr. Trevisan has: (i) materially breached the offer letter, which breach has not been remedied within 30 days following written notice to him; (ii) engaged in disloyalty to our company, including, without limitation, fraud, embezzlement, theft, commission of a felony, or proven dishonesty; (iii) disclosed trade secrets or confidential information of our company to persons not entitled to receive such information; (iv) breached the nondisclosure, developments, and non-competition agreement that he entered into in connection with the commencement of his employment; or (v) engaged in such other behavior detrimental to the interests of our company as our board of directors reasonably determines and (2) "good reason" is generally defined as the occurrence of any of the following events, without Mr. Trevisan's consent: (i) a material diminution in his title, responsibilities, authority, or duties; (ii) a material diminution of his base salary or target annual discretionary bonus, except for across-the-board reductions based on our company's financial performance similarly affecting all or substantially all senior management employees; (iii) a material change in the principal geographic location at which he provides services to our company (with the exception of travel related to his duties); or (iv) our company's material breach of the offer letter; provided that Mr. Trevisan notifies us within 30 days of the occurrence of the condition constituting good reason, he cooperates with us to cure the condition for a period of not less than 30 days following the notice, and, if we fail to cure the condition following our cure period, he terminates his employment within 30 days following the end of the cure period.

The offer letter requires that Mr. Trevisan sign and comply with our nondisclosure, developments, and non-competition agreement, which provides that at all times during Mr. Trevisan's employment and thereafter, Mr. Trevisan will maintain the confidentiality of all confidential information obtained by him as a result of his employment and assign all inventions to us. In addition, during the term of Mr. Trevisan's employment, and for the one-year period (subject to certain extensions in the event of a breach) after Mr. Trevisan's termination of employment, Mr. Trevisan cannot (i) compete against our company, (ii) interfere or do business with any customers or affiliates of our company, or (iii) solicit in any way the existing or future employees of our company or any others who provide services to our company.

Samuel Zales

The offer letter with Mr. Zales, dated October 24, 2014, provides for an initial annual base salary of $300,000, which may be adjusted on an annual basis, consistent with salary review procedures for other company employees. Upon execution of the offer letter, Mr. Zales received a $50,000 sign-on bonus, which was subject to repayment upon a voluntary termination within 12 months following Mr. Zales' start date. As long as we remain profitable, Mr. Zales is eligible to receive a discretionary annual bonus. The annual bonus target is $100,000, but the actual amount awarded each year, if any, is subject to company and individual performance.

In connection with the commencement of his employment, Mr. Zales was awarded an option to purchase 265,066 shares of Class A common stock and 530,132 shares of Class B common stock, pursuant to the terms of the 2006 Equity Incentive Plan, or the 2006 Plan. The shares of common stock underlying the option vest over four years as follows: 25% vested on November 3, 2015, and an additional 6.25% will vest at the end of each three month period thereafter until November 3, 2018, provided that Mr. Zales remains employed on the applicable vesting dates and complies with the terms of the 2006 Plan. If our company is sold or there is a change in control, other than transfers to employees, public offerings, or additional equity financings, any shares of common stock underlying the option that are not vested and exercisable will become vested and exercisable in connection with such sale or change of control. In October 2016, we repurchased 7,284 shares of Class A common stock and 14,568 shares of Class B common stock underlying the option, which were vested but unexercised, from Mr. Zales.

Mr. Zales in entitled to participate in all employee benefits made available to other company employees, including, but not limited to, health insurance, paid time off (including three weeks of paid vacation), and reimbursement for business expenses in accordance with our expense reimbursement policy.

If we terminate Mr. Zales' employment without cause, he will receive accrued compensation through the date of termination and, provided he executes and does not revoke a release of claims, Mr. Zales is entitled to a severance payment of $100,000, which will be paid in a lump sum on Mr. Zales' last day of employment with us. If Mr. Zales is terminated for any reason, Mr. Zales will forfeit any portion of the shares underlying his option that have not yet vested as of his termination of employment, and he will have 90 days to exercise the vested portion of the option.

The offer letter requires that Mr. Zales sign and comply with our nondisclosure, developments, and non-competition agreement, which provides that at all times during Mr. Zales' employment and thereafter, Mr. Zales will maintain the confidentiality of all confidential information obtained by him as a result of his employment and assign all inventions to us. In addition, during the term of Mr. Zales' employment, and for the one-year period (subject to certain extensions in the event of a breach) after Mr. Zales' termination of employment, Mr. Zales cannot (i) compete against our company, (ii) interfere or do business with any customers or affiliates of our company, or (iii) solicit in any way

the existing or future employees of our company or any others who provide services to our company.

Employee Benefits and Stock Plans

To provide stock-based incentives to employees, consultants, and directors to encourage them to promote the success of our business, our board of directors previously adopted the CarGurus, LLC 2006 Equity Incentive Plan as of January 1, 2006, which was amended and restated most recently on August 6, 2015, to make changes necessary to reflect our conversion in corporate form from a Massachusetts limited liability company to a Delaware corporation. We refer to this as the Conversion. We refer to the 2006 Equity Incentive Plan as the 2006 Plan.

Effective June 26, 2015, in connection with the Conversion, we adopted the CarGurus, Inc. 2015 Equity Incentive Plan, which was approved by our stockholders on the same date. We refer to the 2015 Equity Incentive Plan as the 2015 Plan. Like the 2006 Plan, the purpose of the 2015 Plan is to provide stock-based incentives to employees, consultants and directors to encourage them to promote the success of our business. Effective upon the adoption of the 2015 Plan, our board resolved that no further grants are permitted to be made under the 2006 Plan. The 2015 Plan was amended and restated effective August 6, 2015 to permit the grant of restricted stock units, remove Class B common stock from the pool of shares available for issuance under the plan and to make certain other changes. The 2015 Plan was again amended and restated effective October 15, 2015 to add a ten-year term and to make certain other changes. Effective August 22, 2016, and approved by our stockholders on the same date, the 2015 Plan was amended and restated to merge the 2006 Plan into the 2015 Plan, to increase the number of shares of Class A common stock to be issued under the 2015 Plan, and to lengthen the term of the plan. Outstanding options granted under the 2006 Plan continue in effect according to their terms as in effect before the plan merger, and the shares with respect to such outstanding options will be issued or transferred under the 2015 Plan. Effective June 21, 2017, in connection with the recapitalization effective on the same date, the 2015 Plan was amended and restated to memorialize the adjustment of the numbers and kinds of shares available for issuance pursuant to awards outstanding under the 2015 Plan as of such date and the numbers of shares that remain available for issuance under the 2015 Plan as of such date. Pursuant to the recapitalization, (i) each outstanding common stock option was adjusted such that (a) each share of common stock underlying such option became two shares of Class A common stock and four shares of Class B common stock underlying such option and (b) the exercise price per share of common stock underlying such option was adjusted to be one-sixth of the exercise price per share in effect immediately prior to the recapitalization, and (ii) each outstanding RSU was adjusted such that (a) each share of common stock issuable upon settlement of such RSU became two shares of Class A common stock and four shares of Class B common stock and (b) the fair market value per share of common stock issuable upon settlement of such RSU was adjusted to be one-sixth of the fair market value per share in effect immediately prior to the recapitalization.

On September 28, 2017, our board of directors adopted, and our stockholders are expected to approve, an Omnibus Incentive Compensation Plan. We refer to the Omnibus Incentive Compensation Plan as the 2017 Plan. Our 2017 Plan will become effective on the business day immediately preceding the effective date of the registration statement of which this prospectus is a part. As of the effective date of our 2017 Plan, no additional grants will be made under our 2015 Plan. Outstanding grants under our 2015 Plan will continue in effect according to their terms, and the shares with respect to outstanding grants under our 2015 Plan will be issued or transferred under the 2015 Plan.

Shares of Class A common stock and Class B common stock subject to outstanding grants under our 2015 Plan as of the effective date of the 2017 Plan that terminate, expire, or are

cancelled, forfeited, exchanged, or surrendered on or after the effective date of the 2017 Plan without having been exercised, vested, or paid prior to the effective date of the 2017 Plan, including shares tendered or withheld to satisfy tax withholding obligations with respect to outstanding grants under the 2015 Plan, and the shares of our Class A common stock reserved for issuance under the 2015 Plan that remain available for grant under the 2015 Plan as of the effective date of the 2017 Plan, will be available for issuance as Class A common stock under our 2017 Plan.

Following this offering, we expect to grant equity awards under the 2017 Plan from time to time, but we have not determined at the current time the schedule or amount of such grants.

2017 Plan

Purpose and Types of Grants

The purpose of our 2017 Plan is to attract and retain employees, non-employee directors and consultants, and advisors. Our 2017 Plan provides for the issuance of incentive stock options, non-qualified stock options, stock awards, stock units, stock appreciation rights, other stock-based awards, and cash awards. Our 2017 Plan is intended to provide an incentive to participants to contribute to our economic success by aligning the economic interests of participants with those of our stockholders.

Administration

Our 2017 Plan will be administered by our compensation committee, and our compensation committee will determine all of the terms and conditions applicable to grants under our 2017 Plan. Our compensation committee will also determine who will receive grants under our 2017 Plan and the number of shares of Class A common stock that will be subject to grants. Our compensation committee may delegate authority under the 2017 Plan to one or more subcommittees as it deems appropriate. Our compensation committee, when making grants to officers and directors, or the subcommittee to which it delegates authority to make grants to officers and directors, will consist entirely of "non-employee directors" as defined under Rule 16b-3 promulgated under the Exchange Act. In addition, our compensation committee or the subcommittee to which it delegates authority will consist of directors who are "independent directors," as determined in accordance with the independence standards established by the stock exchange on which our Class A common stock is at the time primarily traded, to the extent required thereunder. Subject to compliance with applicable law and the applicable stock exchange rules, our board of directors, in its discretion, may perform any action of our compensation committee under the 2017 Plan. Subject to compliance with applicable law and applicable stock exchange requirements, the compensation committee (or our board of directors or a subcommittee, as applicable) may delegate all or part of its authority to our Chief Executive Officer, as it deems appropriate, with respect to grants to employees or key advisors who are not executive officers or directors under Section 16 of the Exchange Act. Our compensation committee, our board of directors, any subcommittee or the Chief Executive Officer, as applicable, that has authority with respect to a specific grant will be referred to as "the committee" in this description of the 2017 Plan.

Shares Subject to the Plan

Subject to adjustment, our 2017 Plan authorizes the issuance or transfer of up to the sum of the following: (1) 7,800,000 shares of Class A common stock, plus (2) the number of shares of our Class A common stock (up to 4,500,000 shares) equal to the sum of (x) the number of shares of Class A common stock and Class B common stock subject to outstanding grants under our 2015 Plan as of the effective date of the 2017 Plan that terminate, expire, or are cancelled, forfeited, exchanged, or surrendered on or after the effective date of the 2017 Plan without having been

exercised, vested, or paid prior to the effective date of the 2017 Plan, including shares tendered or withheld to satisfy tax withholding obligations with respect to outstanding grants under the 2015 Plan and, (y) the number of shares of our Class A common stock reserved for issuance under the 2015 Plan that remain available for grant under the 2015 Plan as of the effective date of the 2017 Plan. During the term of our 2017 Plan (excluding extensions), the share reserve will automatically increase on the first trading day in January of each calendar year, beginning in calendar year 2019, by an amount equal to 4% of the total number of outstanding shares of common stock on the last trading day in December of the prior calendar year or 6,000,000 shares of Class A common stock, whichever is less, or such lesser amount as determined by the Board.

If any options or stock appreciation rights, including outstanding options and stock appreciation rights granted under our 2015 Plan, terminate, expire, or are canceled, forfeited, exchanged, or surrendered without having been exercised, or if any stock awards, stock units or other stock-based awards, including outstanding awards granted under our 2015 Plan, are forfeited, terminated, or otherwise not paid in full, the shares of our common stock subject to such grants will again be available for purposes of our 2017 Plan. In addition, if any shares of our common stock are surrendered in payment of the exercise price of an option or stock appreciation right, the number of shares available for issuance under our 2017 Plan will be reduced only by the net number of shares actually issued upon exercise and not by the total number of shares under which such option or stock appreciation right is exercised. If shares of our common stock are withheld in satisfaction of the withholding taxes incurred in connection with the issuance, vesting or exercise of any grant, or the issuance of our common stock, then the number of shares of our common stock available for issuance under our 2017 Plan shall be reduced by the net number of shares issued, vested, or exercised under such grant. If any grants are paid in cash, and not in shares of our common stock, any shares of our common stock subject to such grants will also be available for future grants. In addition, shares of our Class A common stock issued under grants made pursuant to assumption, substitution, or exchange of previously granted awards of a company that we acquire will not reduce the number of shares of our common stock available under the 2017 Plan. Available shares under a stockholder approved plan of an acquired company may be used for grants under the 2017 Plan and will not reduce the share reserve, subject to compliance with the applicable stock exchange and the Code.

Adjustments

In connection with stock splits, stock dividends, recapitalizations, and certain other events affecting our Class A common stock, the committee will make adjustments as it deems appropriate in the maximum number of shares of common stock reserved for issuance as grants; the number and kind of shares covered by outstanding grants; the kind of shares that may be issued or transferred under our 2017 Plan; the price per share or market value of any outstanding grants; the exercise price of options; the base amount of stock appreciation rights; and the performance goals or other terms; and conditions as the committee deems appropriate.

Eligibility

All of our employees are eligible to receive grants under our 2017 Plan. In addition, our non-employee directors and key advisors who perform services for us may receive grants under our 2017 Plan.

Vesting

The committee determines the vesting and exercisability terms of awards granted under our 2017 Plan.

Options

Under our 2017 Plan, the committee will determine the exercise price of the options granted and may grant options to purchase shares of common stock in such amounts as it determines. The committee may grant options that are intended to qualify as incentive stock options under Section 422 of the Code, or non-qualified stock options, which are not intended to so qualify. Incentive stock options may only be granted to our employees. Anyone eligible to participate in our 2017 Plan may receive a grant of non-qualified stock options. The exercise price of a stock option granted under our 2017 Plan cannot be less than the fair market value of a share of our Class A common stock on the date the option is granted. If an incentive stock option is granted to a 10% stockholder, the exercise price cannot be less than 110% of the fair market value of a share of our Class A common stock on the date the option is granted. The aggregate number of shares of Class A common stock that may be issued or transferred under the 2017 Plan pursuant to incentive stock options under Section 422 of the Code may not exceed 12,300,000 shares of Class A common stock.

The exercise price for any option is generally payable in cash. In certain circumstances as permitted by the committee, the exercise price may be paid by the surrender of shares of our Class A common stock with an aggregate fair market value on the date the option is exercised equal to the exercise price; by payment through a broker in accordance with procedures established by the Federal Reserve Board; by withholding shares of common stock subject to the exercisable option which have a fair market value on the date of exercise equal to the aggregate exercise price; or by such other method as the committee approves.

The term of an option cannot exceed ten years from the date of grant, except that if an incentive stock option is granted to a 10% stockholder, the term cannot exceed five years from the date of grant. In the event that on the last day of the term of a non-qualified stock option, the exercise is prohibited by applicable law, including a prohibition on purchases or sales of our Class A common stock under our insider trading policy, the term of the non-qualified option will be extended for a period of 30 days following the end of the legal prohibition, unless the committee determines otherwise.

Except as provided in the grant instrument, an option may only be exercised while a participant is employed by or providing service to us. The committee will determine in the grant instrument under what circumstances and during what time periods a participant may exercise an option after termination of employment.

Stock Appreciation Rights

Under our 2017 Plan, the committee may grant stock appreciation rights, which may be granted separately or in tandem with any option. Stock appreciation rights granted with a non-qualified stock option may be granted either at the time the non-qualified stock option is granted or any time thereafter while the option remains outstanding. Stock appreciation rights granted with an incentive stock option may be granted only at the time the grant of the incentive stock option is made. The committee will establish the base amount of the stock appreciation right at the time the stock appreciation right is granted, which will be equal to or greater than the fair market value of a share of our Class A common stock as of the date of grant.

If a stock appreciation right is granted in tandem with an option, the number of stock appreciation rights that are exercisable during a specified period will not exceed the number of shares of our Class A common stock that the participant may purchase upon exercising the related option during such period. Upon exercising the related option, the related stock appreciation rights will terminate, and upon the exercise of a stock appreciation right, the related option will terminate to the extent of an equal number of shares of our Class A common stock. Generally, stock

appreciation rights may only be exercised while the participant is employed by, or providing services to, us. When a participant exercises a stock appreciation right, the participant will receive the excess of the fair market value of the underlying common stock over the base amount of the stock appreciation right. The appreciation of a stock appreciation right will be paid in shares of our Class A common stock, cash or both.

The term of a stock appreciation right cannot exceed ten years from the date of grant. In the event that on the last day of the term of a stock appreciation right, the exercise is prohibited by applicable law, including a prohibition on purchases or sales of our Class A common stock under our insider trading policy, the term of the stock appreciation right will be extended for a period of 30 days following the end of the legal prohibition, unless the committee determines otherwise.

Stock Awards

Under our 2017 Plan, the committee may grant stock awards. A stock award is an award of our Class A common stock that may be subject to restrictions as the committee determines. The restrictions, if any, may lapse over a specified period of employment or based on the satisfaction of pre-established criteria, in installments or otherwise, as the committee may determine. Except to the extent restricted under the grant instrument relating to the stock award, a participant will have all of the rights of a stockholder as to those shares, including the right to vote and the right to receive dividends or distributions on the shares. Dividends with respect to stock awards that vest based on performance shall vest if and to the extent that the underlying stock award vests, as determined by the committee. All unvested stock awards are forfeited if the participant's employment or service is terminated for any reason, unless the committee determines otherwise.

Stock Units

Under our 2017 Plan, the committee may grant restricted stock units to anyone eligible to participate in our 2017 Plan. Restricted stock units are phantom units that represent shares of our Class A common stock. Stock units become payable on terms and conditions determined by the committee and will be payable in cash or shares of our stock as determined by the committee. All unvested restricted stock units are forfeited if the participant's employment or service is terminated for any reason, unless the committee determines otherwise.

Cash Awards

Under the 2017 Plan, the committee may grant cash awards to our employees who are executives or other key employees. The committee will determine which employees will receive cash awards and the terms and conditions applicable to each cash award, including the criteria for vesting.

Other Stock-Based Awards

Under our 2017 Plan, the committee may grant other types of awards that are based on, measured by, or payable to, anyone eligible to participate in our 2017 Plan in shares of our Class A common stock. The committee will determine the terms and conditions of such awards. Other stock-based awards may be payable in cash, shares of our Class A common stock, or a combination of the two.

Dividend Equivalents

Under our 2017 Plan, the committee may grant dividend equivalents in connection with grants of stock units or other stock-based awards made under our 2017 Plan. Dividend equivalents entitle the participant to receive amounts equal to ordinary dividends that are paid on the shares

underlying a grant while the grant is outstanding. The committee will determine whether dividend equivalents will be paid currently or accrued as contingent cash obligations. Dividend equivalents may be paid in cash, in shares of our Class A common stock, or in a combination of the two. The committee will determine the terms and conditions of the dividend equivalent grants, including whether the grants are payable upon the achievement of specific performance goals. Dividend equivalents with respect to stock units or other stock-based awards that vest based on performance shall vest and be paid only if and to the extent that the underlying stock units or other stock-based awards vest and are paid as determined by the committee.

Change of Control

If we experience a change of control where we are not the surviving corporation (or survive only as a subsidiary of another corporation), unless the committee determines otherwise, all outstanding grants that are not exercised or paid at the time of the change of control will be assumed by, or replaced with grants that have comparable terms by, the surviving corporation (or a parent or subsidiary of the surviving corporation). Unless a grant instrument provides otherwise, if a participant's employment is terminated by the surviving corporation without cause upon or within 12 months following a change of control, the participant's outstanding grants will fully vest as of the date of termination; provided that if the vesting of any grants is based, in whole or in part, on performance, the applicable grant instrument will specify how the portion of the grant that becomes vested upon a termination following a change in control will be calculated.

If there is a change of control and all outstanding grants are not assumed by, or replaced with grants that have comparable terms by, the surviving corporation, the committee may take any of the following action without the consent of any participant:

- determine that outstanding options and stock appreciation rights will accelerate and become fully exercisable and the restrictions and conditions on outstanding stock awards, stock units, cash awards, and dividend equivalents immediately lapse;
- pay participants, in an amount and form determined by the committee, in settlement of outstanding stock units, cash awards, or dividend equivalents;
- require that participants surrender their outstanding stock options, stock appreciation rights or any other exercisable grant, in exchange for a payment by us, in cash or shares of our Class A common stock, equal to the difference between the exercise price and the fair market value of the underlying shares of Class A common stock; provided, however, if the per share fair market value of the Class A common stock does not exceed the per share stock option exercise price or stock appreciation right base amount, as applicable, we will not be required to make any payment to the participant upon surrender of the stock option or stock appreciation right; or
- after giving participants an opportunity to exercise all of their outstanding stock options and stock appreciation rights, terminate any unexercised stock options and stock appreciation rights on the date determined by our compensation committee.

In general terms, a change of control under our 2017 Plan occurs if:

- a person, entity or affiliated group, with certain exceptions, acquires more than 50% of our then outstanding voting securities;
- we merge into another entity unless the holders of our voting shares immediately prior to the merger have at least 50% of the combined voting power of the securities in the merged entity or its parent;

- we merge into another entity and the members of the board of directors prior to the merger would not constitute a majority of the board of the merged entity or its parent;
- we sell or dispose of all or substantially all of our assets;
- our stockholders approve a plan of complete liquidation or dissolution; or
- a majority of the members of our board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the incumbent directors.

Deferrals

The committee may permit or require participants to defer receipt of the payment of cash or the delivery of shares of common stock that would otherwise be due to the participant in connection with a grant under our 2017 Plan. The committee will establish the rules and procedures applicable to any such deferrals, consistent with the requirements of Section 409A of the Code.

Withholding

All grants under the 2017 Plan are subject to applicable U.S. federal (including FICA), state and local, foreign, or other tax withholding requirements. We may require participants or other persons receiving grants or exercising grants to pay an amount sufficient to satisfy such tax withholding requirements with respect to such grants, or we may deduct from other wages and compensation paid by us the amount of any withholding taxes due with respect to such grant.

The committee may permit or require that our tax withholding obligation with respect to grants paid in our Class A common stock to be paid by having shares withheld up to an amount that does not exceed the participant's minimum applicable withholding tax rate for United States federal (including FICA), state and local tax liabilities, or as otherwise determined by the committee. In addition, the committee may, in its discretion, and subject to such rules as the committee may adopt, allow participants to elect to have such share withholding applied to all or a portion of the tax withholding obligation arising in connection with any particular grant.

Transferability

Except as permitted by the committee with respect to non-qualified stock options, only a participant may exercise rights under a grant during the participant's lifetime. Upon death, the personal representative or other person entitled to succeed to the rights of the participant may exercise such rights. A participant cannot transfer those rights except by will or by the laws of descent and distribution or, with respect to grants other than incentive stock options, pursuant to a domestic relations order. The committee may provide in a grant instrument that a participant may transfer non-qualified stock options to family members, or one or more trusts or other entities for the benefit of or owned by family members, consistent with applicable securities laws.

Amendment; Termination

Our board of directors may amend or terminate our 2017 Plan at any time, except that our stockholders must approve an amendment if such approval is required in order to comply with the Code, applicable laws, or applicable stock exchange requirements. Unless terminated sooner by our board of directors or extended with stockholder approval, our 2017 Plan will terminate on the day immediately preceding the tenth anniversary of the effective date of the 2017 Plan.

Stockholder Approval

The 2017 Plan is intended to comply with the transition relief set forth in Treasury Regulation §1.162-27(f)(1) for companies that become publicly held in connection with an initial public offering. Following the transition period set forth therein, if grants are made as "qualified performance-based compensation" for purposes of Section 162(m) of the Code, the 2017 Plan must be approved by our stockholders in accordance with the requirements of Section 162(m) of the Code, and reapproved by our stockholders no later than the first stockholders meeting that occurs in the fifth year following such stockholder approval, if required by Section 162(m) of the Code or the regulations thereunder.

Establishment of Sub-Plans

Our board of directors may, from time to time, establish one or more sub-plans under the 2017 Plan to satisfy applicable blue sky, securities, or tax laws of various jurisdictions. Our board of directors may establish such sub-plans by adopting supplements to the 2017 Plan setting forth limitations on the committee's discretion and such additional terms and conditions not otherwise inconsistent with the 2017 Plan as our board of directors will deem necessary or desirable. All such supplements will be deemed part of the 2017 Plan, but each supplement will only apply to participants within the affected jurisdiction.

Clawback

Subject to applicable law, the committee may provide in any grant instrument that if a participant breaches any restrictive covenant agreement between the participant and us, or otherwise engages in activities that constitute cause (as defined in our 2017 Plan) either while employed by, or providing services to, us or within a specified period of time thereafter, all grants held by the participant will terminate, and we may rescind any exercise of an option or stock appreciation right and the vesting of any other grant and delivery of shares upon such exercise or vesting, as applicable on such terms as the committee will determine, including the right to require that in the event of any rescission:

- the participant must return the shares received upon the exercise of any option or stock appreciation right or the vesting and payment of any other grants; or
- if the participant no longer owns the shares, the participant must pay to us the amount of any gain realized or payment received as a result of any sale or other disposition of the shares (if the participant transferred the shares by gift or without consideration, then the fair market value of the shares on the date of the breach of the restrictive covenant agreement or activity constituting cause), net of the price originally paid by the participant for the shares.

The committee may also provide for clawbacks pursuant to a clawback policy, which our board of directors may in the future adopt and amend from time to time. Payment by the participant will be made in such manner and on such terms and conditions as may be required by the committee. We will be entitled to set off against the amount of any such payment any amounts that we otherwise owe to the participant.

2015 Plan

Share Reserve

As of June 21, 2017, the maximum aggregate number of shares of our Class A and Class B common stock that has been reserved for issuance under the 2015 Plan is 8,343,384 shares, which includes 3,181,740 shares of Class A common stock and 5,161,644 shares of Class B common

stock. Together, our Class A common stock and Class B common stock are referred to in this summary of the 2015 Plan as "stock" or "common stock." The foregoing number is subject to adjustment in the event of a merger, consolidation, spinoff, stock split, stock dividend, or other unusual event affecting the outstanding stock as a class without the company's receipt of consideration. The shares we issue under the 2015 Plan may be either authorized but unissued shares or shares held by us in treasury. If any award is forfeited, or if any option (including options under the 2006 Plan) is forfeited, expired, terminated or canceled without having been exercised in full, the number of shares subject to the award will again be available for purposes of awards with respect to Class A common stock under the 2015 Plan, or after the effective date of the 2017 Plan, under the 2017 Plan. In addition, if any shares are tendered or withheld to satisfy withholding obligations, the shares will again be available for issuance with respect to Class A common stock under the 2015 Plan, and after the effective date of the 2017 Plan, under the 2017 Plan. If stock options (including options under the 2006 Plan) are exercised using net exercise, only the net number of shares will be considered to have been issued.

Types of Awards

The 2015 Plan permits us to grant options (both incentive stock options and nonstatutory stock options), restricted stock, restricted stock units, or stock grants to employees, consultants and non-employee directors of the company or our affiliates. Incentive stock options may only be granted to employees.

Administration

Our 2015 Plan is administered by a committee of the board of directors. In addition, the board of directors may itself administer the plan. The committee may also delegate to an executive officer or officers the ability to grant awards under the plan to employees who are not officers. Subject to the terms of the 2015 Plan, the committee or the board of directors has complete authority to select the individuals to whom awards will be granted, to make any combination of awards to participants, and to determine the specific terms and conditions of each award.

Stock Options

Incentive stock options and nonstatutory stock options are granted pursuant to stock option agreements adopted by the committee. The committee determines the exercise price for a stock option, within the terms and conditions of the 2015 Plan, provided that the exercise price of a stock option cannot be less than 100% of the fair market value of our Class A common stock on the date of grant. Options granted under the 2015 Plan are exercisable at the rate specified by the committee. The committee may provide that any options not otherwise immediately exercisable in full become exercisable in whole or in part at any time, subject to certain restrictions in the plan related to incentive stock options.

The committee determines the term of stock options granted under the 2015 Plan, up to a maximum of ten years. Unless the committee provides otherwise, if an option holder's service relationship with us, or any of our affiliates, ceases for any reason, including the affiliate ceasing to be an affiliate, the option holder may generally exercise any vested options for a period of 30 days following the cessation of service. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the committee and may include (i) cash or check, (ii) delivery of shares to us with a value equal to the exercise price of the shares to be purchased, (iii) a net exercise of the option, (iv) delivery of the option holder's promissory note in the principal amount

equal to the exercise price of the shares to be purchased, (v) if our common stock is publicly traded, a broker-assisted cashless exercise, or (vi) such other lawful methods as may be approved by the committee.

Unless the committee provides otherwise, options generally are not transferable except by will and the laws of descent and distribution. The committee may, at or after the date of grant, provide that non-qualified stock options, restricted stock units, or shares of restricted stock be transferred to a family member, as such term is defined under the applicable securities laws.

Tax Limitations on Incentive Stock Options

The aggregate fair market value, determined at the time of grant, of our common stock with respect to incentive stock options that are exercisable for the first time by an option holder during any calendar year may not exceed $100,000. Options or portions thereof that exceed such limit will generally be treated as nonstatutory stock options. No incentive stock option may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our affiliates unless the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant, and the term of the incentive stock option does not exceed five years from the date of grant.

Restricted Stock

Restricted stock is granted pursuant to restricted stock award agreements adopted by the committee. Restricted stock may be granted for a purchase price or other consideration, including cash, other property or services. The committee determines the consideration required, the restriction period, the vesting schedule, if any, the rights to acceleration of any vesting schedule, and all other terms and conditions of each restricted stock award. Common stock acquired under a restricted stock award may be subject to a share repurchase option in our favor in accordance with a vesting schedule to be determined by the committee. Unless otherwise provided in the 2015 Plan or the applicable award agreement, the award holder will have all of the rights of a stockholder (including the right to vote and the right to receive dividends) before lapse of the risk of forfeiture of an award of restricted stock. The committee may permit or require the payment of cash dividends to be deferred, and if the committee so determines, reinvested in additional restricted stock. Any risk of forfeiture may be waived or terminated, or the restriction period shortened, at any time by the committee at its discretion. Unless the committee determines otherwise, any unvested restricted stock award will be forfeited if the participant's employment or service is terminated for any reason.

Stock Grants

The committee may issue grants of common stock in lieu of compensation otherwise already due in the event that a participant significantly contributes to our success and in such other limited circumstances as the committee deems appropriate. Grants of common stock will have no forfeiture conditions of any kind.

Restricted Stock Units

The committee may grant RSUs to eligible participants. RSUs are phantom units that represent shares of our common stock. RSUs become payable on terms and conditions determined by the committee, and will be payable in cash or shares of our common stock, or a combination of the two, as determined by the committee. The committee may waive, terminate or shorten the restriction period applicable to RSUs. A participant has no rights as a stockholder unless and until the participants receives shares of common stock upon settlement of the RSUs. The committee may grant dividend equivalents in connection with RSUs. Dividend equivalents may be paid

currently or accrued as contingent cash obligations and may be payable in cash or shares of stock. All unvested RSUs are forfeited if the participant's employment or service is terminated for any reason, unless the committee determines otherwise.

Adjustments for Corporate Actions

In the event that there is a specified type of change in our capital structure, such as a merger, stock split or recapitalization, appropriate and proportionate adjustments will be made to (i) the maximum number and kinds of shares that may be issued under the 2015 Plan, (ii) the number and kinds of shares or other securities subject to then outstanding awards, (iii) the exercise price for each share subject to outstanding options, (iv) the applicable market value of awards, and (v) the repurchase price of each share of restricted stock then subject to a risk of forfeiture in the form of a company repurchase right.

Transactions

In the event of a Transaction (defined below), the committee has the discretion to take any of the following actions with respect to awards under the 2015 Plan, subject to the terms of the applicable award agreement:

- *Options.* Upon a Transaction where we are not the surviving corporation (or survive only as a subsidiary of another corporation), unless the committee determines otherwise, all outstanding options that are not exercised or paid at the time of the Transaction will be assumed, or substantially equivalent options will be substituted, by the surviving corporation. If a participant's employment is terminated by us without cause upon or within 12 months following a Transaction, 50% of the participant's outstanding and then-unvested options will become vested and exercisable, subject to the terms of the applicable award agreement. If all options are not assumed or substituted by the surviving corporation, the committee has the discretion to take any of the following actions with respect to any or all outstanding options without the option holder's consent: (1) after delivering notice to each participant, terminate outstanding options or require that exercisable options be exercised within a certain amount of time, (2) provide that outstanding options become exercisable in whole or in part prior to the Transaction, (3) provide for cash payments equal to the acquisition price multiplied by the number of shares subject to the options, less the aggregate exercise price and less any tax withholding, (4) provide that option holders receive the right to liquidation proceeds, or (5) any combination of the above.

- *Restricted Stock.* Upon a Transaction other than a liquidation or dissolution of the company, our repurchase and other rights under outstanding restricted stock awards will inure to the benefit of the successor company, and unless the committee determines otherwise, apply, in the same manner and to the same extent, to the cash, securities, or other property which the stock was converted into or exchanged for.

- *Restricted Stock Units.* In a Transaction, the committee may take any one or more of the following actions as to all or any outstanding restricted stock units: (1) provide that they become fully vested and payable on terms determined by the committee; (2) provide that they be assumed (or substantially equivalent units be provided) by the successor company; (3) provide that outstanding unvested units be terminated without consideration; (4) provide for cash payments for fair value in exchange for the termination of vested units; (5) provide that units convert into the right to receive liquidation proceeds in the event of a liquidation or dissolution; or (6) any combination of the above. Restricted stock units will be considered assumed (or substantially equivalent units will be considered provided) if following the Transaction, the restricted stock units confer the right to receive, for each restricted stock

unit immediately prior to the Transaction, the consideration received by holders of stock as a result of the Transaction. If holders of stock are offered a choice of consideration, the relevant consideration will be the type of consideration chosen by the holders of a majority of the outstanding shares of stock. In addition, if the consideration received as a result of the Transaction is not solely common stock (or its equivalent) of the acquiring or succeeding entity (or affiliate thereof), the committee may provide for the consideration to be received upon the settlement of restricted stock units to consist solely of common stock (or its equivalent) of the acquiring or succeeding entity (or an affiliate thereof) equivalent in value to the per share consideration received by holders of outstanding shares of stock as a result of the Transaction.

Under the 2015 Plan, a Transaction is generally (i) the acquisition by a person or entity of more than 50% of our combined voting power, (ii) a consummated merger or consolidation as a result of which our stockholders do not own, immediately after the event, shares entitled to more than 50% of the voting power of the surviving corporation, (iii) a sale or other disposition of all or substantially of our assets, or (iv) the dissolution or liquidation of the company.

Right of First Refusal; Repurchase Right

Prior to our initial public offering, if the participant wishes to sell or otherwise dispose of shares of common stock that were distributed under the 2015 Plan, the individual must first offer (through a written notice describing the terms of the sale) the shares for sale to us, and we have the option to purchase the shares pursuant to the terms described in the written notice. If we do not exercise our right to purchase the shares, the participant will have the right to sell or otherwise dispose of the shares at the price and on the terms of transfer set forth in the prior written notice. Upon the participant's termination of employment or service, prior to our initial public offering, we have certain call rights with respect to our common stock distributed under the 2015 Plan. After our initial public offering, we have no further right to purchase shares.

Amendment and Termination

Our board of directors or the committee has the authority to amend, suspend, or terminate the 2015 Plan, provided that such action does not materially impair the existing rights of any participant without such participant's consent. The 2015 Plan will terminate on August 21, 2026, unless terminated earlier by the board or extended by the board with stockholder approval.

2006 Plan

Our 2006 Plan was, and options granted thereunder are, administered by our board of directors. The exercise price, which may not be less than 100% of fair market value of the underlying shares on the date of grant, and rate of exercisability of each option were determined by the board and specified in the applicable option award agreement. The term of each option was fixed by the board and does not exceed ten years from the date of grant. Our board of directors may accelerate any option in whole or in part at any time. Unless our board of directors determines otherwise, if the stock option holder's employment or association with us ends for any reason, the option will remain exercisable not later than 90 days after that event. While other types of awards were permitted under the 2006 Plan, only options were awarded under the 2006 Plan before it was merged into the 2015 Plan. Options generally are not transferable except by will and the laws of descent and distribution. Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option is determined by the board and may include (i) cash or check, (ii) delivery of shares of stock to us with a value equal to the exercise price of the shares to be purchased, or (iii) delivery of a promissory note in the principal amount equal to the exercise price of the shares to be purchased.

Acquisitions

In the event of an acquisition, any then outstanding options will accelerate to the extent not assumed by the acquiring entity or replaced by comparable options, and will then, to the extent not exercised, terminate. If any outstanding options are not otherwise accelerated in full by reason of such an acquisition, either in advance of an acquisition or at the time of an acquisition, the 2006 Plan provides for the acceleration of options if the participant's employment is terminated following the acquisition.

Under the 2006 Plan, an acquisition means a merger or consolidation of the company into another person or the sale, transfer, or other disposition of all or substantially all of our assets.

Change in Control

Unless the award agreement provides for greater rights, in the event of a change in control (including a change in control which is an acquisition), any outstanding option not yet exercisable in full will vest under the terms of the option. This applies to options that are assumed by an acquiring entity or replaced with comparable options of a successor entity.

Under the 2006 Plan, a change in control generally means (1) an acquisition (defined above) unless the holders of our voting shares immediately prior to the acquisition have more than 50% of the combined voting power of the securities of the successor entity or its parent entity after the acquisition, or (2) a person, entity or affiliated group acquires more than 50% of our total combined voting power.

Termination and Amendment

Our board of directors may amend, modify or terminate any outstanding option, provided that no amendment or modification may materially impair any of the rights of a participant under any options previously granted without his or her consent.

401(k) Plan

Our named executive officers participate in our broad-based 401(k) savings plan offered to all our employees. In 2016, the plan did not require mandatory matching or profit sharing contributions, and therefore, we determined whether a discretionary match or other discretionary employer contribution should be made on an annual basis. If made, any discretionary matching contribution will be fully vested. If made, profit sharing contributions will vest in full after three years of service. Vesting is accelerated upon attainment of age 65, death, disability and termination of the plan. Effective July 1, 2017, we implemented a mandatory matching policy, whereby we will match 50% of an employee's contributions, up to a maximum of the lesser of (i) 6% of that employee's base salary, bonus and commissions paid during the period or (ii) $5,000. Mandatory matching contributions will be subject to vesting based on an employee's start date and length of service. Employees can designate the investment of their 401(k) accounts from among a broad range of mutual funds. We do not allow investment in our common stock through the 401(k) plan.

Limitation on Liability and Indemnification Matters

Our amended and restated certificate of incorporation and amended and restated bylaws, each to be effective upon the closing of this offering, provide that we will indemnify our directors and officers, and may indemnify our employees and other agents, to the fullest extent permitted by Delaware law. Delaware law prohibits our amended and restated certificate of incorporation from limiting the liability of our directors for the following:

- any breach of the director's duty of loyalty to us or to our stockholders;

- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; and
- any transaction from which the director derived an improper personal benefit.

If Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. Our amended and restated certificate of incorporation does not eliminate a director's duty of care and, in appropriate circumstances, equitable remedies, such as injunctive or other forms of non-monetary relief, remain available under Delaware law. This provision also does not affect a director's responsibilities under any other laws, such as the federal securities laws or other state or federal laws. Under our amended and restated bylaws, we will also be empowered to purchase insurance on behalf of any person whom we are required or permitted to indemnify.

In addition to the indemnification required in our amended and restated certificate of incorporation and amended and restated bylaws, we plan to enter into indemnification agreements with members of our board of directors and each of our officers before the closing of this offering. These agreements will provide for the indemnification of our directors and officers for certain expenses and liabilities incurred in connection with any action, suit, proceeding, or alternative dispute resolution mechanism, or hearing, inquiry, or investigation that may lead to the foregoing, to which they are a party, or are threatened to be made a party, by reason of the fact that they are or were a director, officer, employee, agent, or fiduciary of our company, or any of our subsidiaries, by reason of any action or inaction by them while serving as an officer, director, agent or fiduciary, or by reason of the fact that they were serving at our request as a director, officer, employee, agent, or fiduciary of another entity. In the case of an action or proceeding by or in the right of our company or any of our subsidiaries, no indemnification will be provided for any claim where a court determines that the indemnified party is prohibited from receiving indemnification. We believe that provisions in in our amended and restated certificate of incorporation and amended and restated bylaws and indemnification agreements are and will be necessary to attract and retain qualified persons as directors and officers.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. Moreover, a stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

CERTAIN RELATIONSHIPS, RELATED PERSON, AND OTHER TRANSACTIONS

In addition to the director and executive officer compensation arrangements discussed above in the sections titled "Management" and "Executive Compensation," the following is a description of each transaction since January 1, 2014 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or exceeds $120,000; and
- any of our directors, executive officers, or holders of more than 5% of our capital stock, or any immediate family member of or person sharing the household with any of these individuals, had or will have a direct or indirect material interest.

The information in this section titled "Certain Relationships, Related Person, and Other Transactions" does not assume the automatic conversion of all shares of our convertible preferred stock outstanding as of June 30, 2017 into 20,188,226 shares of our Class A common stock and 40,376,452 shares of our Class B common stock, which Class B common stock will subsequently convert into 40,376,452 shares of our Class A common stock, which conversions will occur upon the closing of this offering.

Series E Preferred Stock Financing

In August 2016, we sold and issued 1,107,202 shares of Series E preferred stock to funds related to Winslow Capital Management, LLC, Foxhaven Asset Management, LP, T. Rowe Price Associates, Inc., and Fidelity Brokerage Services LLC, which we refer to collectively as the Series E Purchasers, at a price of $54.19 per share, for an aggregate purchase price and gross proceeds to us of approximately $60 million. We refer to this financing as the Series E Financing. Funds affiliated with T. Rowe Price, a 5% or greater stockholder, purchased 276,800 shares of Series E preferred stock for an aggregate gross purchase price of approximately $15 million.

Stock Transfers

In December 2015, Argonaut 22 LLC, a holder of more than 5% of our capital stock and an entity with respect to which Anastasios Parafestas, one of our directors, has sole investment power, with our consent, transferred certain shares of our stock that it held of record to two transferees, Promerica Capital LLC and GC Holdings Investors LLC, pursuant to an Assignment Agreement, that was executed by us, Argonaut 22 LLC, and each transferee. Argonaut 22 LLC transferred the shares of capital stock described below in satisfaction of the redemption of Promerica Capital LLC's and GC Holdings Investors LLC's ownership interests in Argonaut 22 LLC. Anastasios Parafestas

also has sole investment power with respect to each of Promerica Capital LLC and GC Holdings Investors LLC. The following table summarizes Argonaut 22 LLC's transfers of capital stock:

Transferee	Class of Stock Transferred	Number of Shares Transferred	Value of Shares Transferred on Date of Transfer	Aggregate Value of Shares Transferred
Promerica Capital LLC[1]	Series A preferred stock	262,218	$ 40.64	$ 10,657,323
Promerica Capital LLC[1]	Series B preferred stock	318,423	$ 40.64	$ 12,941,662
Promerica Capital LLC[1]	Series C preferred stock	234,302	$ 40.64	$ 9,522,734
GC Holdings Investors LLC[2]	Series A preferred stock	262,218	$ 40.64	$ 10,657,323
GC Holdings Investors LLC[2]	Series B preferred stock	318,423	$ 40.64	$ 12,941,662
GC Holdings Investors LLC[2]	Series C preferred stock	103,661	$ 40.64	$ 4,213,092

(1) Peter M Nicholas, the uncle-in-law of Langley Steinert, is the general partner of the parent entity of Promerica Capital LLC.

(2) Gore Creek Trust, or the Trust, is an investor through GC Holdings Investors LLC. Nick Nicholas, Langley Steinert's father-in-law, was the grantor with respect to the Trust. Hilary Steinert, Langley Steinert's wife, is a beneficiary of the Trust.

In September 2016, Langley Steinert, our Chief Executive Officer, President, Chairman, and a holder of more than 5% of our capital stock, with our consent, transferred certain shares of our stock that he held as an individual to two transferees pursuant to Stock Transfer and Assignment Agreements that were executed by us, Mr. Steinert, and the applicable transferee. The following table summarizes Mr. Steinert's transfers of capital stock:

Transferee	Class of Stock Transferred	Number of Shares Transferred	Value of Shares Transferred on Date of Transfer	Aggregate Value of Shares Transferred
Trustees of Dartmouth College	Class A common stock	18,454	$ 9.03	$ 166,627
Trustees of Dartmouth College	Class B common stock	36,908	$ 9.03	$ 333,345
National Philanthropic Trust	Class A common stock	36,906	$ 9.03	$ 333,327
National Philanthropic Trust	Class B common stock	73,812	$ 9.03	$ 666,653

Repurchases of Our Securities

In September 2015, following the sale of 1,673,105 shares of our Series D preferred stock to 17 accredited investors at a purchase price of $40.642989 per share, we repurchased from certain stockholders, including a director, executive officer, and holders of more than 5% of our capital stock, an aggregate of 667,480 shares of our capital stock, including (i) 283,394 shares of our Series A preferred stock, (ii) 33,443 shares of our Series B preferred stock, (iii) 81,123 shares of our Series C preferred stock, (iv) 64,556 shares of our Class A common stock and 129,112 shares of our Class B common stock, and (v) 25,284 shares of Class A common stock and 50,568 shares of

Class B common stock underlying vested, but unexercised options, at a purchase price of $6.77 per share of common stock and $40.64 per share of preferred stock, for an aggregate purchase price of approximately $18 million. The following table summarizes our purchases of shares of preferred stock in the tender offer from related persons in amounts in excess of $120,000:

Name of Holder	Relationship of Holder to the Company	Total Number of Shares Repurchased	Class of Shares Repurchased	Repurchase Price Per Share	Gross Dollar Amount of Total Number Shares Tendered
Allen & Company LLC	More than 5% stockholder	246,044	Series A preferred stock	$ 40.64	$ 9,999,964
Langley Steinert	Chief Executive Officer, President, Chairman, and more than 5% stockholder	73,813	Series C preferred stock	$ 40.64	$ 2,999,981

In October 2016, following the Series E Financing, we repurchased from certain stockholders, including directors, executive officers, and holders of more than 5% of our capital stock, an aggregate of 3,644,642 shares of our capital stock, including (i) 224,903 shares of our Series A preferred stock, (ii) 357,568 shares of our Series B preferred stock, (iii) 17,243 shares of our Series C preferred stock, (iv) 899,046 shares of our Class A common stock and 1,798,092 shares of our Class B common stock, (v) 113,030 shares of Class A common stock and 226,060 shares of Class B common stock underlying vested, but unexercised options, and (vi) 2,900 shares of Class A common stock and 5,800 shares of Class B common stock underlying time-vested RSUs, at a purchase price of $9.03 per share of common stock and $54.19 per share of preferred stock, for an aggregate purchase price of approximately $60 million. The following table summarizes our

purchases of shares of common stock, preferred stock, and cancellations of options in the tender offer from related persons in amounts in excess of $120,000:

Name of Holder	Relationship of Holder to the Company	Total Number of Shares Repurchased	Class of Shares Repurchased	Repurchase Price Per Share	Gross Dollar Amount of Total Number Shares Tendered
Allen & Company LLC	More than 5% stockholder	105,178	Series A preferred stock	$ 54.19	$ 5,699,664
Argonaut 22 LLC	More than 5% stockholder[2]	172,230	Series B preferred stock	$ 54.19	$ 9,333,256
GC Holdings Investors LLC	(3)	41,287	Series B preferred stock	$ 54.19	$ 2,237,369
Promerica Capital LLC	(4)	50,942	Series B preferred stock	$ 54.19	$ 2,760,547
NP 2003 Family Trust[5]	(6)	28,000	Series B preferred stock	$ 54.19	$ 1,517,320
Ian Smith	Director	13,187	Series A preferred stock	$ 54.19	$ 714,604
Ian Smith	Director	18,438	Series B preferred stock	$ 54.19	$ 999,155
Ian Smith	Director	6,280	Class A common stock	$ 9.03	$ 56,708
Ian Smith	Director	12,560	Class B common stock	$ 9.03	$ 113,417
Langley Steinert	Chief Executive Officer, President, Chairman, and more than 5% stockholder	629,366	Class A common stock	$ 9.03	$ 5,684,292
Langley Steinert	Chief Executive Officer, President, Chairman, and more than 5% stockholder	1,258,732	Class B common stock	$ 9.03	$ 11,368,584
Samuel Zales	Chief Operating Officer	7,284	Class A common stock[1]	$ 9.03	$ 65,787
Samuel Zales	Chief Operating Officer	14,568	Class B common stock[1]	$ 9.03	$ 131,575
The Langley Steinert Irrevocable Family Trust dated June 21, 2004	Beneficiaries of the trust are Langley Steinert's children	50,632	Class A common stock	$ 9.03	$ 457,297
The Langley Steinert Irrevocable Family Trust dated June 21, 2004	Beneficiaries of the trust are Langley Steinert's children	101,264	Class B common stock	$ 9.03	$ 914,594

(1) Represents shares underlying vested options to purchase Class A and Class B common stock.

(2) Anastasios Parafestas has sole investment power with respect to shares held by Argonaut 22 LLC.

(3) Gore Creek Trust, or the Trust, is an investor through GC Holdings Investors LLC. Nick Nicholas, Langley Steinert's father-in-law, was the grantor with respect to the Trust. Hilary Steinert, Langley Steinert's wife, is a beneficiary of the Trust. Anastasios Parafestas has sole investment power with respect to shares held by GC Holdings Investors LLC.

(4) Anastasios Parafestas has sole investment power with respect to shares held by Promerica Capital LLC. Peter M Nicholas, the uncle-in-law of Langley Steinert, is the general partner of the parent entity of Promerica Capital LLC.

(5) All shares held by the The NP 2003 Family Trust are now held by The RWS 2006 Family Trust.

(6) Anastasios Parafestas was a co-trustee of The NP 2003 Family Trust and is a co-trustee of The RWS 2006 Family Trust.

Amended and Restated Investors' Rights Agreement

We are party to an amended and restated investors' rights agreement which provides, among other things, that certain holders of our capital stock, including Allen & Company LLC, Argonaut 22 LLC, entities affiliated with T. Rowe Price, Langley Steinert, Stephen Kaufer, David Parker, Simon Rothman, and Ian Smith, have the right to demand that we file a registration statement or request that their shares of our capital stock be covered by a registration statement that we are otherwise filing. See the section titled "Description of Capital Stock — Registration Rights" for additional information regarding these registration rights.

Second Amended and Restated Stockholders' Agreement

We are party to a second amended and restated stockholders' agreement under which certain holders of our capital stock, including Allen & Company LLC, Argonaut 22 LLC, entities affiliated with T. Rowe Price, Langley Steinert, Stephen Kaufer, David Parker, Simon Rothman, and Ian Smith, agreed to vote their shares on certain matters, including with respect to the election of directors. Upon the closing of this offering, this agreement will terminate and none of our stockholders will have any special rights regarding the election or designation of members of our board of directors or the voting of our capital stock.

Indemnification Agreements

Prior to the closing of this offering, we expect to enter into indemnification agreements with each of our executive officers and directors. These agreements will provide that we will indemnify each of these individuals to the fullest extent permitted by the Delaware General Corporation Law against liabilities that may arise by reason of their service to us, and allow us to advance expenses to each indemnitee in connection with any proceeding in which indemnification is available. Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, we have been informed that in the opinion of the SEC such indemnification is against public policy and is therefore unenforceable.

Policies and Procedures for Related Person Transactions

In connection with this offering, we intend to adopt a policy giving our audit committee the primary responsibility for reviewing and approving or disapproving "related person transactions," which are transactions between us and related persons in which the aggregate amount involved exceeds or may be expected to exceed $120,000 and in which a related person has or will have a direct or indirect material interest. For purposes of this policy, a related person is defined as a director, executive officer, nominee for director, or greater than 5% beneficial owner of our common stock, in each case since the beginning of the most recently completed year, and their immediate family members. Our audit committee charter provides that the audit committee shall review and approve or disapprove any related person transactions.

A related person transaction will be considered approved or ratified if it is authorized by the audit committee after full disclosure of the related person's interest in the transaction. In considering related person transactions, the audit committee will consider any information considered material to investors and the following factors:

- the related person's interest in the transaction;
- the approximate dollar value of the transaction;
- whether the transaction would impair the independence of an otherwise independent director or nominee for director;
- whether the terms of the transaction are no less favorable to us than terms that we could have reached with an unrelated third party under the same or similar circumstances; and
- the purpose and timing of the transaction.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our Class A common stock and Class B common stock as of September 25, 2017, as adjusted to reflect the shares of Class A common stock to be issued and sold by us and the selling stockholders in this offering, by:

- each of our named executive officers;
- each of our directors;
- all executive officers and directors as a group;
- each person or group of affiliated persons known by us to be the beneficial owner of more than 5% of our common stock; and
- each selling stockholder.

We have determined beneficial ownership in accordance with the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially own, subject to community property laws where applicable. In computing the number of shares of our Class A common stock and Class B common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of our Class A common stock subject to options or RSUs held by that person that are currently exercisable or exercisable within 60 days of September 25, 2017. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

We have based our calculation of the percentage ownership of our Class A common stock and Class B common stock prior to this offering on 74,659,944 shares of our Class A common stock outstanding and 28,193,712 shares of our Class B common stock outstanding, in each case, as of September 25, 2017 (assuming the automatic conversion of all outstanding shares of preferred stock into an aggregate of 60,564,678 shares of Class A common stock upon the closing of this offering). Percentage ownership of our Class A common stock after this offering assumes the sale of 2,500,000 shares of Class A common stock by us and 6,900,000 shares of Class A common stock by the selling stockholders in this offering and no exercise of the underwriters' option to purchase additional shares of Class A common stock from us and the selling stockholders.

Unless otherwise indicated, the address of each beneficial owner listed on the table below is c/o CarGurus, Inc., 2 Canal Park, Cambridge, Massachusetts 02141.

Unless otherwise noted below, no selling stockholder has had any position, office or other material relationship with us or any of our predecessors or affiliates within the past three years. Unless otherwise indicated in the footnotes below, based on the information provided to us by or

on behalf of the selling stockholders, no selling stockholder is a broker-dealer or an affiliate of a broker-dealer.

	Shares Beneficially Owned Prior to the Offering				% of Total Shares Beneficially Owned	% of Total Voting Power	Number of Shares Being	Shares Beneficially Owned After the Offering				% of Total Shares Beneficially Owned	% of Total Voting Power
	Class A Common		Class B Common					Class A Common		Class B Common			
Name	Shares	%	Shares	%	Prior to the Offering	Prior to the Offering[1]	Offered	Shares	%	Shares	%	After the Offering	After the Offering[1]
Named Executive Officers and Directors:													
Langley Steinert[2]	13,513,525	18.1	20,391,732	72.3	33.0	61.0	3,390,524	10,123,001	13.1	20,391,732	72.3	29.0	59.6
Jason Trevisan	—	*	—	*	*	*		—	*	—	*	*	*
Samuel Zales[3]	191,516	*	383,032	1.3	*	1.1		191,516	*	383,032	1.3	*	1.1
Stephen Kaufer	1,242,742	1.7	200,000	*	1.4	*		1,242,742	1.6	200,000	*	1.4	*
Anastasios Parafestas[4]	26,788,731	35.9	200,000	*	26.2	8.1	2,366,000	24,422,731	31.7	200,000	*	23.4	7.4
David Parker	1,152,136	1.5	200,000	*	1.3	*	144,204	1,007,932	1.3	200,000	*	1.1	*
Simon Rothman	385,684	*	200,000	*	*	*		385,684	*	200,000	*	*	*
Ian Smith[5]	805,992	1.1	187,440	*	1.0	*		805,992	1.0	187,440	*	*	*
All executive officers and directors as a group (8 persons)	44,080,326	58.9	21,762,204	76.2	63.7	72.6	5,900,728	38,179,598	49.4	21,762,204	76.2	56.6	70.4
5% Stockholders and Selling Stockholders:													
Allen & Company LLC[6]	5,679,601	7.6	—	*	5.5	1.6		5,679,601	7.4	—	*	5.4	1.6
Argonaut 22 LLC[7]	15,231,219	20.4	—	*	14.8	4.3	1,523,000	13,708,219	17.8	—	*	13.0	3.8
T. Rowe Price, and its affiliated funds[8]	11,699,453	15.7	—	*	11.4	3.3		11,699,453	15.2	—	*	11.1	3.3
Nicholas Shanny	1,610,990	2.2	2,293,348	8.1	3.8	6.9	399,423	1,211,567	1.6	2,293,348	8.1	3.3	6.7
Promerica Capital LLC[9]	4,584,007	6.1	—	*	4.5	1.3	458,000	4,126,007	5.3	—	*	3.9	1.1
GC Holdings Investors LLC[10]	3,858,091	5.2	—	*	3.8	1.1	385,000	3,473,091	4.5	—	*	3.3	1.0
David Blundin	928,626	1.2	—	*	*	*	101,853	826,773	1.1	—	*	*	*
Oliver Chrzan[11]	902,644	1.2	1,805,288	6.4	2.6	5.3	270,793	631,851	*	1,805,288	6.4	2.3	5.2
Igor Kaplansky[12]	449,660	*	899,320	3.2	1.3	2.6	133,758	315,902	*	899,320	3.2	1.2	2.6
Jasper Rosenberg[13]	230,064	*	460,128	1.6	*	1.4	68,844	161,220	*	460,128	1.6	*	1.3
Yoav Shapira	164,008	*	328,016	1.2	*	1.0	24,601	139,407	*	328,016	1.2	*	1.0

(*) Less than 1%.

(1) Percentage of total voting power represents voting power with respect to all shares of our Class A and Class B common, as a single class. The holders of our Class B common stock are entitled to ten votes per share, and holders of our Class A common stock are entitled to one vote per share. For more information about the voting rights of our Class A and Class B common stock, see "Description of Capital Stock — Class A and Class B Common Stock."

(2) Consists of (a) 30,652,537 shares held of record by Mr. Steinert, (b) 3,128,304 shares held of record by The Langley Steinert Irrevocable Family Trust dated June 21, 2004, of which Mr. Steinert's children are the beneficiaries, (c) 31,104 shares held of record by The Langley Steinert Irrevocable Trust — 2014 f/b/o Ailsa Steinert, of which Mr. Steinert's mother is the beneficiary, (d) 31,104 shares held of record by The Langley Steinert Irrevocable Trust — 2014 f/b/o Arthur Steinert, of which Mr. Steinert's brother is the beneficiary, (e) 31,104 shares held of record by The Langley Steinert Irrevocable Trust — 2014 f/b/o Gail Barnett, of which Mr. Steinert's mother-in-law is the beneficiary, and (f) 31,104 shares held of record by The Langley Steinert Irrevocable Trust — 2014 f/b/o Russell Steinert, of which Mr. Steinert's brother is the beneficiary. Mr. Steinert is neither trustee for nor beneficiary of any of the trusts aforementioned. However, Mr. Steinert may be deemed to be the beneficial owner of the shares held of record by each of The Langley Steinert Irrevocable Family Trust dated June 21, 2004, The Langley Steinert Irrevocable Trust — 2014 f/b/o Ailsa Steinert, The Langley Steinert Irrevocable Trust — 2014 f/b/o Arthur Steinert, The Langley Steinert Irrevocable Trust — 2014 f/b/o Gail Barnett, and The Langley Steinert Irrevocable Trust — 2014 f/b/o Russell Steinert. Mr. Steinert expressly disclaims beneficial ownership of such shares held by the trusts.

(3) Consists of 191,516 shares of Class A common stock and 383,032 shares of Class B common stock underlying options that are exercisable within 60 days of September 25, 2017.

(4) Consists of (a) 300,000 shares held of record by Mr. Parafestas, (b) 15,231,219 shares held of record by Argonaut 22 LLC, with respect to which Mr. Parafestas has sole investment power, (c) 4,584,007 shares held of record by Promerica Capital LLC, with respect to which Mr. Parafestas has sole investment power, (d) 3,858,091 shares held of record by GC Holdings Investors LLC, with respect to which Mr. Parafestas has sole investment power, and (e) 3,015,414 shares held of record by the RWS 2006 Family Trust, of which Mr. Parafestas is a co-trustee. Mr. Parafestas may be deemed to be the beneficial owner of the shares held of record by the RWS 2006 Family Trust. Mr. Parafestas expressly disclaims beneficial ownership of the shares held of record by the RWS 2006 Family Trust.

(5) Consists of 993,432 shares held of record by Mr. Smith. Mr. Smith is a Managing Director of Allen & Company LLC. Mr. Smith does not have sole or shared voting or investment power with respect to the shares held by Allen & Company LLC and expressly disclaims beneficial ownership of all shares held by Allen & Company LLC.

(6) Consists of 5,679,601 shares held of record by Allen & Company LLC. Ian Smith, a director of our company, is the Managing Director of Allen & Company LLC, but Mr. Smith does not have sole or shared voting or investment power with respect to the shares held by Allen & Company LLC and expressly disclaims all beneficial ownership of all shares held by Allen & Company LLC. The principal address of Allen & Company LLC is 711 Fifth Avenue, New York, New York 10022.

(7) Consists of 15,231,219 shares held of record by Argonaut 22 LLC. Anastasios Parafestas, a director of our company, is the Managing Member of Spinnaker Capital LLC, the Managing Member of Argonaut 22 LLC, and has sole investment power with respect to the shares held by Argonaut 22 LLC. Mr. Parafestas may be deemed to beneficially own the shares held by Argonaut 22 LLC. The principal address of Argonaut 22 LLC is One Joy Street, Boston, Massachusetts 02108.

(8) Consists of (a) 687,043 shares held by AMIDSPEED & CO., as nominee for T. Rowe Price New Horizons Trust, (b) 136,170 shares held by AWEIGH & CO., as nominee for T. Rowe Price U.S. Small-Cap Core Equity Trust, (c) 128,718 shares held by Azure & Co. as nominee for T. Rowe Price U.S. Small-Cap Value Equity Trust, (d) 18,408 shares held by BARNACLEWATER & CO., as nominee for Advantus Capital Management, Inc. Minnesota Life Insurance Co., (e) 6,943,762 shares held by Bridge & Co. as nominee for T. Rowe Price New Horizons Fund, Inc., (f) 455,820 shares held by CASCOLANE & CO., as nominee for T. Rowe Price Institutional Small-Cap Stock Fund, (g) 60,180 shares held by HARE & CO., as nominee for Costco 401(k) Retirement Plan,

(h) 60,924 shares held by HARE & CO., as nominee for U.S. Small-Cap Stock Trust, (i) 19,674 shares held by ICECOLD & CO., as nominee for T. Rowe Price U.S. Equities Trust, (j) 5,904 shares held by LADYBIRD & CO., as nominee for T. Rowe Price Personal Strategy Income Fund, (k) 11,754 shares held by LADYBUG & CO., as nominee for T. Rowe Price Personal Strategy Balanced Fund, (l) 12,786 shares held by LAKESIDE & CO., as nominee for T. Rowe Price Personal Strategy Growth Fund, (m) 32,874 shares held by MAC & CO., as nominee for TD Mutual Funds — TD U.S. Small-Cap Equity Fund, (n) 1,253,457 shares held by Oceanoar & Co., as nominee for T. Rowe Price Small-Cap Value Fund, Inc., (o) 1,850,685 shares held by OVERLAP & CO., as nominee for T. Rowe Price Small-Cap Stock Fund, Inc., (p) 1,008 shares held by PEACEMAKER & CO., as nominee for T. Rowe Price Personal Strategy Balanced Portfolio, and (q) 20,286 shares held by SQUIDFISH & CO., as nominee for VALIC Company I — Small Cap Fund. The foregoing accounts are advised or sub-advised by T. Rowe Price Associates, Inc., or T. Rowe Price, a registered investment adviser. T. Rowe Price serves as investment adviser with power to direct investments and/or sole power to vote the securities owned by the accounts. Although T. Rowe Price may be deemed to be the beneficial owner of all the shares listed, T. Rowe Price expressly disclaims beneficial ownership of such securities. T. Rowe Price Investment Services, Inc., or TRPIS, a registered broker-dealer, is a subsidiary of T. Rowe Price Associates, Inc., the investment adviser to the accounts listed above. TRPIS is the principal underwriter and distributor of shares of the funds in the T. Rowe Price mutual fund family. TRPIS does not engage in underwriting or market-making activities involving individual securities. T. Rowe Price Associates, Inc. is the wholly-owned subsidiary of T. Rowe Price Group, Inc., which is a publicly traded financial services holding company. The principal address for T. Rowe Price is 100 East Pratt Street, Baltimore, Maryland 21202.

(9) Consists of 4,584,007 shares held of record by Promerica Capital LLC, with respect to which Anastasios Parafestas, one of our directors, has sole investment power. The principal address of Promerica Capital LLC is One Joy Street, Boston, Massachusetts 02108.

(10) Consists of 3,858,091 shares held of record by GC Holdings Investors LLC, with respect to which Anastasios Parafestas, one of our directors, has sole investment power. The principal address of GC Holdings Investors LLC is One Joy Street, Boston, Massachusetts 02108.

(11) Includes 51,774 shares of Class A common stock and 103,548 shares of Class B common stock underlying options that are exercisable within 60 days of September 25, 2017. Mr. Chrzan is a current employee of our company.

(12) Includes 3,800 shares of Class A common stock and 7,600 shares of Class B common stock underlying options that are exercisable within 60 days of September 25, 2017. Mr. Kaplansky is a current employee of our company.

(13) Includes 4,700 shares of Class A common stock and 9,400 shares of Class B common stock underlying options that are exercisable within 60 days of September 25, 2017. Mr. Rosenberg is a current employee of our company.

DESCRIPTION OF CAPITAL STOCK

General

The following description summarizes the most important terms of our capital stock, as they are expected to be in effect upon the closing of this offering. This summary does not purport to be complete and is qualified in its entirety by the provisions of our amended and restated certificate of incorporation and amended and restated bylaws to be effective upon closing of this offering. Copies of these documents will be filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The descriptions of our common stock and preferred stock reflect changes to our capital structure that will occur upon the closing of this offering.

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

Upon the closing of this offering, our authorized capital stock will consist of 610,000,000 shares, all with a par value of $0.001 per share, of which:

- 500,000,000 shares are designated as Class A common stock;
- 100,000,000 shares are designated as Class B common stock; and
- 10,000,000 shares are designated as preferred stock.

Assuming the automatic conversion of all shares of our convertible preferred stock outstanding as of September 25, 2017 into 20,188,226 shares of our Class A common stock and 40,376,452 shares of our Class B common stock, and the subsequent conversion of such shares of Class B common stock into 40,376,452 shares of our Class A common stock, which conversions will occur upon the closing of this offering, as of September 25, 2017, there were:

- 74,659,944 shares of our Class A common stock outstanding, held by 116 stockholders of record; and
- 28,193,712 shares of our Class B common stock outstanding, held by 72 stockholders of record.

Class A and Class B Common Stock

Voting Rights

Holders of our Class A common stock and Class B common stock have identical rights, provided that, except as otherwise expressly provided in our amended and restated certificate of incorporation or required by applicable law, on any matter that is submitted to a vote of our stockholders, holders of our Class A common stock are entitled to one vote per share of Class A common stock and holders of our Class B common stock are entitled to 10 votes per share of Class B common stock. Holders of shares of 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 Class B common stock to vote separately as a single class in the following circumstances:

- if we propose to amend our certificate of incorporation to increase or decrease the par value of the shares of a class of our stock; or

- if we propose to amend our certificate of incorporation in a manner that alters or changes the powers, preferences, or special rights of a class of stock in a manner that affected its holders adversely.

We have not provided for cumulative voting for the election of directors in our amended and restated certificate of incorporation.

Economic Rights

Except as otherwise expressly provided in our amended and restated certificate of incorporation or required by applicable law, shares of Class A common stock and Class B common stock will have the same rights and privileges and rank equally, share ratably and be identical in all respects as to all matters, including, without limitation, those described below.

Dividends and Distributions. Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of Class A common stock and Class B common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds. We have never declared or paid cash dividends on any of our capital stock and currently do not anticipate paying any cash dividends after this offering or in the foreseeable future. See "Dividend Policy" for more information.

Right to Receive Liquidation Distributions. Upon our dissolution, liquidation or winding-up, the assets legally available for distribution to our stockholders are distributable ratably among the holders of our common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

No Preemptive or Similar Rights. Holders of our Class A common stock and Class B common stock are not entitled to preemptive rights and are not subject to redemption or sinking fund provisions.

Conversion

Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer of such share, which is defined to include entering into a voting agreement, whether or not for value, except for certain transfers described in our amended and restated certificate of incorporation, including, without limitation, transfers to certain family members of the transferor stockholder. Finally, all shares of Class B common stock will automatically convert into shares of Class A common stock, on a share for share basis, upon the date falling after the first to occur of the death of Langley Steinert, our founder, Chief Executive Officer, President, and Chairman, Langley Steinert's voluntary termination of all employment with us and service on our board of directors or the sum of the number of shares of our capital stock held by Langley Steinert, by any Family Member of Langley Steinert, and by any Permitted Entity of Langley Steinert (as such terms are defined in our amended and restated certificate of incorporation), assuming the exercise and settlement in full of all outstanding options and convertible securities and calculated on an as-converted to Class A common stock basis, being less than 9,091,484. Shares of Class B common stock will not automatically convert into shares of Class A common stock upon the termination of Mr. Steinert's status as an officer and director, unless such termination is either made voluntarily by Mr. Steinert or due to Mr. Steinert's death.

Once converted into Class A common stock, the converted shares of Class B common stock will not be reissued. In addition, if all shares of Class B common stock are converted into Class A common stock, then any outstanding options or convertible securities with the right to purchase or

acquire shares of Class B common stock shall become a right to purchase or acquire shares of Class A common stock.

Fully Paid and Non-Assessable

All of the outstanding shares of our Class A common stock and Class B common stock are, and the shares of our Class A common stock to be issued pursuant to this offering will be, fully paid and non-assessable.

Preferred Stock

Immediately after the closing of this offering, our board of directors will have the authority to issue up to 10,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges, and restrictions thereof, provided that, prior to the threshold date, such designation is subject to the approval of holders of at least a majority of the combined voting power of our outstanding capital stock. These rights, preferences, and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms, and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of common stock. The issuance of preferred stock by us could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control of our company or other corporate action. Upon the closing of this offering, no shares of preferred stock will be outstanding, and we have no present plan to issue any shares of preferred stock.

Stock Options and RSUs

As of June 30, 2017, there were 1,737,056 shares of Class A common stock issuable upon the exercise of options outstanding as of June 30, 2017 with a weighted-average exercise price of $1.65 per share and 3,474,112 shares of Class B common stock issuable upon the exercise of options outstanding as of June 30, 2017 with a weighted-average exercise price of $1.65 per share, and 789,934 shares of Class A common stock and 1,579,868 shares of Class B common stock issuable upon the vesting and settlement of restricted stock units, or RSUs.

In connection with the granting of options under our 2006 Equity Incentive Plan, we also granted individuals a right to additional compensation in an amount based on certain dividend distributions or other periodic payments paid or made with respect to a specified number of shares of our common stock, which we refer to as dividend equivalent rights. As of June 30, 2017, there were 10 individuals who held dividend equivalent rights.

Exclusive Jurisdiction

Our amended and restated certificate of incorporation to be effective on the closing of this offering will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of us; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees or agents to us or to our stockholders; (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law or our amended and restated certificate of incorporation or amended and restated bylaws; (iv) any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws; or (v) any action asserting a claim against us or any of our directors, officers, or other employees or agents governed by the internal affairs doctrine. The

enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any action, a court could find the choice of forum provisions contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in such action.

Registration Rights

After the closing of this offering certain holders of our Class A common stock will be entitled to rights with respect to the registration of their shares under the Securities Act of 1933, as amended, or the Securities Act. These registration rights are contained in our amended and restated investors' rights agreement, or IRA, dated August 23, 2016. We and certain holders of our Class A common stock, Class B common stock, Series A preferred stock, Series B preferred stock, Series C preferred stock, Series D preferred stock, and Series E preferred stock are parties to the IRA. The registration rights set forth in the IRA will expire upon (i) the closing of a Deemed Liquidation Event, or (ii) two years following the closing of our initial public offering. A Deemed Liquidation Event is defined in the IRA to be a (i) a merger or consolidation where either (a) the company is a party or (b) a subsidiary of the company is a party and the company issues shares of its capital stock pursuant to such merger or consolidation and the shares of capital stock of the company outstanding continue to represent a majority of the voting power of the surviving company or the parent of the surviving company; (ii) sale, lease, exclusive license, transfer or other disposition of all or substantially the assets or intellectual property of the company to an entity other than a wholly owned subsidiary of the company; or (iii) acquisition by any person or group of related persons that represents at least a majority of the voting power of the company's capital stock.

We will pay the registration expenses (other than underwriting discounts, selling commissions and stock transfer taxes) of the holders of the shares registered pursuant to the registrations described below. We will pay up to $50,000 of the reasonable fees and disbursements of one counsel for the selling stockholders entitled to demand registration as described below, but otherwise will not pay the fees and disbursements of counsel for any such selling stockholder. In an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include in the offering. See the section titled "Underwriting (Conflicts of Interest)" for more information regarding such restrictions.

Demand Registration Rights

One hundred eighty days after the effective date of the registration statement of which this prospectus forms a part, the holders of 54,998,789 shares of our Class A common stock will be entitled to certain Form S-1 demand registration rights. We will not be required to effect a registration on Form S-1 (i) during the period that is 45 days before our good faith estimate of the date of filing of, and ending on a date that is 180 after the effective date of, a company-initiated registration, (ii) if we have previously effected one such registration, and (iii) if such shares are eligible to be registered pursuant to a Form S-3 registration statement.

After the closing of this offering at any time when we are eligible to use a Form S-3 registration statement, holders of shares of our Class A common stock will be entitled to certain Form S-3 demand registration rights so long as the request covers at least that number of shares with an anticipated offering price, net of underwriting discounts, selling commissions and stock transfer taxes, of at least $5 million. These stockholders may make an unlimited number of requests for registration on Form S-3; however, we will not be required to effect a registration on Form S-3 (i) during the period that is 30 days before our good faith estimate of the date of filing of, and ending on a date that is 120 after the effective date of, a company-initiated registration, and (ii) if we have effected two such registrations within the 12-month period preceding the date of the request.

Additionally, if our board of directors determines, and our Chief Executive Officer certifies to such determination, that it would be materially detrimental to us and to our stockholders to effect a registration described above, we have the right to defer such registration, not more than once in any 12-month period, for a period of up to 90 days.

Piggyback Registration Rights

If we propose to register the offer and sale of our Class A common stock under the Securities Act, in connection with the public offering of such common stock for cash, the holders of unregistered shares of our Class A common stock will be entitled to certain "piggyback" registration rights allowing these holders to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (1) a registration relating to a company stock option, stock purchase or similar plan, (2) a registration relating to a corporate reorganization or other transaction pursuant to Rule 145 of the Securities Act, (3) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the registrable securities, or (4) a registration in which the only common stock being registered is common stock issuable upon conversion of debt securities that are also being registered, the holders of these shares are entitled to notice of the registration and have the right, subject to certain limitations, to include their unregistered shares in the registration.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

The provisions of Delaware law and of our amended and restated certificate of incorporation and amended and restated bylaws to be effective on the closing of this offering may have the effect of delaying, deferring or discouraging another person from acquiring control of our company. These provisions, which are summarized below, may have the effect of discouraging takeover bids, coercive of otherwise. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Delaware Law

We are governed by the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales or other transactions resulting in a financial benefit to the stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years of the date on which it is sought to be determined whether such person is an "interested stockholder," did own, 15% or more of the corporation's outstanding voting stock. These provisions may have the effect of delaying, deferring, or preventing a change in our control.

Certificate of Incorporation and Bylaws to be in Effect on the Closing of this Offering

Our amended and restated certificate of incorporation and amended and restated bylaws to be effective on the closing of this offering will include a number of provisions, some of which will become effective only from and after the date, which we refer to as the threshold date, on which the votes applicable to the Class A common stock and Class B common stock controlled by our

founder, Chief Executive Officer, President, and Chairman, Langley Steinert, represent less than a majority of the aggregate votes applicable to all shares of the outstanding Class A common stock and Class B common stock, that could deter hostile takeovers or delay or prevent changes in control of our management team, including the following:

- *Board Vacancies.* Our amended and restated certificate of incorporation and amended and restated bylaws will provide that, from and after the threshold date only our board of directors will be authorized to fill vacant directorships, including newly created seats, and that the number of directors constituting our board of directors will be permitted to be set only by a resolution adopted by our board of directors. These provisions would prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. These provisions make it more difficult to change the composition of our board of directors but promote continuity of management.

- *Classified Board.* Our amended and restated certificate of incorporation and amended and restated bylaws will provide that our board of directors is classified into three classes of directors. A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors. See "Management — Board Composition" for additional information.

- *Stockholder Action; Special Meeting of Stockholders.* Our amended and restated certificate of incorporation will provide that from and after the threshold date our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, from and after the threshold date a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Our amended and restated certificate of incorporation will further provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors (if one has been appointed) or, prior to the threshold date, by the holders of a majority of the combined voting power of our outstanding capital stock, thus prohibiting from and after the threshold date a stockholder from calling a special meeting. These provisions might, from and after the threshold date, delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

- *Advance Notice Requirements for Stockholder Proposals and Director Nominations.* Our amended and restated bylaws will provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our amended and restated bylaws will also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

- *No Cumulative Voting.* The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a

corporation's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation will not provide for cumulative voting.

- *Directors Removed Only for Cause.* Our amended and restated certificate of incorporation will provide that from and after the threshold date stockholders may remove directors only for cause.
- *Amendment of Certificate of Incorporation Provisions.* Any amendment of the above provisions in our amended and restated certificate of incorporation from and after the threshold date will require approval by holders of at least 66 $^{2}/_{3}$% of the combined voting power of our then outstanding capital stock.
- *Issuance of Undesignated Preferred Stock.* Our board of directors has the authority to issue up to 10,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors, provided that prior to the threshold date such designation is subject to the approval of holders of a majority of the combined voting power of our outstanding common stock. The existence of authorized but unissued shares of preferred stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest, or other means.

Transfer Agent and Registrar

Upon the closing of this offering, the transfer agent and registrar for our Class A common stock will be Broadridge Corporate Issuer Solutions. The transfer agent and registrar's address is 1717 Arch Street, Suite 1300, Philadelphia, Pennsylvania 19103.

Market Listing

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

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock, and we cannot predict the effect, if any, that market sales of shares of our Class A common stock or the availability of shares of our Class A common stock for sale will have on the market price of our Class A common stock prevailing from time to time. Future sales of our Class A common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our Class A common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Following the closing of this offering, based on the number of shares of our capital stock outstanding at June 30, 2017 (assuming the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 60,564,678 shares of Class A common stock upon the closing of this offering) and assuming the issuance of 2,500,000 shares of Class A common stock offered by us in this offering, we will have a total of 77,145,294 shares of Class A common stock outstanding and 28,161,232 shares of Class B common stock outstanding. Of these outstanding shares, all of the shares of Class A common stock sold in this offering by us and the selling stockholders plus any shares sold upon exercise of the underwriters' option to purchase up to an additional 1,410,000 shares of Class A common stock from us and certain selling stockholders in this offering, will be freely tradable, except that any shares purchased in this offering by our "affiliates," as that term is defined in Rule 144 under the Securities Act, would only be able to be sold in compliance with the Rule 144 limitations described below.

The remaining outstanding shares of our Class A common stock, the shares of our Class B common stock, and the shares of Class A common stock issued upon conversion of our Class B common stock will be deemed "restricted securities" as that term is defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below. In addition, holders of all or substantially all of our equity securities have entered into or will enter into lock-up agreements with the underwriters under which they have agreed, subject to specific exceptions, not to sell any of our stock for a period of time following the date of this prospectus, as described below. As a result of these agreements, subject to the provisions of Rule 144 or Rule 701, shares will be available for sale in the public market as follows:

- beginning on the date of this prospectus, the 9,400,000 shares of Class A common stock sold in this offering will be immediately available for sale in the public market;
- beginning 181 days after the date of this prospectus, 67,745,294 additional shares of Class A common stock will become eligible for sale in the public market, of which 49,687,535 shares will be held by affiliates and subject to the volume and other restrictions of Rule 144, as described below; and
- the remainder of the shares of common stock will be eligible for sale in the public market from time to time thereafter, subject in some cases to the volume and other restrictions of Rule 144, as described below.

In addition, as of June 30, 2017, a total of 1,737,056 shares of Class A common and 3,474,112 shares of Class B common stock were subject to outstanding options and 789,934 shares of Class A common and 1,579,868 shares of Class B common stock were subject to outstanding RSUs. Of these shares, the shares issuable upon the exercise of vested options to

purchase Class A common stock or Class B common stock and upon the settlement of vested RSUs will be eligible for public sale subject to the lock-up agreements and securities laws described below.

Each outstanding share of Class B common stock will convert automatically into one share of Class A common stock upon its public sale or other transfer, whether or not for value and whether voluntary or involuntary or by operation of law, except for certain exceptions and permitted transfers described in our certificate of incorporation.

Lock-Up Agreements

In connection with our initial public offering, we, our selling stockholders, our officers and directors, and holders of substantially all of our Class A common stock, Class B common stock, and other securities convertible into or exchangeable for our Class A common stock or Class B common stock, have agreed that, subject to certain exceptions and under certain conditions, for a period commencing on the date of the agreement and ending 180 days after the date of this prospectus, we and they will not, without the prior written consent of Goldman Sachs & Co. LLC, offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of our capital stock, or any options, restricted stock units, or other securities convertible into, exchangeable for, or that represent the right to receive shares of our capital stock, whether now owned or hereafter acquired, owned directly by the undersigned (including holding as a custodian) or with respect to which the undersigned has beneficial ownership within the rules and regulations of the SEC. Goldman Sachs & Co. LLC may, in their discretion, release any of the securities subject to these lock-up agreements at any time. See the section titled "Underwriting (Conflicts of Interest)" for additional information.

Rule 144

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

In general, under Rule 144, as currently in effect, and upon expiration of the lock-up agreements described above, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our Class A common stock then outstanding, which will equal approximately 771,453 shares immediately after this offering; or
- the average weekly trading volume of our Class A common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale;

provided, in each case, that we have been subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Sales under Rule 144 by our affiliates or persons

selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

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

Registration Rights

Pursuant to our amended and restated investor rights agreement, the holders of 54,998,789 shares of our Class A common stock (including shares issuable upon the conversion of our outstanding convertible preferred stock upon the closing of this offering), or their transferees, will be entitled to certain rights with respect to the registration of the offer and sale of those shares under the Securities Act. See the section titled "Description of Capital Stock — Registration Rights" for a description of these registration rights. If the offer and sale of these shares is registered, the shares will be freely tradable without restriction under the Securities Act, and a large number of shares may be sold into the public market.

Equity Incentive Plans

Following the closing of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register shares of our Class A common stock and Class B common stock issued under our 2015 Plan and our Class A common stock reserved for issuance under our 2017 Equity Incentive Plan. The registration statement on Form S-8 will become effective immediately upon filing, and shares covered by such registration statement will thereupon be eligible for sale in the public markets, subject to vesting restrictions, the lock-up agreements described above and Rule 144 limitations applicable to affiliates. See the section titled "Executive Compensation — Employee Benefits and Stock Plans" for additional information.

MATERIAL U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a discussion of the material U.S. federal income and estate tax consequences of the acquisition, ownership, and disposition of our Class A common stock to a non-U.S. holder that purchases shares of our Class A common stock for cash in this offering. For purposes of this discussion, a "non-U.S. holder" means a beneficial owner (other than a partnership or other pass-through entity) of our Class A common stock that is not, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation or any other organization taxable as a corporation for U.S. federal income tax purposes, created or organized in the United States or under the laws of the United States or of any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) the trust is subject to the primary supervision of a U.S. court and all substantial decisions of the trust are controlled by one or more U.S. persons or (ii) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

This discussion does not address the tax treatment of partnerships (or other entities that are treated as partnerships, grantor trusts, or other pass-through entities for U.S. federal income tax purposes) or persons that hold their Class A common stock through partnerships, grantor trusts, or other pass-through entities. The tax treatment of a partner in a partnership or holder of an interest in another pass-through entity that will hold our Class A common stock generally will depend upon the status of the partner or interest holder and the activities of the partner or interest holder and the partnership or other pass-through entity, as applicable. Such a partner or interest holder should consult his, her, or its own tax advisor regarding the tax consequences of the acquisition, ownership and disposition of our Class A common stock through a partnership or other pass-through entity, as applicable.

This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, the U.S. Treasury regulations promulgated thereunder, judicial decisions, and published rulings, administrative procedures, and other guidance of the Internal Revenue Service, or the IRS, all as in effect as of the date hereof. These authorities are subject to change and to differing interpretations, possibly with retroactive effect, which could result in U.S. federal income or estate tax consequences different from those summarized below. No ruling has been or is expected to be sought from the IRS with respect to the matters summarized below, and there can be no assurance that the IRS will not take a contrary position regarding the U.S. federal income or estate tax consequences of the acquisition, ownership, or disposition of our Class A common stock, or that any such contrary position would not be sustained by a court.

This discussion is not a complete analysis of all of the potential U.S. federal income and estate tax consequences relating to the acquisition, ownership, and disposition of our Class A common stock by non-U.S. holders, nor does it address any U.S. federal gift or generation-skipping transfer tax consequences, any tax consequences arising under any state, local, or non-U.S. tax laws, the impact of any applicable tax treaty, any consequences under the Medicare contribution tax on net investment income, the alternative minimum tax, or any consequences under other U.S. federal tax laws. In addition, this discussion does not address tax consequences resulting from a non-U.S. holder's particular circumstances or to non-U.S. holders that may be subject to special tax rules, including, without limitation:

- non-U.S. governments, agencies or instrumentalities thereof, or entities they control;

- "controlled foreign corporations" and their shareholders;
- "passive foreign investment companies" and their shareholders;
- partnerships, grantor trusts or other entities that are treated as pass-through entities for U.S. federal income tax purposes, and their owners;
- corporations that accumulate earnings to avoid U.S. federal income tax;
- former citizens or former long-term residents of the United States;
- banks, insurance companies or other financial institutions;
- tax-exempt pension funds or other tax-exempt organizations;
- persons who acquired our Class A common stock pursuant to the exercise of employee stock options or otherwise as compensation;
- tax-qualified retirement plans;
- traders, brokers, or dealers in securities, commodities, or currencies;
- persons who hold our Class A common stock as a position in a hedging transaction, wash sale, "straddle," "conversion transaction" or other risk reduction transaction or synthetic security;
- persons who do not hold our Class A common stock as a capital asset within the meaning of Section 1221 of the Code (generally, for investment purposes);
- persons who own or have owned, or are deemed to own or to have owned, more than 5% of our Class A common stock (except to the extent specifically set forth below); or
- persons deemed to sell our Class A common stock under the constructive sale provisions of the Code.

Prospective investors should consult their own tax advisors regarding the particular U.S. federal income, estate, gift, and generation-skipping transfer tax consequences to them of acquiring, owning, and disposing of our Class A common stock, as well as any tax consequences arising under any state, local, or foreign tax laws and any other U.S. federal tax laws. Prospective investors should also consult their tax advisors regarding the potential impact of any applicable income or estate tax treaty between the United States and such prospective investor's country of residence and of the rules described below under the heading "Foreign Account Tax Compliance Act."

Distributions on Class A Common Stock

As described in the section entitled "Dividend Policy," we currently intend to retain any earnings for use in the operation of our business and do not anticipate paying any dividends on our Class A common stock in the foreseeable future. The disclosure in this section addresses the consequences should our board of directors, in the future, determine to make a distribution of cash or property with respect to our Class A common stock (other than certain distributions of stock which may be made free of tax), or to effect a redemption that is treated for tax purposes as a distribution. Any such distribution will generally constitute a dividend for U.S. federal tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent such a distribution exceeds both our current and our accumulated earnings and profits, such excess will be allocated ratably among the shares of Class A common stock with respect to which the distribution is made. Any such excess allocated to a share of Class A common stock will constitute a return of capital to the extent of the non-U.S.

holder's adjusted tax basis in that share of Class A common stock, reducing that adjusted tax basis, but not below zero. After the non-U.S. holder's adjusted tax basis in a share of Class A common stock has been reduced to zero, any remaining excess allocated to that share of Class A common stock will be treated as capital gain from the sale of that share of Class A common stock, subject to the tax treatment described below under "Gain on Disposition of Class A Common Stock." Any such distributions will also be subject to the discussion below regarding backup withholding and foreign accounts. A non-U.S. holder's adjusted tax basis in a share of Class A common stock is generally the purchase price of the share, reduced by the amount of any distributions constituting a return of capital with respect to that share.

Any dividend paid to a non-U.S. holder of our Class A common stock generally will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividend, or such lower rate as may be specified by an applicable income tax treaty between the United States and such non-U.S. holder's country of residence. If a non-U.S. holder is eligible for benefits under an income tax treaty and wishes to claim a reduced rate of withholding, the non-U.S. holder generally will be required to provide us or our paying agent with a properly completed IRS Form W-8BEN, Form W-8BEN-E, or other applicable form, certifying under penalties of perjury the non-U.S. holder's qualification for the reduced rate. This certification must be provided to us or our paying agent prior to the payment of the dividend and may be required to be updated periodically. Special certification requirements apply to non-U.S. holders that hold Class A common stock through certain foreign intermediaries. Non-U.S. holders that do not timely provide the required certifications, but that qualify for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. If we are not able to determine whether or not a distribution will exceed current and accumulated earnings and profits at the time the distribution is made, we may withhold tax on the entire amount of any distribution at the same rate as we would withhold on a dividend. However, a non-U.S. holder may obtain a refund of amounts that we withhold to the extent attributable to the portion of the distribution in excess of our current and accumulated earnings and profits.

If a non-U.S. holder holds our Class A common stock in connection with the conduct of a trade or business in the U.S., and dividends paid on the Class A common stock are effectively connected with the non-U.S. holder's U.S. trade or business (and, if required by an applicable income tax treaty between the United States and such non-U.S. holder's country of residence, are attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the U.S., as defined under the applicable treaty), the non-U.S. holder will be exempt from U.S. federal withholding tax on the dividends. To claim the exemption, the non-U.S. holder must furnish a properly executed IRS Form W-8ECI (or other applicable form) prior to the payment of the dividends. Any dividends paid on our Class A common stock that are effectively connected with a non-U.S. holder's U.S. trade or business (and satisfy any other applicable treaty requirements) generally will be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates generally applicable to U.S. persons (as defined in the Code). A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes also may be subject to an additional branch profits tax equal to 30% (or such lower rate as is specified by an applicable income tax treaty between the United States and such non-U.S. holder's country of residence) of a portion of its earnings and profits for the taxable year that are effectively connected with a U.S. trade or business, as adjusted for certain items.

Gain on Disposition of Class A Common Stock

Subject to the discussion below regarding backup withholding and foreign accounts, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale, exchange, or other taxable disposition of our Class A common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty between the United States and such non-U.S. holder's country of residence, the gain is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the U.S.), in which case the non-U.S. holder will generally be required to pay tax on the gain derived from the sale, exchange, or other taxable disposition (net of certain deductions or credits) under regular graduated U.S. federal income tax rates generally applicable to U.S. persons, and in the case of a non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes, such non-U.S. holder may be subject to a branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such non-U.S. holder's country of residence;

- the non-U.S. holder is an individual who is present in the U.S. for a period or periods aggregating 183 days or more during the taxable year in which the sale, exchange, or other taxable disposition occurs and certain other conditions are met, in which case the non-U.S. holder will be subject to U.S. federal income tax at a flat 30% rate (or such lower rate as is specified by an applicable income tax treaty between the United States and such non-U.S. holder's country of residence) on the net gain derived from the sale, exchange, or other taxable disposition, which gain may be offset by U.S. source capital losses (even though the non-U.S. holder is not considered a resident of the U.S.) provided that the non-U.S. holder has timely filed U.S. federal income tax returns reporting those losses; or

- our Class A common stock is a "United States real property interest" by reason of our status as a "United States real property holding corporation," or USRPHC, for U.S. federal income tax purposes during the five-year period preceding such sale, exchange or other taxable disposition (or the non-U.S. holder's holding period, if shorter).

Generally, a corporation is a USRPHC only if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. We believe we are not now and we do not anticipate becoming a USRPHC. However, there can be no assurance that we are not now a USRPHC or will not become one in the future. Even if we are or become a USRPHC, for so long as our Class A common stock is "regularly traded," as defined by applicable U.S. Treasury regulations, on an established securities market, sales of our Class A common stock generally will not be subject to tax for non-U.S. holders that have not held more than 5% of our Class A common stock, actually or constructively, during the five-year period preceding such non-U.S. holder's sale, exchange or other taxable disposition of our Class A common stock (or the non-U.S. holder's holding period, if shorter). If we are determined to be a USRPHC and the foregoing exception does not apply, then the non-U.S. holder generally will be taxed on its net gain derived from the disposition at the graduated U.S. federal income tax rates applicable to U.S. persons. No assurance can be provided that our Class A common stock will be regularly traded on an established securities market for purposes of the rule described above.

Information Reporting and Backup Withholding

Generally, we or certain financial middlemen must report annually to the IRS and to each non-U.S. holder the gross amount of dividends and other distributions on our Class A common stock paid to the non-U.S. holder and the amount of tax withheld, if any, with respect to those

distributions. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in the non-U.S. holder's country of residence or incorporation.

A non-U.S. holder may be subject to backup withholding with respect to dividends paid on shares of our Class A common stock, unless, generally, the non-U.S. holder certifies under penalties of perjury (usually on IRS Form W-8BEN or W-8BEN-E) that the non-U.S. holder is not a U.S. person or otherwise establishes an exemption. The backup withholding rate is currently 28%. Dividends that are paid to non-U.S. holders subject to the withholding of U.S. federal income tax, as described above under the heading "Distributions on Class A Common Stock," generally will be exempt from U.S. backup withholding.

Additional rules relating to information reporting requirements and backup withholding with respect to payments of the proceeds from the disposition of shares of our Class A common stock are as follows:

- If the proceeds are paid to or through the U.S. office of a broker, the proceeds generally will be subject to backup withholding and information reporting, unless the non-U.S. holder certifies under penalties of perjury (usually on IRS Form W-8BEN or W-8BEN-E) that the non-U.S. holder is not a U.S. person and satisfies certain other requirements or otherwise establishes an exemption.

- If the proceeds are paid to or through a non-U.S. office of a broker that is not a U.S. person and is not a foreign person with certain specified U.S. connections, which we refer to below as a "U.S.-related person," information reporting and backup withholding generally will not apply.

- If the proceeds are paid to or through a non-U.S. office of a broker that is a U.S. person or a U.S.-related person, the proceeds generally will be subject to information reporting (but not to backup withholding), unless the non-U.S. holder certifies under penalties of perjury (usually on IRS Form W-8BEN or W-8BEN-E) that the non-U.S. holder is not a U.S. person. A "U.S.-related person" includes (i) an entity classified as a "controlled foreign corporation" for U.S. federal income tax purposes, (ii) a foreign person, 50% or more of whose gross income from certain periods is effectively connected with a U.S. trade or business, or (iii) a foreign partnership if at any time during its tax year (a) one or more of its partners are U.S. persons who, in the aggregate, hold more than 50% of the income or capital interests of the partnership or (b) the foreign partnership is engaged in a U.S. trade or business.

Backup withholding is not an additional tax. Any amounts withheld from a non-U.S. holder under the backup withholding rules may be allowed as a refund or a credit against the non-U.S. holder's U.S. federal income tax liability, if any, provided that the non-U.S. holder timely furnishes the required information to the IRS. Non-U.S. holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Foreign Account Tax Compliance Act

Sections 1471 to 1474 of the Code (commonly referred to as the Foreign Account Tax Compliance Act, or FATCA) generally impose withholding tax on certain types of payments made to "foreign financial institutions" (as defined in the Code) and other non-U.S. entities unless those institutions and entities meet additional certification, information reporting and other requirements. FATCA generally imposes a 30% withholding tax on dividends on, or gross proceeds from the sale or other disposition of, our Class A common stock paid to a foreign financial institution unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, (i) undertake to identify accounts held by certain U.S. persons (including certain equity and debt

holders of such institution) or by U.S.-owned foreign entities, (ii) annually report certain information about such accounts, and (iii) withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. In addition, subject to certain exceptions, FATCA imposes a 30% withholding tax on the same types of payments to a "non-financial foreign entity" (as defined in the Code) unless the entity certifies that it does not have any substantial U.S. owners (which generally include any U.S. persons who directly or indirectly own more than 10% of the entity) or furnishes identifying information regarding each such substantial U.S. owner or agrees to report that information to the IRS. These withholding taxes will be imposed on dividends paid on our Class A common stock and, after December 31, 2018, on gross proceeds from sales or other dispositions of our Class A common stock. Withholding under FATCA generally will not be reduced or limited by bilateral income tax treaties. However, intergovernmental agreements between the U.S. and other countries with respect to the implementation of FATCA and non-U.S. laws, regulations and other authorities enacted or issued with respect to those intergovernmental agreements may modify the FATCA requirements described above. Non-U.S. holders should consult their own tax advisors regarding the possible implications of FATCA on their investment in our Class A common stock and the entities through which they hold our Class A common stock, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of the 30% withholding tax under FATCA.

Federal Estate Tax

Class A common stock owned or treated as owned at the time of death by an individual who is not a citizen or resident of the United States (as specifically defined for U.S. federal estate tax purposes) are considered U.S. situs assets and will be included in the individual's gross estate for U.S. federal estate tax purposes and, therefore, may be subject to U.S. federal estate tax, unless an applicable estate tax or other treaty between the United States and such individual's country of residence provides otherwise.

The preceding discussion of U.S. federal tax considerations is for information only. It is not tax advice. Each prospective investor should consult its own tax advisor regarding the particular U.S. federal, state and local and non-U.S. tax consequences of purchasing, holding and disposing of our Class A common stock, including the consequences of any proposed change in applicable laws.

UNDERWRITING (CONFLICTS OF INTEREST)

We, the selling stockholders, and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC and Allen & Company LLC are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman Sachs & Co. LLC	
Allen & Company LLC	
RBC Capital Markets, LLC	
JMP Securities LLC	
Raymond James & Associates, Inc.	
William Blair & Company, L.L.C.	
Total	9,400,000

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional 1,410,000 shares of Class A common stock from us and the selling stockholders to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following tables show the per share and total underwriting discounts and commissions to be paid to the underwriters by us and the selling stockholders. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 1,410,000 additional shares.

Paid by the Company

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Paid by the Selling Stockholders

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We, our officers, directors, and holders of substantially all of our common stock, including the selling stockholders, have agreed with the underwriters, subject to certain exceptions, not to

dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Goldman Sachs & Co. LLC. This agreement does not apply to any existing employee benefit plans. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

Prior to this offering, there has been no public market for the shares. The initial public offering price has been negotiated among us and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management, and the consideration of the above factors in relation to market valuation of companies in related businesses.

We have applied to list our Class A common stock on the NASDAQ Global Select Market under the symbol "CARG." In order to meet one of the requirements for listing our Class A common stock on the NASDAQ Global Select Market, the underwriters have undertaken to sell lots of 100 or more shares to a minimum of 400 beneficial holders.

In connection with the offering, the underwriters may purchase and sell shares of Class A common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Class A common stock made by the underwriters in the open market prior to the closing of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the Class A common stock. As a result, the price of the Class A common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on NASDAQ, in the over-the-counter market, or otherwise.

We and the selling stockholders estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $4,100,000.

We and the selling stockholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or the Securities Act.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage, and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell, or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities or instruments of the issuer (directly, as collateral securing other obligations or otherwise) or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long or short positions in such assets, securities, and instruments.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, or a Relative Member State, an offer to the public of our common shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of our common shares may be made at any time under the following exemptions under the Prospectus Directive:

- To any legal entity which is a qualified investor as defined in the Prospectus Directive;
- To fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Representatives for any such offer; or
- In any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer or shares of our Class A common stock shall result in a requirement for the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to public" in relation to our common shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and our common shares to be offered so as to enable an investor to decide to purchase our common shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended), including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

In the United Kingdom, this prospectus is only addressed to and directed at qualified investors who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); or (ii) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). Any investment or investment activity to which this prospectus relates is available only to relevant persons and will only be engaged with relevant persons. Any person who is not a relevant person should not act or relay on this prospectus or any of its contents.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), or the Companies (Winding Up and Miscellaneous Provisions) Ordinance, or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) Securities and Futures Ordinance, or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA ,or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person that is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore, or Regulation 32.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person that is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than $200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Conflicts of Interest

Allen & Company LLC, an underwriter in this offering, and its associated persons, including Ian Smith, a member of our board of directors, beneficially own 71,685 shares of our outstanding Series A preferred stock, 1,128,994 shares of our outstanding Series B preferred stock, and 163,331 shares of our outstanding Series C preferred stock, collectively representing 13.5% of our outstanding preferred stock, which shares of preferred stock will automatically convert into 8,184,061 shares of Class A common stock at the closing of the offering. Because Allen & Company LLC is an underwriter in this offering and because Allen & Company LLC and its associated persons beneficially own more than 10% of our outstanding preferred stock, Allen & Company LLC is deemed to have a "conflict of interest" under Rule 5121 of the Financial Industry Regulatory Authority, Inc., or FINRA. Accordingly, this offering will be conducted in accordance with the applicable provisions of Rule 5121, which requires, among other things, that a "qualified independent underwriter" as defined by Rule 5121 has participated in the preparation of, and has exercised the usual standards of "due diligence" with respect to the registration statement and this prospectus. Goldman Sachs & Co. LLC has agreed to act as qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act, specifically including those inherent in Section 11 of the Securities Act. Goldman Sachs & Co. LLC will not receive any additional fees for serving as qualified independent underwriter in connection with this offering. We have agreed, subject to certain terms and conditions, to indemnify Goldman Sachs & Co. LLC against certain liabilities incurred in connection with acting as a qualified independent underwriter in this offering, including liabilities under the Securities Act. Pursuant to Rule 5121, Allen & Company LLC will not confirm any sales to any account over which it exercises discretionary authority without the specific written approval of the account holder.

LEGAL MATTERS

The validity of the shares of Class A common stock offered hereby will be passed upon for us by Morgan, Lewis & Bockius LLP, Boston, Massachusetts. As of the date of this prospectus, taking into account the automatic conversion of all shares of our convertible preferred stock outstanding as of June 30, 2017 into 20,188,226 shares of our Class A common stock and 40,376,452 shares of our Class B common stock, which Class B common stock will subsequently convert into 40,376,452 shares of our Class A common stock, attorneys with Morgan, Lewis & Bockius LLP beneficially own an aggregate of 358,776 shares of our Class A common stock. The underwriters are being represented by Wilmer Cutler Pickering Hale and Dorr LLP, Boston, Massachusetts, in connection with this offering.

EXPERTS

The consolidated financial statements of CarGurus, Inc. at December 31, 2015 and 2016, and for the years then ended, appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act of 1933, as amended, with respect to the shares of Class A common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our Class A common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement is this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. You may obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Securities Exchange Act of 1934, as amended, and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above. We also maintain a website at www.cargurus.com. Upon closing of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

CARGURUS, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
CarGurus, Inc.

We have audited the accompanying consolidated balance sheets of CarGurus, Inc. as of December 31, 2015 and 2016, and the related consolidated statements of operations, comprehensive (loss) income, convertible preferred stock and stockholders' equity (deficit) and cash flows for the years then ended. 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. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 CarGurus, Inc. at December 31, 2015 and 2016, and the consolidated results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Boston, Massachusetts
June 21, 2017

CarGurus, Inc.

Consolidated Balance Sheets

(in thousands, except share and per share data)

	At December 31,		At June 30, 2017	
	2015	2016	Actual	Pro Forma
			(unaudited)	
Assets				
Current assets				
Cash and cash equivalents	$ 61,363	$ 29,476	$ 33,309	
Restricted cash	500	—	—	
Investments	—	44,774	48,000	
Accounts receivable, net of allowance for doubtful accounts of $75, $164, and $183, respectively	5,729	6,653	8,992	
Prepaid income taxes	621	1,815	—	
Prepaid expenses and other current assets	931	2,789	5,510	
Total current assets	69,144	85,507	95,811	
Property and equipment, net	7,147	12,780	15,897	
Restricted cash	1,000	2,044	2,044	
Deferred tax assets	490	—	—	
Other long-term assets	—	—	1,854	
Total assets	$ 77,781	$ 100,331	$ 115,606	
Liabilities, convertible preferred stock, and stockholders' (deficit) equity				
Current liabilities				
Accounts payable	$ 10,476	$ 16,426	$ 18,000	
Accrued expenses	3,930	8,384	8,500	
Deferred revenue	1,474	3,330	4,581	
Accrued income taxes	—	—	2,071	
Deferred rent	513	910	1,125	
Total current liabilities	16,393	29,050	34,277	
Deferred rent, net of current portion	4,141	5,673	6,126	
Deferred tax liabilities	—	292	701	
Other non-current liabilities	—	590	748	
Total liabilities	20,534	35,605	41,852	
Commitments and contingencies (Note 4)				
Convertible preferred stock (Note 5)	73,378	132,698	132,698	—
Stockholders' equity:				
Class A common stock, $0.001 par value; 120,020,700 shares authorized; 14,879,954, 14,022,132, and 14,080,616 shares issued and outstanding at December 31, 2015 and 2016 and June 30, 2017 (actual), respectively, and 74,645,294 shares issued and outstanding at June 30, 2017 (pro forma)	15	14	14	75
Class B common stock, $0.001 par value; 80,013,800 shares authorized; 29,759,908, 28,044,264, and 28,161,232 shares issued and outstanding at December 31, 2015 and 2016 and June 30, 2017 (actual), respectively, and 28,161,232 shares issued and outstanding at June 30, 2017 (pro forma)	30	28	28	28
Additional paid-in capital	2,434	3,714	4,032	138,566
Accumulated deficit	(18,610)	(71,698)	(63,145)	(65,042)
Accumulated other comprehensive (loss) income	—	(30)	127	127
Total stockholders' (deficit) equity	(16,131)	(67,972)	(58,944)	73,754
Total liabilities, convertible preferred stock, and stockholders' (deficit) equity	$ 77,781	$ 100,331	$ 115,606	$ 115,606

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

CarGurus, Inc.

Consolidated Statements of Operations

(in thousands, except share and per share data)

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
			(unaudited)	
Revenue	$ 98,588	$ 198,141	$ 84,241	$ 143,275
Cost of revenue[1]	4,234	9,575	3,819	7,647
Gross profit	94,354	188,566	80,422	135,628
Operating expenses:				
Sales and marketing	81,877	154,125	68,313	104,604
Product, technology, and development	8,235	11,453	5,150	8,357
General and administrative	5,801	12,783	5,618	9,092
Depreciation and amortization	969	1,634	633	1,196
Total operating expenses	96,882	179,995	79,714	123,249
(Loss) income from operations	(2,528)	8,571	708	12,379
Other (expense) income, net	(12)	374	153	217
(Loss) income before income taxes	(2,540)	8,945	861	12,596
(Benefit from) provision for income taxes	(904)	2,448	340	4,043
Net (loss) income	$ (1,636)	$ 6,497	$ 521	$ 8,553
Reconciliation of net (loss) income to net (loss) income attributable to common stockholders:				
Net (loss) income	$ (1,636)	$ 6,497	$ 521	$ 8,553
Deemed dividend to preferred stockholders	(15,930)	(32,087)	—	—
Net income attributable to participating securities	—	—	(293)	(5,045)
Net (loss) income attributable to common stockholders — basic	$ (17,566)	$ (25,590)	$ 228	$ 3,508
Net (loss) income	$ (1,636)	$ 6,497	$ 521	$ 8,553
Deemed dividend to preferred stockholders	(15,930)	(32,087)	—	—
Net income attributable to participating securities	—	—	(285)	(4,853)
Net (loss) income attributable to common stockholders — diluted	$ (17,566)	$ (25,590)	$ 236	$ 3,700
Net (loss) income per share attributable to common stockholders: (Note 2)				
Basic	$ (0.41)	$ (0.58)	$ 0.01	$ 0.08
Diluted	$ (0.41)	$ (0.58)	$ —	$ 0.08
Weighted-average number of shares of common stock used in computing net (loss) income per share attributable to common stockholders:				
Basic	43,141,236	44,138,922	44,651,235	42,122,339
Diluted	43,141,236	44,138,922	48,026,295	46,182,359
Pro forma net (loss) income per share attributable to common stockholders (unaudited): (Note 2)				
Basic		$ (0.24)		$ 0.08
Diluted		$ (0.24)		$ 0.08
Pro forma weighted-average number of shares of common stock used in computing pro forma net (loss) income per share attributable to common stockholders (unaudited):				
Basic		104,703,600		102,687,017
Diluted		104,703,600		106,747,037

[1] Includes depreciation and amortization expense for the years ended December 31, 2015 and 2016 and for the six months ended June 30, 2016 and 2017 of $153, $438, $203 and $391, respectively.

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

CarGurus, Inc.

Consolidated Statements of Comprehensive (Loss) Income

(in thousands)

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
			(unaudited)	
Net (loss) income	$ (1,636)	$ 6,497	$ 521	$ 8,553
Other comprehensive (loss) income:				
Foreign currency translation adjustment	—	(30)	(19)	157
Comprehensive (loss) income	$ (1,636)	$ 6,467	$ 502	$ 8,710

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

CarGurus, Inc.

Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)

(in thousands, except share data)

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Series D Preferred Stock		Series E Preferred Stock		Member Units		Class A Common Stock		Class B Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Retained Earnings (Accumulated
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Loss	Deficit)
Balance at December 31, 2014	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	14,764,149	$ 5,864	—	$ —	—	$ —	$ 175	$ —	$ 1,839
Issuance of member units upon exercise of unit options	—	—	—	—	—	—	—	—	—	—	1,017,583	59	—	—	—	—	—	—	—
Conversion from LLC to Corporation	3,333,000	1,750	3,329,497	2,600	1,648,978	1,400	—	—	—	—	(15,781,732)	(5,923)	14,940,514	15	29,881,028	30	1,185	—	(1,057)
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,636)
Issuance of Series D convertible preferred stock, net of issuance costs of $130	—	—	—	—	—	—	1,673,105	67,872	—	—	—	—	—	—	—	—	—	—	—
Repurchase of stock	(283,394)	(149)	(33,443)	(26)	(81,123)	(69)	—	—	—	—	—	—	(64,556)	—	(129,112)	—	—	—	(17,756)
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	3,996	—	7,992	—	8	—	—
Tax benefit related to exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	26	—	—
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,040	—	—
Balance at December 31, 2015	3,049,606	1,601	3,296,054	2,574	1,567,855	1,331	1,673,105	67,872	—	—	—	—	14,879,954	15	29,759,908	30	2,434	—	(18,610)
Net income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6,497
Issuance of Series E convertible preferred stock, net of issuance costs of $280	—	—	—	—	—	—	—	—	1,107,202	59,732	—	—	—	—	—	—	—	—	—
Repurchase of stock	(224,903)	(118)	(357,568)	(279)	(17,243)	(15)	—	—	—	—	—	—	(899,046)	(1)	(1,798,092)	(2)	—	—	(59,585)
Issuance of common stock upon exercise of stock options and vesting of restricted stock units	—	—	—	—	—	—	—	—	—	—	—	—	41,224	—	82,448	—	137	—	—
Tax benefit related to exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	821	—	—
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	322	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(30)	—
Balance at December 31, 2016	2,824,703	1,483	2,938,486	2,295	1,550,612	1,316	1,673,105	67,872	1,107,202	59,732	—	—	14,022,132	14	28,044,264	28	3,714	(30)	(71,698)
Net income (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8,553
Issuance of common stock upon exercise of stock options (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	58,484	—	116,968	—	168	—	—
Stock-based compensation expense (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	150	—	—
Foreign currency translation adjustment (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	157	—
Balance at June 30, 2017 (unaudited)	2,824,703	1,483	2,938,486	2,295	1,550,612	1,316	1,673,105	67,872	1,107,202	59,732	—	—	14,080,616	14	28,161,232	28	4,032	127	(63,145)
Conversion of convertible preferred stock into Class A common stock (unaudited)	(2,824,703)	(1,483)	(2,938,486)	(2,295)	(1,550,612)	(1,316)	(1,673,105)	(67,872)	(1,107,202)	(59,732)	—	—	60,564,678	61	—	—	132,637	—	—
Stock-based compensation expense to be recognized upon closing of the proposed IPO (unaudited)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,897	—	(1,897)
Pro forma balance at June 30, 2017 (unaudited)	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	74,645,294	$ 75	28,161,232	$ 28	$ 138,566	$ 127	$ (65,042)

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

CarGurus, Inc.

Consolidated Statements of Cash Flows

(in thousands)

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
			(unaudited)	
Operating Activities				
Net (loss) income	$ (1,636)	$ 6,497	$ 521	$ 8,553
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation and amortization	1,122	2,072	836	1,587
Unrealized currency loss on foreign denominated transactions	—	—	4	128
Deferred taxes	(649)	782	82	410
Provision for doubtful accounts	284	508	231	380
Stock-based compensation expense	1,040	322	148	150
Excess tax benefit related to exercise of stock options	(26)	(821)	—	—
Changes in operating assets and liabilities:				
Accounts receivable, net	(716)	(1,432)	134	(2,720)
Prepaid expenses, prepaid income taxes, and other current assets	(820)	(2,226)	(535)	(890)
Accounts payable	6,104	5,811	2,542	1,200
Accrued expenses	2,469	4,118	489	(2,855)
Deferred revenue	1,089	1,856	1,273	1,251
Deferred rent	4,654	1,927	178	668
Accrued income taxes	—	—	311	2,071
Other non-current liabilities	—	590	368	157
Net cash provided by operating activities	12,915	20,004	6,582	10,090
Investing Activities				
Purchases of property and equipment	(6,353)	(5,846)	(1,682)	(1,976)
Capitalization of website development costs	(1,262)	(1,372)	(473)	(947)
Investments in certificates of deposit	—	(59,774)	(33,000)	(30,000)
Maturities of certificates of deposit	—	15,000	—	26,774
Net cash used in investing activities	(7,615)	(51,992)	(35,155)	(6,149)
Financing Activities				
Proceeds from issuance of preferred stock, net of issuance costs	67,872	59,732	—	—
Proceeds from exercise of unit options and stock options	67	137	74	168
Excess tax benefit related to exercise of stock options	26	821	—	—
Payment of deferred initial public offering costs	—	—	—	(305)
Cash paid for repurchase of preferred stock, common stock, and vested options	(18,000)	(60,000)	—	—
Net cash provided by financing activities	49,965	690	74	(137)
Impact of foreign currency on cash, cash equivalents, and restricted cash	—	(45)	(32)	29
Net increase (decrease) in cash, cash equivalents, and restricted cash	55,265	(31,343)	(28,531)	3,833
Cash, cash equivalents, and restricted cash at beginning of period	7,598	62,863	62,863	31,520
Cash, cash equivalents, and restricted cash at end of period	$ 62,863	$ 31,520	$ 34,332	$ 35,353
Supplemental disclosure of cash flow information:				
Cash paid for income taxes, net of refunds	$ 316	$ 2,045	$ 6	$ 647
Cash paid for interest	$ 17	$ 26	$ 13	$ 12
Supplemental disclosure of non-cash investing and financing activities:				
Unpaid purchases of property and equipment	$ —	$ 476	$ 1,432	$ 2,271
Unpaid deferred initial public offering costs	—	—	—	$ 1,549

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

CarGurus, Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2015 and 2016 and the six months ended June 30, 2016 and 2017

(in thousands, except share and per share data, unless otherwise noted)

1. Organization and Business Description

CarGurus, Inc., or the Company, is a global, online automotive marketplace connecting buyers and sellers of new and used cars. Using proprietary technology, search algorithms, and innovative data analytics, the Company provides information and analysis that create a differentiated automotive search experience for consumers. The Company's marketplace empowers users worldwide with unbiased third-party validation on pricing, dealer reputation, and other useful information that aids them in finding "Great Deals from Great Dealers."

The Company is headquartered in Cambridge, Massachusetts and was incorporated in the state of Delaware on June 26, 2015. The Company operates principally in the United States and has also launched marketplaces in Canada, the United Kingdom, and Germany. The Company has wholly owned subsidiaries in the United States, Ireland, and the United Kingdom.

Prior to June 26, 2015, the Company operated as CarGurus LLC and was organized on November 10, 2005 as a limited liability company under the laws of the Commonwealth of Massachusetts. Prior to the conversion into a Delaware corporation, the liability of the members was limited to their respective capital contributions. No member of the Company was personally liable for any obligations of the Company and the Company would dissolve only by (a) the unanimous election of the members to dissolve the Company, or (b) the occurrence of a distribution event, as defined in the Company's second amended and restated operating agreement. In connection with the conversion into a Delaware corporation, the Class A unitholders received an equal number of shares of Class B common stock, the Class B unitholders received an equal number of shares of Series A convertible preferred stock, or Series A Preferred Stock, the Class C unitholders received an equal number of shares of Series B convertible preferred stock, or Series B Preferred Stock, and the Class D unitholders received an equal number of shares of Series C convertible preferred stock, or Series C Preferred Stock. In connection with this conversion, the Company also reclassified members' retained earnings of $1,057, accumulated under CarGurus LLC, to additional paid-in capital of CarGurus, Inc.

The Company is subject to a number of risks and uncertainties common to companies in similar industries and stages of development including, but not limited to, rapid technological changes, competition from substitute products and services from larger companies, customer concentration, management of international activities, protection of proprietary rights, patent litigation, and dependence on key individuals.

2. Summary of Significant Accounting Policies

The accompanying consolidated financial statements reflect the application of certain significant accounting policies as described below and elsewhere in these notes to the consolidated financial statements. The Company believes that a significant accounting policy is one that is both important to the portrayal of the Company's financial condition and results, and requires management's most difficult, subjective, or complex judgments, often as the result of the need to make estimates about the effect of matters that are inherently uncertain.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, or GAAP. Any reference in these notes to applicable guidance is meant to refer to the authoritative U.S. generally accepted accounting principles as found in the Accounting Standards Codification, or ASC, and Accounting Standards Update, or ASU, of the Financial Accounting Standards Board, or FASB.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Unaudited Pro Forma Presentation

The unaudited pro forma consolidated balance sheet as of June 30, 2017 and the unaudited pro forma consolidated statement of convertible preferred stock and stockholders' equity for the six months ended June 30, 2017 reflect the automatic conversion of all outstanding shares of convertible preferred stock, based on the shares of convertible preferred stock outstanding at June 30, 2017, into 20,188,226 shares of Class A common stock and 40,376,452 shares of Class B common stock, and the subsequent conversion of such shares of Class B common stock into 40,376,452 shares of Class A common stock, which conversions will occur upon the closing of a Qualified IPO of the Company's common stock, as defined in Note 5.

Additionally, as discussed further below, certain stock-based awards, specifically restricted stock units, or RSUs, granted by the Company are subject to both a service-based vesting condition and a performance-based vesting condition achieved upon a liquidity event, defined as either a change in control or an initial public offering, or IPO. As no shares of common stock will be issued in settlement of the RSUs until six months after the completion of an IPO, these shares have not been included in the pro forma balance sheet disclosures of shares outstanding. Although the performance-based vesting condition will be satisfied upon the completion of an IPO, under the terms of the awards, the settlement of such RSUs and the issuance of common stock with respect to such RSUs, will occur six months after the completion of an IPO. Although the RSUs will be settled six months following an IPO, as the vesting condition occurs on the date of the IPO, this does not affect the expense attribution period for the RSUs for which the service condition has been met as of the date of an IPO. Accordingly, the unaudited pro forma consolidated balance sheet as of June 30, 2017 and the unaudited pro forma consolidated statement of convertible preferred stock and stockholder's equity for the six months ended June 30, 2017 gives effect to stock-based compensation expense of $1,897 associated with these RSUs which would be recorded upon the completion of an IPO, for which the service condition was met as of June 30, 2017. As this is a one-time, non-recurring, stock-based compensation charge on the date of the IPO, this expense has not been included in the disclosure of unaudited pro forma basic and diluted net (loss) income per share.

Unaudited pro forma basic and diluted net (loss) income per share have been computed using the weighted-average number of shares of common stock outstanding after giving pro forma

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

effect to the conversion of all shares of convertible preferred stock into shares of Class A common stock, as if such conversions had occurred as of the date of original issuance.

Unaudited Interim Financial Information

The accompanying interim consolidated balance sheet as of June 30, 2017; the consolidated statements of operations, comprehensive income, and cash flows for the six months ended June 30, 2016 and 2017; and the consolidated statement of convertible preferred stock and stockholders' deficit for the six months ended June 30, 2017 are unaudited. The unaudited interim consolidated financial statements have been prepared in accordance with GAAP. In the opinion of the Company's management, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments consisting of normal recurring adjustments and accruals necessary for the fair presentation of the Company's financial position at June 30, 2017 and its results of operations, comprehensive income, and its cash flows for the six months ended June 30, 2016 and 2017. The results for the six months ended June 30, 2017 are not necessarily indicative of the results expected for the year ending December 31, 2017, or any future period.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Significant estimates relied upon in preparing these consolidated financial statements include revenue recognition and revenue reserves, contingent liabilities, allowances for doubtful accounts, expected future cash flows used to evaluate the recoverability of long-lived assets, the expensing and capitalization of product, technology, and development costs for website development and internal-use software, the determination of the fair value of stock awards issued, stock-based compensation expense, and the recoverability of the Company's net deferred tax assets and related valuation allowance.

Although the Company regularly assesses these estimates, actual results could differ materially from these estimates. Changes in estimates are recorded in the period in which they become known. The Company bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from management's estimates if these results differ from historical experience, or other assumptions do not turn out to be substantially accurate, even if such assumptions are reasonable when made.

Subsequent Events Considerations

The Company considers events or transactions that occur after the balance sheet date but prior to the issuance of the financial statements to provide additional evidence for certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated as required. See Note 11.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Company derives its revenue from two primary sources: marketplace subscription revenue, which consists of listing and display advertising subscriptions from dealers, and advertising and other revenue, which consists primarily of display advertising revenue from auto manufacturers and other auto-related brand advertisers.

The Company recognizes revenue when all of the following conditions are satisfied: (1) there is persuasive evidence of an arrangement; (2) the service has been provided to the customer; (3) the collection of fees is reasonably assured; and (4) the amount of fees to be paid by the customer is fixed or determinable.

The Company offers two types of marketplace listing products to dealers, Enhanced or Featured Listing, which require a paid subscription under subscription contracts with initial terms ranging from one month to one year. Contracts for customers generally auto-renew on a monthly basis and are cancellable by dealers with 30-days' notice after the initial term. In addition, the arrangement allows the dealers to access a dashboard to track sales leads and manage its account. Customers do not have the right to take possession of the Company's software. The Company recognizes revenue in accordance with ASC 605, *Revenue Recognition*. The Company recognizes revenue on a monthly basis as revenue is earned. These contracts generally provide the customer with an unlimited amount of automobile inventory they can advertise.

In addition to listing dealers' inventory on its marketplace, the Company periodically enters into multiple-element service arrangements that provide dealers with Enhanced or Featured Listing products, as well as other advertising and customer acquisition products including display advertising, which appears on its marketplace and on other sites on the Internet and requires a paid subscription under contracts with initial terms ranging from one month to one year. Contracts for customers generally auto-renew on a monthly basis and are cancellable by dealers with 30-days' notice after the initial term.

The Company assesses arrangements with multiple deliverables under ASU No. 2009-13, Revenue Recognition (Topic 605), *Multiple-Deliverable Revenue Arrangements — a Consensus of the FASB Emerging Issues Task Force*. Pursuant to ASU 2009-13, in order to treat deliverables in a multiple-element arrangement as separate units of accounting, the deliverables must have stand-alone value upon delivery. If the deliverables have stand-alone value upon delivery, the Company accounts for each deliverable separately. The Company has concluded that each element in the arrangement has stand-alone value as the individual services can be sold separately. In addition, there is no right of refund once a service has been delivered. Therefore, the Company has concluded each element of the arrangement is a separate unit of accounting. While these arrangements are considered multiple element-arrangements, the recognition of the units of accounting follow a consistent ratable recognition given the pattern over which services are provided.

Advertising and other revenue consists primarily of non-dealer display advertising revenue from auto manufacturers and other auto-related brand advertisers sold on a cost per thousand impression, or CPM, basis. Impressions are the number of times an advertisement is loaded on a web page. Pricing is primarily based on advertisement size and position on the Company's mobile

2. Summary of Significant Accounting Policies (Continued)

applications and websites, and fees are generally billed monthly. The Company recognizes such revenue as impressions are delivered.

The Company does not provide minimum impression guarantees or other types of minimum guarantees in its contracts with customers.

The Company sells advertising directly to auto manufacturers and other auto-related brand advertisers, as well as indirectly through revenue sharing arrangements with advertising exchange partners. Company-sold advertising is not subject to revenue sharing arrangements. Company-sold advertising revenue is recognized based on the gross amount charged to the advertiser. Partner-sold advertising revenue is recognized based on the net amount of revenue received from the content partners.

Revenue from advertising sold directly by the Company to auto manufacturers and other auto-related brand advertisers is recorded on a gross basis predominately because the Company is the primary obligor responsible for fulfilling advertisement delivery, including the acceptability of the services delivered. The Company enters into contractual arrangements directly with advertisers, and is directly responsible for the fulfillment of the contractual terms and any remedy for issues with such fulfillment. The Company also has latitude in establishing the selling price with the advertiser, as the Company sells advertisements at a rate determined at its sole discretion.

Advertising revenue subject to revenue sharing agreements between the Company and advertising exchange partners is recognized based on the net amount of revenue received from the partner predominately because the advertising partner, and not the Company, is the primary obligor responsible for fulfillment, including the acceptability of the services delivered. In partner-sold advertising arrangements, the advertising partner has a direct contractual relationship with the advertiser. There is no contractual relationship between the Company and the advertiser for partner-sold transactions. When an advertising exchange partner sells advertisements, the partner is responsible for fulfilling the advertisements, and accordingly, the Company has determined the advertising partner is the primary obligor. Additionally, the Company does not have any latitude in establishing the price with the advertiser for partner-sold advertising.

Revenue is presented net of any taxes collected from customers.

The Company establishes sales allowances at the time of revenue recognition based on its history of adjustments and credits provided to its customers. Sales allowances relate primarily to credits issued for service interruption. In assessing the adequacy of the sales allowance, the Company evaluates its history of adjustments and credits made through the date of the issuance of the financial statements. Estimated sales adjustments and credits and ultimate losses may vary from actual results which could be material to the financial statements; however, to date, actual sales allowances have been materially consistent with the Company's estimates. Sales allowances are recorded as a reduction to revenue in the consolidated statements of operations.

Deferred Revenue

Deferred revenue primarily consists of payments received in advance of revenue recognition from the Company's marketplace revenue and is recognized as the revenue recognition criteria are met. The Company generally invoices its customers monthly. Accordingly, the deferred revenue balances do not represent the total contract value of annual or multiyear subscription agreements.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Deferred revenue that is expected to be recognized during the succeeding 12-month period and is recorded as current deferred revenue and the remaining portion is recorded as noncurrent in the consolidated balance sheets. All deferred revenue was recorded as current for all periods presented.

Cost of Revenue

Cost of revenue primarily consists of costs related to supporting and hosting the Company's product offerings. These costs include salaries, benefits, incentive compensation and stock-based compensation expense related to the customer support team, and third-party service provider costs such as data center and networking expenses, allocated overhead, depreciation and amortization expense associated with the Company's property and equipment, and amortization of capitalized website development costs.

Concentration of Credit Risk and Significant Customers

The Company has no significant off-balance sheet risk, such as foreign exchange contracts, option contracts, or other foreign hedging arrangements. Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash, cash equivalents, investments, and trade accounts receivable. The Company maintains its cash, cash equivalents, and investments principally with accredited financial institutions of high credit standing. Although the Company deposits its cash and investments with multiple financial institutions, its deposits, at times, may exceed federally insured limits.

Credit risk with respect to accounts receivable is dispersed due to the large number of customers. The Company routinely assesses the creditworthiness of its customers. The Company generally has not experienced any material losses related to receivables from individual customers, or groups of customers. The Company does not require collateral. Due to these factors, no additional credit risk beyond amounts provided for collection losses is believed by management to be probable in the Company's accounts receivable.

For the year ended December 31, 2015, one customer accounted for 14% of total revenue. For the year ended December 31, 2016, and the six months ended June 30, 2017, no individual customer accounted for more than 10% of total revenue.

As of December 31, 2015, one customer accounted for 51% of net accounts receivable. As of December 31, 2016, two customers accounted for 24% and 15% of net accounts receivable, respectively. As of June 30, 2017, three customers accounted for 17%, 14%, and 11% of net accounts receivable, respectively. No other individual customer accounted for more than 10% of net accounts receivable at December 31, 2015 or 2016, or June 30, 2017.

Cash, Cash Equivalents, and Investments

The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Investments not classified as cash equivalents with maturities less than one year from the balance sheet date are classified as short-term investments, while investments with maturities in excess of one year from the balance sheet date are classified as long-term investments. Management determines the appropriate

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

classification of investments at the time of purchase, and re-evaluates such determination at each balance sheet date.

Cash and cash equivalents primarily consist of cash on deposit with banks, and amounts held in interest-bearing money market accounts. The Company did not have any cash equivalents at December 31, 2015. Cash equivalents are carried at cost, which approximates their fair market value.

The Company's investment policy, which was approved by the Company's board of directors, or the Board, permits investments in fixed income securities denominated and payable in U.S. dollars, including U.S. government and agency securities, non-U.S. government securities, money market instruments, commercial paper, certificates of deposit, corporate bonds, and asset-backed securities.

As of December 31, 2016 and June 30, 2017, investments consisted of U.S. certificates of deposits, or CDs, with maturities ranging from three to twelve months. The Company did not have any investments at December 31, 2015. The Company classifies CDs with readily determinable market values as held-to-maturity, because it is the Company's intention to hold such investments until they mature. As such, investments were recorded at amortized cost at December 31, 2016 and June 30, 2017. The Company adjusts the cost of investments for amortization of premiums and accretion of discounts to maturity. The Company includes such amortization and accretion in interest income (expense).

Realized gains and losses from sales of the Company's investments are included in other (expense) income, net. There were no realized gains or losses on investments for the year ended December 31, 2016 or the six months ended June 30, 2017.

The Company reviews investments for other-than-temporary impairment whenever the fair value of an investment is less than the amortized cost and evidence indicates that an investment's carrying amount is not recoverable within a reasonable period of time. Other-than-temporary impairments of investments are recognized in the consolidated statements of operations if the Company has experienced a credit loss, has the intent to sell the investment, or if it is more likely than not that the Company will be required to sell the investment before recovery of the amortized cost basis. Evidence considered in this assessment includes reasons for the impairment, compliance with the Company's investment policy, the severity and duration of the impairment, and changes in value subsequent to the end of the period. As of December 31, 2016 and June 30, 2017, the Company determined that no other-than-temporary impairments were required to be recognized in the consolidated statements of operations.

Restricted Cash

At December 31, 2015 and 2016, and June 30, 2017, restricted cash was $1,500, $2,044, and $2,044, respectively, and was held at a financial institution in an interest-bearing cash account as collateral for two letters of credit related to the contractual provisions of the Company's building lease security deposits. As of December 31, 2015, of the $1,500 of restricted cash, $500 was classified under current assets as this amount was released in 2016 based on the terms of the lease agreement. As of December 31, 2016 and June 30, 2017, the restricted cash is classified as a long-term asset.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded based on the amount due from the customer and do not bear interest. The Company offsets gross trade accounts receivable with an allowance for doubtful accounts. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance sheet credit exposure related to its customers. Provisions for allowances for doubtful accounts are recorded in general and administrative expense.

The Company considers current economic trends when evaluating the adequacy of the allowance for doubtful accounts. If circumstances relating to specific customers change, or unanticipated changes occur in the general business environment, the Company's estimates of the recoverability of receivables could be further adjusted.

Below is a summary of the changes in the Company's allowance for doubtful accounts for the years ended December 31, 2015 and 2016, and the six months ended June 30, 2017:

	Balance at Beginning of Period	Provision	Write-offs, net of recoveries	Balance at End of Period
Year ended December 31, 2015	$ 30	$ 284	$ (239)	$ 75
Year ended December 31, 2016	75	508	(419)	164
Six months ended June 30, 2017	164	380	(361)	183

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the related asset. The estimated useful lives of the Company's property and equipment are as follows:

	Estimated Useful Life (In Years)
Computer equipment	3
Software	3
Website development costs	3
Furniture and fixtures	5
Leasehold improvements	Lesser of asset life or lease term

Expenditures for maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. The Company reviews its property and equipment whenever events or changes in circumstances indicate that the carrying value of certain assets might not be recoverable. In these instances, the Company recognizes an

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

impairment loss when it is probable that the estimated cash flows are less than the carrying value of the asset.

Foreign Currency Translation

The reporting currency of the Company is the U.S. dollar. The functional currency of the Company's foreign subsidiaries is the local currency of each subsidiary. All assets and liabilities in the balance sheets of entities whose functional currency is a currency other than the U.S. dollar are translated into U.S. dollar equivalents at exchange rates as follows: (1) asset and liability accounts at period-end rates; (2) income statement accounts at weighted-average exchange rates for the period; and (3) stockholders' equity accounts at historical exchange rates. The resulting translation adjustments are excluded from income (loss) and reflected as a separate component of stockholders' equity (deficit). Foreign currency transaction gains and losses are included in net income (loss) for the period. The Company may periodically have certain intercompany foreign currency transactions that are deemed to be of a long-term investment nature; exchange adjustments related to those transactions are made directly to a separate component of stockholders' equity (deficit).

Capitalized Website and Software Development Costs

The Company capitalizes certain costs associated with the development of its websites and internal-use software products after the preliminary project stage is complete, and until the software is ready for its intended use. Research and development costs incurred during the preliminary project stage or costs incurred for data conversion activities, training, maintenance, and general and administrative or overhead costs are expensed as incurred. Capitalization begins when the preliminary project stage is complete; management, with the relevant authority, authorizes and commits to the funding of the software project; it is probable the project will be completed; the software will be used to perform the functions intended; and certain functional and quality standards have been met. Qualified costs incurred during the operating stage of the Company's software applications relating to upgrades and enhancements are capitalized to the extent it is probable that they will result in added functionality, while costs that cannot be separated between maintenance of, and minor upgrades and enhancements to, internal-use software are expensed as incurred.

Capitalized website development costs and software development costs are amortized on a straight-line basis over their estimated useful life of three years. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

During the years ended December 31, 2015 and 2016, the Company capitalized $1,262 and $1,372 of website development costs, respectively. The Company recorded amortization expense associated with its capitalized website development costs of $153 and $343 for the years ended December 31, 2015 and 2016, respectively.

During the six months ended June 30, 2016 and 2017, the Company capitalized $473 and $947, respectively, of website development costs. The Company recorded amortization expense associated with its capitalized website development costs of $171 and $291 for the six months ended June 30, 2016 and 2017, respectively.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

The Company evaluates the recoverability of long-lived assets, such as property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. During this review, the Company re-evaluates the significant assumptions used in determining the original cost and estimated lives of long-lived assets. Although the assumptions may vary from asset to asset, they generally include operating results, changes in the use of the asset, cash flows, and other indicators of value. Management then determines whether the remaining useful life continues to be appropriate, or whether there has been an impairment of long-lived assets based primarily upon whether expected future undiscounted cash flows are sufficient to support the assets' recovery. Recoverability of these assets is measured by comparison of the carrying amount of the asset to the future undiscounted cash flows the asset is expected to generate. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

For the years ended December 31, 2015 and 2016 and the six months ended June 30, 2017, the Company did not identify any impairment of its long-lived assets.

Income Taxes

The Company accounts for income taxes in accordance with the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on temporary differences between the financial reporting and income tax bases of assets and liabilities using statutory rates. In addition, this method requires a valuation allowance against net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company accounts for uncertain tax positions recognized in the consolidated financial statements by prescribing a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company has no recorded liabilities for uncertain tax positions as of December 31, 2015 or 2016, or June 30, 2017.

Disclosure of Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, investments, accounts receivable, accounts payable, and accrued expenses, approximated their fair values at December 31, 2015 and 2016, and at June 30, 2017 due to the short-term nature of these instruments.

The Company has evaluated the estimated fair value of financial instruments using available market information. The use of different market assumptions, estimation methodologies, or both, could have a significant effect on the estimated fair value amounts. See below for further discussion.

Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level valuation hierarchy for instruments measured at fair value that distinguishes between assumptions based on

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

market data (observable inputs) and the Company's own assumptions (unobservable inputs). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances.

ASC 820 identifies fair value as the exchange price, or exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based on the highest and best use of the asset or liability. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Company uses valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

Level 1 — Quoted unadjusted prices for identical instruments in active markets.

Level 2 — Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all observable inputs and significant value drivers are observable in active markets.

Level 3 — Model-derived valuations in which one or more significant inputs or significant value drivers are unobservable, including assumptions developed by the Company.

The valuation techniques that may be used to measure fair value are as follows:

Market Approach — Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income Approach — Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts, including present value techniques, option pricing models, and excess earnings method.

Cost Approach — Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

As of December 31, 2015, the Company did not have any assets or liabilities measured at fair value on a recurring basis using observable inputs (Level 1), significant other observable inputs (Level 2), or on a recurring basis using significant unobservable inputs (Level 3). The following table

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

presents, for each of the fair value levels, the Company's assets that are measured at fair value on a recurring basis at December 31, 2016 and at June 30, 2017:

	December 31, 2016			
	Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)	Significant Other Observable Inputs (Level 2 Inputs)	Significant Unobservable Inputs (Level 3 Inputs)	Total
Assets:				
Investments:				
Certificates of deposit	$ —	$ 44,774	$ —	$ 44,774
Total	$ —	$ 44,774	$ —	$ 44,774

	June 30, 2017 (unaudited)			
	Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)	Significant Other Observable Inputs (Level 2 Inputs)	Significant Unobservable Inputs (Level 3 Inputs)	Total
Assets:				
Cash equivalents:				
Money market funds	$ 20,591	$ —	$ —	$ 20,591
Investments:				
Certificates of deposit	—	48,000	—	48,000
Total	$ 20,591	$ 48,000	$ —	$ 68,591

The Company measures eligible assets and liabilities at fair value with changes in value recognized in earnings. Fair value treatment may be elected either upon initial recognition of an eligible asset or liability or, for an existing asset or liability, if an event triggers a new basis of accounting. The Company did not elect to remeasure any of its existing financial assets or liabilities, and did not elect the fair value option for any financial assets and liabilities transacted in the years ended December 31, 2015 or 2016 or the six months ended June 30, 2017.

Stock-Based Compensation

For stock-based awards issued under the Company's stock-based compensation plans, which are more fully described in Note 6, the fair value of each award is estimated on the date of grant, and, up through the year ended December 31, 2016, an estimated forfeiture rate was used when calculating stock-based compensation expense for the period. For service-based awards, the Company recognizes compensation expense on a straight-line basis over the requisite service period of the award.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Certain awards granted by the Company historically are subject to service-based vesting conditions and a performance-based vesting condition achieved upon a liquidity event, defined as either a change of control or an IPO. As a result, no compensation cost related to stock-based awards with these performance conditions has been recognized through December 31, 2016 or June 30, 2017, as the Company has determined that a liquidity event was not probable at December 31, 2015 or 2016 or June 30, 2017. The Company will record the expense for these awards using the accelerated attribution method over the remaining service period when management determines that achievement of the liquidity event is probable.

Given the absence of an active market for the Company's common stock, the Board, the members of which the Company believes have extensive business, finance, and venture capital experience, was required to estimate the fair value of the Company's common stock at the time of each grant of a stock-based award. The Company and the Board utilized various valuation methodologies in accordance with the framework of the American Institute of Certified Public Accountants' Technical Practice Aid, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, to estimate the fair value of its common stock. Each valuation methodology includes estimates and assumptions that require the Company's judgment. These estimates and assumptions include a number of objective and subjective factors in determining the value of the Company's common stock at each grant date, including the following factors: (1) prices paid for the Company's convertible preferred stock, which the Company had sold to outside investors in arm's-length transactions, and the rights, preferences, and privileges of the Company's convertible preferred stock and common stock; (2) valuations performed by an independent valuation specialist; (3) the Company's stage of development and revenue growth; (4) the fact that the grants of stock-based awards involved illiquid securities in a private company; and (5) the likelihood of achieving a liquidity event for the common stock underlying the stock-based awards, such as an IPO or sale of the Company, given prevailing market conditions.

The Company believes this methodology to be reasonable based upon the Company's internal peer company analyses, and further supported by several arm's-length transactions involving the Company's convertible preferred stock. As the Company's common stock is not actively traded, the determination of fair value involves assumptions, judgments, and estimates. If different assumptions were made, stock-based compensation expense, consolidated net income (loss), and consolidated net income (loss) per share could have been significantly different.

For RSUs issued under the Company's stock-based compensation plans, the fair value of each grant is calculated based on the estimated fair value of the Company's common stock on the date of grant. The Company estimates the fair value of most stock option awards on the date of grant using the Black-Scholes option-pricing model. Certain stock option awards that have an exercise price that is materially above the current estimated fair market value of the Company's stock are considered to be "deeply out of the money," and are valued at the date of grant using a binomial lattice option-pricing model.

The fair value of each option grant issued under the Company's stock-based compensation plans that is not considered "deeply out of the money," was estimated using the Black-Scholes option-pricing model. As there is no public market for its common stock, the Company determined the volatility for options granted based on an analysis of reported data for a peer group of companies that issued options with substantially similar terms. The expected volatility of granted

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

options has been determined using a weighted-average of the historical volatility measures of this peer group of companies. The expected life of options has been determined utilizing the "simplified method." The simplified method is based on the average of the vesting tranches and the contractual life of each grant. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected life of the stock options. The Company has not paid, and does not anticipate paying, cash dividends on its common stock; therefore, the expected dividend yield is assumed to be zero. In addition, the Company applied an estimated forfeiture rate of 5% in determining the expense recorded in the accompanying consolidated statements of operations for the years ended December 31, 2015 and 2016.

In March 2016, the FASB issued ASU 2016-09, *Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* (ASU 2016-09). The guidance identifies areas for simplification involving several aspects of accounting for share-based payments, including income tax consequences, classification of awards as either equity or liabilities, an option to make a policy election to recognize gross stock-based compensation expense with actual forfeitures recognized as they occur, as well as certain classification changes on the statement of cash flows. The Company adopted ASU 2016-09 on January 1, 2017 and elected to account for forfeitures when they occur, on a modified retrospective basis. The cumulative effect adjustment related to the Company's accounting policy change for forfeitures was not material. In accordance with the adoption of this guidance, the tax effect of differences between tax deductions related to stock compensation and the corresponding financial statement expense compensation will no longer be recorded to additional paid-in capital in the balance sheet. Instead, such amounts will be recorded to tax expense. During the six months ended June 30 2017, the Company recorded a tax benefit of $373 related to differences (shortfalls) in stock-based compensation deductions realized in the first quarter and the corresponding amount of expense recognized for financial statement purposes. The Company also elected to prospectively apply the change in presentation of excess tax benefits, wherein excess tax benefits recognized on stock-based compensation expense is now classified as an operating activity in the consolidated statements of cash flows. The Company did not adjust the classifications of excess tax benefits in its consolidated statements of cash flows for the six months ended June 30, 2016 or for the years ended December 31, 2015 or 2016. The adoption did not have any other material impact on the Company's consolidated financial statements.

The weighted-average fair value of options granted during the years ended December 31, 2015 and 2016 was $0.46 and $0.90, respectively. No options were granted during the six months ended June 30, 2017. The weighted-average assumptions utilized to determine the fair value of options granted are presented in the following table:

	Year Ended December 31,	
	2015	2016
Expected dividend yield	—	—
Expected volatility	64%	49%
Risk-free interest rate	1.73%	1.57%
Expected term (in years)	6.05	6.07

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

See Note 6 for a summary of the stock option activity for the year ended December 31, 2016 and the six months ended June 30, 2017.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense, which is included within sales and marketing expense in the consolidated statements of operations, was approximately $61,865, $112,167, $50,022, and $76,185 for the years ended December 31, 2015 and 2016 and the six months ended June 30, 2016 and 2017, respectively.

Leases

The Company categorizes leases at their inception as either operating or capital leases. On certain lease arrangements, the Company may receive rent holidays or other incentives. The Company recognizes lease costs on a straight-line basis once control of the space is achieved, without regard to deferred payment terms, such as rent holidays, that defer the commencement date of required payments or escalating payment amounts. The difference between required lease payments and rent expense has been recorded as deferred rent. Additionally, incentives received are treated as a reduction of costs over the term of the agreement, as they are considered an inseparable part of the lease agreement.

Net Income (Loss) Per Share

Net income (loss) per share information is determined using the two-class method, which includes the weighted-average number of shares of common stock outstanding during the period and other securities that participate in dividends (a participating security). The Company considers the convertible preferred stock to be participating securities because they include rights to participate in dividends with the common stock.

Under the two-class method, basic net income (loss) per share attributable to common stockholders is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income (loss) per share attributable to common stockholders is computed using the more dilutive of (1) the two-class method or (2) the if-converted method. The Company allocates net income first to preferred stockholders based on dividend rights under the Company's certificate of incorporation and then to preferred and common stockholders based on ownership interests. Net losses are not allocated to preferred stockholders as they do not have an obligation to share in the Company's net losses.

The Company has two classes of common stock outstanding for all periods presented: Class A common stock and Class B common stock. As more fully described in Note 5, the rights of the holders of Class A and Class B common stock are identical, except with respect to voting and conversion. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to ten votes per share. Each share of Class B common stock may be converted into one share of Class A common stock at any time at the option of the stockholder, and will be automatically converted into one share of Class A common stock upon a sale or transfer, subject to certain limited exceptions. Upon either the death or voluntary termination

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

of the Company's Chief Executive Officer, all outstanding shares of Class B common stock shall automatically be converted into one share of Class A common stock.

The Company allocates undistributed earnings attributable to common stock between the common stock classes on a one-to-one basis when computing net income (loss) per share. As a result, basic and diluted net income (loss) per share of Class A common stock and share of Class B common stock are equivalent.

Diluted net income (loss) per share gives effect to all potentially dilutive securities. Potential dilutive securities consist of shares of common stock issuable upon the exercise of stock options, shares of common stock issuable upon the vesting of RSUs, and shares of common stock issuable upon the conversion of the outstanding convertible preferred stock. The dilutive effect of these common stock equivalents is reflected in diluted earnings per share by application of the treasury stock method; however, outstanding RSUs, which are contingently issuable upon the achievement of a liquidity event, have been excluded from the dilutive share calculation as it was not probable the vesting criteria for these awards would be met in any of the periods presented.

For the years ended December 31, 2015 and 2016, the net loss attributable to common stockholders is divided by the weighted-average number of shares of common stock outstanding during the period to calculate diluted earnings per share. The dilutive effect of common stock equivalents has been excluded from the calculation as their effect would have been anti-dilutive due to the net losses incurred for the periods. For the six months ended June 30, 2016 and 2017, the two-class method was used in the computation of diluted net income per share, as the result was more dilutive.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

The following table presents a reconciliation of the numerator and denominator used in the calculation of basic and diluted net (loss) income per share:

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
			(unaudited)	
Numerator:				
Net (loss) income	$ (1,636)	$ 6,497	$ 521	$ 8,553
Deemed dividend to preferred stockholders	(15,930)	(32,087)	—	—
Net income attributable to participating securities	—	—	(293)	(5,045)
Net (loss) income attributable to common stockholders — basic	$ (17,566)	$ (25,590)	$ 228	$ 3,508
Net (loss) income	$ (1,636)	$ 6,497	$ 521	$ 8,553
Deemed dividend to preferred stockholders	(15,930)	(32,087)	—	—
Net income attributable to participating securities	—	—	(285)	(4,853)
Net (loss) income attributable to common stockholders — diluted	$ (17,566)	$ (25,590)	$ 236	$ 3,700
Denominator:				
Weighted-average number of shares of common stock used in computing net (loss) income per share attributable to common stockholders — basic	43,141,236	44,138,922	44,651,235	42,122,339
Dilutive effect of share equivalents resulting from stock options	—	—	3,375,060	4,060,020
Weighted-average number of shares of common stock used in computing net (loss) income per share — diluted	43,141,236	44,138,922	48,026,295	46,182,359
Net (loss) income per share attributable to common stockholders:				
Basic	$ (0.41)	$ (0.58)	$ 0.01	$ 0.08
Diluted	$ (0.41)	$ (0.58)	$ —	$ 0.08

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

The following potentially dilutive common stock equivalents have been excluded from the calculation of diluted weighted-average shares outstanding for the years ended December 31, 2015 and 2016 and the six months ended June 30, 2016 and 2017, as their effect would have been anti-dilutive for the periods presented:

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
			(unaudited)	
Stock options outstanding	5,626,710	5,698,812	1,172,940	1,224,477
Restricted stock units outstanding	553,986	1,580,094	817,986	2,369,802
Convertible preferred stock	9,586,620	10,094,108	—	—

Unaudited Pro Forma Net Income Per Share

Unaudited pro forma basic and diluted net income per share have been computed using the weighted-average number of shares of common stock outstanding after giving pro forma effect to the conversion of all shares of convertible preferred stock into common stock, as if such conversions had occurred as of the date of original issuance.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

A reconciliation of the pro forma net (loss) income per share is as follows:

	Year Ended December 31, 2016	Six Months Ended June 30, 2017
	(unaudited)	
Numerator:		
Net (loss) income	$ 6,497	$ 8,553
Deemed dividend to preferred stockholders	(32,087)	—
Net (loss) income attributable to common stockholders — basic and diluted	$ (25,590)	$ 8,553
Denominator:		
Weighted-average number of shares of common stock used in computing net (loss) income per share attributable to common stockholders — basic	44,138,922	42,122,339
Adjustment for assumed conversion of convertible preferred stock	60,564,678	60,564,678
Weighted-average number of shares of common stock used in computing pro forma net (loss) income per share — basic	104,703,600	102,687,017
Dilutive effect of share equivalents resulting from stock options and restricted stock units	—	4,060,020
Weighted-average number of shares of common stock used in computing net (loss) income per share — diluted	104,703,600	106,747,037
Pro forma net (loss) income per share attributable to common stockholders:		
Basic	$ (0.24)	$ 0.08
Diluted	$ (0.24)	$ 0.08

Comprehensive (Loss) Income

Comprehensive (loss) income is defined as the change in stockholders' equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Comprehensive (loss) income consists of net (loss) income and other comprehensive (loss) income, which includes certain changes in equity that are excluded from net (loss) income. Specifically, cumulative foreign currency translation adjustments are included in accumulated other comprehensive (loss) income. As of December 31, 2015 and 2016, and June 30, 2017, accumulated other comprehensive (loss) income is presented separately on the consolidated balance sheets and consists entirely of cumulative foreign currency translation adjustments.

Contingent Liabilities

The Company has certain contingent liabilities that arise in the ordinary course of business activities. The Company accrues for loss contingencies when losses become probable and are

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

reasonably estimable. If the reasonable estimate of the loss is a range and no amount within the range is a better estimate, the minimum amount of the range is recorded as a liability. The Company does not accrue for contingent losses that, in its judgment, are considered to be reasonably possible, but not probable; however, it discloses the range of such reasonably possible losses.

Deferred IPO Issuance Costs

Stock issuance costs, which primarily consist of direct incremental legal and accounting fees relating to the IPO, are capitalized. The deferred issuance costs will be offset against IPO proceeds upon the consummation of the Company's proposed offering. In the event the IPO is terminated, or delayed more than 90 days, deferred offering costs will be expensed. As of December 31, 2015 and 2016, there were no deferred IPO issuance costs recorded. As of June 30, 2017, $1.9 million of deferred issuance costs were recorded in other long-term assets in the accompanying consolidated balance sheet.

Emerging Growth Company Status

The Company is an "emerging growth company," as defined in the Jumpstart Our Business Startups Act, or JOBS Act, and may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." The Company may take advantage of these exemptions until the Company is no longer an "emerging growth company." Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards. The Company has elected to use the extended transition period for complying with new or revised accounting standards and as a result of this election, its financial statements may not be comparable to companies that comply with public company effective dates. The Company may take advantage of these exemptions up until the last day of the fiscal year following the fifth anniversary of an offering or such earlier time that it is no longer an emerging growth company. The Company would cease to be an emerging growth company if it has more than $1.07 billion in annual revenue, has more than $700.0 million in market value of its stock held by non-affiliates (and it has been a public company for at least 12 months, and has filed one annual report on Form 10-K), or it issues more than $1.0 billion of non-convertible debt securities over a three-year period.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), which modifies how all entities recognize revenue, and consolidates into one ASC Topic (ASC Topic 606, *Revenue from Contracts with Customers*) the current guidance found in ASC Topic 605, and various other revenue accounting standards for specialized

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

transactions and industries. ASU 2014-09 outlines a comprehensive five-step revenue recognition model based on the principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 may be applied using either a full retrospective approach, under which all years included in the financial statements will be presented under the revised guidance, or a modified retrospective approach, under which financial statements will be prepared under the revised guidance for the year of adoption, but not for prior years. Under the latter method, entities will recognize a cumulative catch-up adjustment to the opening balance of retained earnings at the effective date for contracts that still require performance by the entity at the date of adoption.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date* (ASU 2015-14), which defers the effective date of ASU 2014-09 by one year. ASU 2014-09 is now effective for public entities for annual reporting periods beginning after December 15, 2017, including interim periods within those annual reporting periods. The Company has developed an implementation plan to adopt this new guidance. As part of this plan, the Company is currently assessing the impact of the new guidance on its results of operations. Based on the Company's procedures performed to date, nothing has come to its attention that would indicate that the adoption of ASU 2014-09 will have a material impact on its revenue recognition; however, further analysis is required and the Company will continue to evaluate this assessment throughout 2017. While the Company is still evaluating the impact that this guidance will have on its financial statements and related disclosures, the Company's preliminary assessment is that there will be an impact relating to the accounting for costs to acquire a contract. Under ASU 2015-14, the Company will be required to capitalize certain costs, primarily commission expense to sales representatives, on its consolidated balance sheet and amortize such costs over the period of performance for the underlying customer contracts. The Company is still evaluating the impact of capitalizing costs to execute a contract.

For non-public entities, the guidance is effective for annual periods beginning after December 15, 2018. Non-public entities are permitted to adopt the standard as early as annual reporting periods beginning after December 15, 2016 and interim periods therein. The Company currently expects to apply the modified retrospective method of adoption; however, it has not yet finalized its transition method, but expects to do so upon completion of further analysis.

In April 2015, the FASB issued ASU No. 2015-05, *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40), Customer's Accounting for Fees Paid in a Cloud Computing Arrangement* (ASU 2015-05). ASU 2015-05 provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance will not change GAAP for a customer's accounting for service contracts. The ASU aims to reduce complexity and diversity in practice. The Company adopted this standard prospectively on January 1, 2016 and the adoption did not have a material impact on its consolidated financial statements.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* (ASU 2015-17). The amendment requires entities with a classified balance sheet to present all deferred tax assets and liabilities as noncurrent. For non-public companies, the ASU is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted. The Company retrospectively adopted ASU 2015-17 on January 1, 2016 and the adoption did not have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize most leases on the balance sheet but recognize expenses on the income statement in a manner similar to current practice. The update states that a lessee will recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying assets for the lease term. Leases will continue to be classified as either financing or operating, with classification affecting the recognition, measurement, and presentation of expenses and cash flows arising from a lease. For public entities, the new standard is effective for interim and annual periods beginning on or after January 1, 2019, with early adoption permitted. For non-public entities, the new standard is effective for annual periods beginning after December 15, 2019, with early adoption permitted. The Company is evaluating the impact this new guidance may have on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (ASU 2016-15). ASU 2016-15 is intended to add or clarify guidance on the classification of certain cash receipts and payments in the statement of cash flows and to eliminate the diversity in practice related to such classifications. For public entities, the guidance in ASU 2016-15 is required for annual reporting periods beginning after December 15, 2017, with early adoption permitted. For non-public entities, the guidance is effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Company is currently in the process of evaluating the impact and timing of adoption of the ASU 2016-15 on its consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* (ASU 2016-18). ASU 2016-18 requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Entities will also be required to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. For public entities, the guidance is effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted. For non-public entities, the amendments in ASU 2016-18 are effective for annual periods beginning after December 15, 2018, with early adoption permitted. The Company adopted this standard effective January 1, 2016, and applied the guidance using a retrospective transition method to each period presented.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

3. Balance Sheet Components

The following is a summary of cash, cash equivalents, and investments as of December 31, 2016 and June 30, 2017. The Company did not have any cash equivalents or investments as of December 31, 2015.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2016:				
Cash and cash equivalents due in 90 days or less	$ 29,476	$ —	$ —	$ 29,476
Investments:				
Certificates of deposit due in one year or less	44,774			44,774
Total cash, cash equivalents, and investments	$ 74,250	$	$	$ 74,250

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
June 30, 2017 (unaudited):				
Cash and cash equivalents due in 90 days or less	$ 33,309	$ —	$ —	$ 33,309
Investments:				
Certificates of deposit due in one year or less	48,000			48,000
Total cash, cash equivalents, and investments	$ 81,309	$	$	$ 81,309

Property and equipment consists of the following:

	At December 31,		At June 30,
	2015	2016	2017
			(unaudited)
Computer equipment	$ 1,138	$ 2,001	$ 2,308
Software	—	114	174
Website development costs	1,308	2,680	3,627
Furniture and fixtures	1,898	3,386	4,443
Leasehold improvements	4,452	8,202	10,654
Construction in Progress	—	119	—
	8,796	16,502	21,206
Less accumulated depreciation	(1,649)	(3,722)	(5,309)
Property and equipment, net	$ 7,147	$ 12,780	$ 15,897

Depreciation and amortization expense, which includes amortization expense associated with capitalized internal-use software and website development costs, was $1,122 and $2,072 for the years ended December 31, 2015 and 2016, respectively, and was $836 and $1,587 for the six months ended June 30, 2016 and 2017, respectively.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

3. Balance Sheet Components (Continued)

Accrued expenses consists of the following:

	At December 31,		At June 30,
	2015	2016	2017
			(unaudited)
Accrued bonuses	$ 2,455	$ 4,662	$ 2,699
Accrued commissions	901	1,305	1,257
Other accrued expenses	574	2,417	4,544
	$ 3,930	$ 8,384	$ 8,500

4. Commitments and Contingencies

Operating Leases

The Company leases its facilities under non-cancelable operating leases with various expiration dates through January 2024. Future minimum rental commitments under the Company's operating leases at December 31, 2016 are as follows:

Year Ending December 31,	Operating Lease Commitments
2017	$ 6,437
2018	6,666
2019	6,766
2020	6,866
2021	6,966
2022 and thereafter	8,439
	$ 42,140

At December 31, 2015, the Company had deferred rent and rent incentives of $4,654, of which $513 and $4,141, respectively, is classified as a short-term liability and a long-term liability in the accompanying consolidated balance sheets. As of December 31, 2016, the Company had deferred rent and rent incentives of $6,583, of which $910 and $5,673, respectively, is classified as a short-term liability and a long-term liability in the corresponding consolidated balance sheet. As of June 30, 2017, the Company had deferred rent and rent incentives of $7,251, of which $1,125 and $6,126, respectively, is classified as a short-term liability and a long-term liability in the corresponding consolidated balance sheet. Rent expense related to the operating leases for the years ended December 31, 2015 and 2016 was $2,700 and $3,678, respectively. Rent expense related to the operating leases for the six months ended June 30, 2016 and 2017, was $1,495 and $2,915, respectively.

Litigation

The Company, from time to time, may be party to litigation arising in the ordinary course of business. The Company was not subject to any material legal proceedings during the years ended

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

4. Commitments and Contingencies (Continued)

December 31, 2015 and 2016 and during the six months ended June 30, 2017, and, to the best of its knowledge, no material legal proceedings are currently pending or threatened.

Guarantees and Indemnification Obligations

In the ordinary course of business, the Company enters into agreements with its customers that are consistent with industry practice with respect to licensing, infringement, indemnification, and other standard provisions. The Company does not, in the ordinary course, agree to indemnification obligations for the Company under its contracts with customers. Based on historical experience and information known at December 31, 2016 and June 30, 2017, the Company has not incurred any costs for guarantees or indemnities.

5. Convertible Preferred Stock and Stockholders' Equity

On June 26, 2015, the Company converted from a Massachusetts limited liability company to a Delaware corporation and changed its legal name to CarGurus, Inc. At the date of the conversion, the Class A unitholders received an equal number of shares of Class B common stock, the Class B unitholders received an equal number of shares of Series A Preferred Stock, the Class C unitholders received an equal number of shares of Series B Preferred Stock, the Class D unitholders received an equal number of shares of Series C Preferred Stock. All outstanding Class A unit options received an equal number of options that are exercisable into Class A common stock and Class B common stock (see Note 6).

On June 21, 2017, the Company amended and restated its Certificate of Incorporation pursuant to the Third Amended and Restated Certificate of Incorporation. Under the Third Amended and Restated Certificate of Incorporation, the total number of shares of all classes of stock which the Company shall have authority to issue is (i) 120,020,700 shares of Class A common stock, par value $0.001 per share, (ii) 80,013,800 shares of Class B common stock, par value $0.001 per share, and (iii) 11,091,782 shares of Preferred Stock, par value $0.001 per share, of which 3,333,000 shares are designated Series A Preferred Stock, 3,329,497 shares are designated Series B Preferred Stock, 1,648,978 shares are designated Series C Preferred Stock, 1,673,105 shares are designated Series D convertible preferred stock, or Series D Preferred Stock, and 1,107,202 shares are designated Series E convertible preferred stock, or Series E Preferred Stock. The Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock, and Series E Preferred Stock are referred to collectively as the Preferred Stock.

Upon the effectiveness of the Third Amended and Restated Certificate of Incorporation, (i) each share of Class A common stock issued and outstanding was recapitalized, reclassified, and reconstituted into two fully paid and non-assessable shares of outstanding Class A common stock and four fully paid and non-assessable shares of outstanding Class B common stock, and (ii) each share of Class B common stock of the Corporation issued and outstanding was recapitalized, reclassified, and reconstituted into two (2) fully paid and non-assessable shares of outstanding Class A common stock and four (4) fully paid and non-assessable shares of outstanding Class B common stock.

Further, upon the effectiveness of the Third Amended and Restated Certificate of Incorporation, the number of shares of common stock as to which each outstanding option to purchase common stock is exercisable for and each outstanding RSU is convertible into was adjusted such that upon

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

5. Convertible Preferred Stock and Stockholders' Equity (Continued)

exercise of outstanding stock options or vesting of outstanding RSUs, each holder will receive two fully paid and non-assessable shares of Class A common stock and four fully paid and non-assessable shares of Class B common stock in respect of each share of common stock previously underlying such option or RSU. The exercise price per share of common stock underlying each outstanding option was adjusted upon the effectiveness of the Third Amended and Restated Certificate of Incorporation to be one-sixth of the exercise price per share in effect immediately prior to such adjustment and the fair market value per share of common stock issuable upon settlement of such RSU was adjusted to be one-sixth of the fair market value per share in effect immediately prior to the recapitalization.

All share and per share data shown in the accompanying consolidated financial statements and related notes have been retroactively revised to reflect the share recapitalization.

Common Stock

Each share of Class A common stock entitles the holder to one vote for each share on all matters submitted to a vote of the Company's stockholders at all meetings of stockholders and written actions in lieu of meetings. Each share of Class B common stock entitles the holder to ten votes for each share on all matters submitted to a vote of the Company's stockholders at all meetings of stockholders and written actions in lieu of meetings.

Holders of common stock are entitled to receive dividends, when and if declared by the Board.

Each share of Class B common stock is convertible into one share of Class A common stock at the option of the holder at any time. Automatic conversion shall occur upon the occurrence of a Transfer, as defined in the Third Amended and Restated Certificate of Incorporation, of such share of Class B common stock. Upon either the death or voluntary termination of the Company's Chief Executive Officer, all shares of Class B common stock shall automatically be converted into one share of Class A common stock.

Preferred Stock

On July 7, 2015, the Company completed a Series D Preferred Stock financing in the amount of $67,872, net of issuance costs of approximately $128. In connection with this issuance, the Company used a portion of the proceeds received, approximately $18,000, to repurchase and retire certain outstanding shares of Series A, Series B, and Series C Preferred Stock and common stock, as well as certain vested stock options from existing stockholders. The difference between the amount implicitly paid to repurchase the various classes of Preferred Stock and the corresponding carrying value of the underlying shares ($15,930) was treated as a deemed dividend and was recorded against retained earnings. As the shares of common stock were repurchased for constructive retirement, the excess purchase price over the corresponding par value was charged directly to retained earnings.

On August 23, 2016, the Company completed a Series E Preferred Stock financing in the amount of $59,732, net of issuance costs of approximately $268. In connection with this issuance, the Company used the proceeds received to repurchase and retire certain outstanding shares of Series A, Series B, and Series C Preferred Stock and common stock, as well as certain vested

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

5. Convertible Preferred Stock and Stockholders' Equity (Continued)

stock options and restricted stock units from existing stockholders. The difference between the amount implicitly paid to repurchase the various classes of Preferred Stock and the corresponding carrying value of the underlying shares ($32,087) was treated as a deemed dividend and was recorded against retained earnings. As the shares of common stock were repurchased for constructive retirement, the excess purchase price over the corresponding par value was charged directly to retained earnings.

The Company's Preferred Stock at December 31, 2015 was as follows:

	Original Issue Price Per Share	Shares Authorized	Outstanding	Liquidation Amount	Carrying Value
Series A Preferred Stock	$ 0.525053	3,333,000	3,049,606	$ 1,601	$ 1,601
Series B Preferred Stock	$ 0.780899	3,329,497	3,296,054	2,574	2,574
Series C Preferred Stock	$ 0.849012	1,648,978	1,567,855	1,331	1,331
Series D Preferred Stock	$ 40.642989	1,673,105	1,673,105	68,000	67,872
		9,984,580	9,586,620	$ 73,506	$ 73,378

The Company's Preferred Stock at December 31, 2016 and June 30, 2017 was as follows:

	Original Issue Price Per Share	Shares Authorized	Outstanding	Liquidation Amount	Carrying Value
Series A Preferred Stock	$ 0.525053	3,333,000	2,824,703	$ 1,483	$ 1,483
Series B Preferred Stock	$ 0.780899	3,329,497	2,938,486	2,295	2,295
Series C Preferred Stock	$ 0.849012	1,648,978	1,550,612	1,316	1,316
Series D Preferred Stock	$ 40.642989	1,673,105	1,673,105	68,000	67,872
Series E Preferred Stock	$ 54.190650	1,107,202	1,107,202	60,000	59,732
		11,091,782	10,094,108	$ 133,094	$ 132,698

Prior to the effectiveness of the Third Amended and Restated Certificate of Incorporation, the rights, preferences, and privileges of the Preferred Stock as of December 31, 2016 were as follows:

Dividends

The holders of the Preferred Stock are entitled to receive dividends, when and as declared by the Board and out of funds legally available, payable in preference and priority to any payment of any dividend on common stock, based upon the number of shares of common stock into which the shares of Preferred Stock held by such holder are convertible at the date of record. No dividends or other distributions will be made with respect to the common stock until all declared dividends on the Preferred Stock have been paid. Through December 31, 2016 and June 30, 2017, no dividends have been declared or paid by the Company.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

5. Convertible Preferred Stock and Stockholders' Equity (Continued)

Liquidation Preference

In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the Company, the holders of the Series A, Series B, Series C, Series D, and Series E Preferred Stock shall be entitled to receive, on a preferred basis prior and in preference to any distribution to the holders of common stock, an amount of cash per share equal to the greater of (i) the Original Issue Price of the Series A, Series B, Series C, Series D, and Series E Preferred Stock, respectively, plus any dividends declared but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of Preferred Stock been converted into Class B common stock immediately prior to such liquidation, dissolution, or winding up of the Company.

Thereafter, the remaining assets available for distribution shall be distributed among the holders of common stock, pro rata, based on the number of shares held by each such holder.

If the funds available upon liquidation are insufficient to satisfy in full the Preferred Stock liquidation amount, the assets of the Company shall be shared ratably among the holders of the Preferred Stock based upon their respective amounts, which would be payable with respect to the shares held by them if amounts were paid in full.

As the shares of Preferred Stock may become redeemable upon a liquidation event that is outside of the control of the Company, the liquidation value of the Preferred Stock has been classified outside of permanent equity.

Conversion

Each share of the Preferred Stock, at the option of the holder, is convertible into a number of fully paid and non-assessable shares of Class B common stock as determined by dividing the respective Original Issue Price of the Series A, Series B, Series C, Series D, and Series E Preferred Stock by the conversion price in effect at the time. The conversion price of Series A, Series B, Series C, Series D, and Series E Preferred Stock is $0.525053 per share, $0.780899, $0.849012 per share, $40.642989 per share, and $54.19065 per share, respectively, and is subject to adjustment in accordance with anti-dilution provisions contained in the Company's Second Amended and Restated Certificate of Incorporation.

Conversion is automatic immediately upon the closing of a qualified initial public offering resulting in net proceeds to the Company of at least $75.0 million at an offering price of at least $5.00 per share of Class A common stock.

The Company performs assessments of all terms and features of its Preferred Stock in order to identify any potential embedded features that would require bifurcation or any beneficial conversion features. As part of this analysis, the Company assessed the economic characteristics and risks of its Preferred Stock, including conversion, liquidation, and redemption features, as well as dividend and voting rights. Based on the Company's determination that each series of its Preferred Stock is an "equity host," the Company determined that the features of the Preferred Stock are most closely associated with an equity host, and, although the Preferred Stock includes conversion features, such conversion features do not require bifurcation as a derivative liability.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

5. Convertible Preferred Stock and Stockholders' Equity (Continued)

Voting

The holders of the Preferred Stock are entitled to vote, together with the holders of voting common stock, on all matters submitted to stockholders for a vote. Each holder of Preferred Stock is entitled to ten votes for each whole share of Class B common stock into which the shares of Preferred Stock held by such holder are convertible at the date of record.

Upon the effectiveness of the Third Amended and Restated Certificate of Incorporation, the rights and preferences of the Preferred Stock were amended as follows:

Conversion

Each share of the Preferred Stock, at the option of the holder, is convertible into a number of fully paid and non-assessable shares of common stock as determined by dividing the respective Original Issue Price of the Series A, Series B, Series C, Series D, and Series E Preferred Stock by the conversion price in effect at the time, one third of which number of shares of common stock shall be shares of Class A common stock and two thirds of which number of shares of common stock shall be shares of Class B common stock. The conversion price of Series A, Series B, Series C, Series D, and Series E Preferred Stock was amended to be $0.0875088 per share, $0.1301498 per share, $0.1415020 per share, $6.7738315 per share, and $9.0317750 per share, respectively, and is subject to adjustment in accordance with anti-dilution provisions contained in the Company's Third Amended and Restated Certificate of Incorporation. Further, upon a Qualified IPO, as defined in the Company's Third Amended and Restated Certificate of Incorporation, each outstanding share of Preferred Stock will automatically convert into two shares of Class A common stock and four shares of Class B common stock, and all shares of Class B common stock issued thereupon or previously issued upon any conversion of Preferred Stock will further automatically convert, on a share for share basis, into Class A common stock.

At December 31, 2016 and June 30, 2017, 20,188,226 shares of Class A common stock and 40,376,452 shares of Class B common stock, respectively, were reserved for conversion of the outstanding Preferred Stock.

Voting

The holders of the Preferred Stock are entitled to vote, together with the holders of common stock, on all matters submitted to stockholders for a vote. Each holder of Preferred Stock is entitled to one vote for each whole share of Class A common stock into which the shares of Preferred Stock held by such holder are convertible at the date of record and ten votes for each whole share of Class B common stock into which the shares of Preferred Stock held by such holder are convertible at the date of record.

Qualified IPO

The term Qualified IPO was amended in the Company's Third Amended and Restated Certificate of Incorporation to mean a public offering resulting in net proceeds to the Company and selling stockholders of at least $75.0 million in the aggregate, at an offering price of at least $0.83 per share of Class A common stock.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

6. Stock-based Compensation

Equity Incentive Plans

At December 31, 2016, the Company had one stock-based compensation plan, which merged the Company's two prior stock-based compensation plans: the 2006 Equity Incentive Plan, or the 2006 Plan, and the Amended and Restated 2015 Equity Incentive Plan, or the 2015 Plan.

The 2006 Plan provided for the issuance of non-qualified stock options and restricted stock units to the Company's employees, officers, directors, consultants, and advisors, up to an aggregate of 3,444,668 shares of the Company's Class B common stock. In conjunction with the effectiveness of the 2015 Plan, the Board voted that no further stock options or other equity-based awards may be granted under the 2006 Plan.

In 2015, the Board adopted the 2015 Plan, which became effective on June 26, 2015. The Plan is intended to be an incentive stock option plan within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, or the Code, but not all awards are required to be incentive options. The 2015 Plan was amended and restated effective August 6, 2015 to permit the granting of RSUs under the 2015 Plan, remove Class B common stock from the pool of shares available for issuance under the 2015 Plan and make certain other desired changes. The 2015 Plan was further amended and restated at October 15, 2015 to add a ten-year term and to make certain other desired changes.

The 2015 Plan provides for the granting of incentive stock options, or ISOs, non-qualified stock options, restricted stock, and RSUs to employees and non-employees to purchase up to 603,436 shares of common stock. The exercise price of the ISOs cannot be less than the fair market value of the common stock on the date of grant, or less than 110% of the fair market value in the case of employees holding 10% or more of the voting stock of the Company. Options generally vest over a four-year period, and expire ten years from the original date of grant.

The 2015 Plan was further amended and restated effective August 22, 2016 to merge the 2006 Plan into the 2015 Plan, to increase the number of shares of Class A common stock that may be issued under the 2015 Plan, and to lengthen the term of the 2015 Plan to expire on the tenth anniversary of the 2015 Plan. Pursuant to the further amendment and restatement of the 2015 Plan, prior to giving effect to the recapitalization that occurred on June 21, 2017, there were (i) 618,691 shares of Class A common stock, plus (ii) 802,562 shares of Class B common stock authorized under the 2015 Plan, as amended and restated; provided, however, that (1) the number of shares of Class A common stock may be increased, on a share for share basis, by the number of shares of Class B common stock that are (a) subject to outstanding options granted under the 2006 Plan that expire, terminate, or are cancelled for any reason without having been exercised, (b) surrendered in payment of the exercise price of outstanding options granted under the 2006 Plan or (c) withheld in satisfaction of tax withholding upon exercise of outstanding options granted under the 2006 Plan, and the number of shares of Class B common stock reserved under the amended and restated 2015 Plan will be decreased, on a corresponding share for share basis, (2) no new awards of Class B common stock will be granted under the amended and restated 2015 Plan, and (3) except with respect to outstanding options granted under the 2006 Plan that are exercised on or after the date hereof, no Class B common stock will be issued under the 2015 Plan.

At December 31, 2016 and June 30, 2017, 1,158,048 shares and 657,912 shares, respectively, were available for issuance under the 2015 Plan.

6. Stock-based Compensation (Continued)

In connection with the recapitalization that occurred on June 21, 2017, the 2015 Plan was further amended and restated to account for each outstanding common stock option being adjusted such that each share of common stock underlying such option became two shares of Class A common stock and four shares of Class B common stock underlying such option, and each outstanding RSU being adjusted such that each share of common stock issuable upon settlement of such RSU became two shares of Class A common stock and four shares of Class B common stock issuable upon settlement of such RSU. Pursuant to the 2015 Plan as further amended in connection with the recapitalization, there were (i) 3,181,740 shares of Class A common stock and (ii) 5,161,644 shares of Class B common stock authorized under the 2015 Plan.

The following is a summary of the stock option activity for all stock-based compensation plans during the year ended December 31, 2016 and the six months ended June 30, 2017:

	Common Stock	Weighted-Average Exercise Price for Equity	Weighted-Average Contractual Life (In Years)	Aggregate Intrinsic Value[2]
Outstanding, December 31, 2015	5,626,710	$ 0.99	7.6	$ 15,051
Granted	689,400	6.77		
Exercised	(123,672)	0.77		
Forfeited and cancelled	(493,626)	1.76		
Outstanding, December 31, 2016	5,698,812	$ 1.63	6.9	23,893
Granted (unaudited)	—	—		
Exercised (unaudited)	(175,452)	0.95		
Forfeited and cancelled (unaudited)	(312,192)	1.70		
Outstanding, June 30, 2017 (unaudited)	5,211,168	$ 1.65	6.5	51,240
Options exercisable at December 31, 2016	3,424,704	$ 0.56	6.0	17,360
Options vested, or expected to vest at December 31, 2016[1]	5,412,474	$ 1.62	7.1	22,732
Options exercisable at June 30, 2017 (unaudited)	3,679,068	$ 0.90	5.9	38,923

(1) This represents the number of vested options at December 31, 2016, plus the number of unvested options expected to vest at December 31, 2016, based on the unvested options outstanding at December 31, 2016, adjusted for the estimated forfeiture rate.

(2) The aggregate intrinsic value was calculated based on the positive difference, if any, between the estimated fair value of our common stock on December 31, 2015 and 2016 and June 30, 2017, respectively, or the date of exercise, as appropriate, and the exercise price of the underlying options.

The Company has entered into RSU agreements with certain of its employees pursuant to the 2015 Plan. The RSUs are subject to both a service-based vesting condition and a performance-based vesting condition based on a liquidity event, defined as either a change in control or an IPO.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

6. Stock-based Compensation (Continued)

Upon achievement of both the service-based vesting condition and the performance-based vesting condition achieved upon a liquidity event, the holder will receive two shares of the Company's Class A common stock and four shares of the Company's Class B common stock for each unit vested. Although the performance based vesting condition will be satisfied upon a liquidity event, under the terms of the awards, the settlement of such RSUs and the issuance of common stock with respect to such RSUs, will occur six months after the completion such event.

The following is a summary of the RSU activity during the year ended December 31, 2016, and the six months ended June 30, 2017:

	Number of shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Outstanding, December 31, 2015	553,986	$ 2.05	$ 1,768
Granted	1,038,408	3.89	4,035
Cancelled	(12,300)	2.83	58
Outstanding, December 31, 2016	1,580,094	$ 3.25	8,754
Granted (unaudited)	848,634	6.26	5,309
Cancelled (unaudited)	(58,926)	4.44	261
Outstanding, June 30, 2017 (unaudited)	2,369,802	$ 4.29	27,205

For the years ended December 31, 2015 and 2016, and the six months ended June 30, 2016 and 2017, total stock-based compensation expense was $1,040, $322, $148 and $150, respectively. Total stock-based compensation expense was allocated as follows:

	Year Ended December 31,		Six Months Ended June 30, (unaudited)	
	2015	2016	2016	2017
Cost of revenue	$ 4	$ 18	$ 8	$ 10
Sales and marketing expense	67	163	76	73
Product, technology, and development expense	883	104	48	48
General and administrative expense	86	37	16	19
	$ 1,040	$ 322	$ 148	$ 150

As of December 31, 2016 and June 30, 2017, there was approximately $828 and $627, respectively, of unrecognized stock-based compensation expense, related to unvested stock-based awards subject to service-based vesting conditions, which is expected to be recognized over a weighted-average period of 2.9 and 2.3 years, respectively.

As of December 31, 2016 and June 30, 2017, there was approximately $5,129 and $10,165, respectively, of unrecognized stock-based compensation, related to unvested stock-based awards, subject to both a service-based vesting condition and a performance-based vesting condition

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

6. Stock-based Compensation (Continued)

achieved upon a liquidity event. The weighted-average recognition period is not determinable until the time a liquidity event is considered probable of occurring.

Common Stock Reserved for Future Issuance

At December 31, 2016, the Company had reserved the following shares of voting common stock for future issuance:

Common stock options outstanding	5,698,812
Restricted stock units outstanding	1,580,094
Shares available for issuance under the 2015 Plan	1,158,048
Preferred Stock outstanding	60,564,678
Total shares of authorized common stock reserved for future issuance	69,001,632

7. Income Taxes

The domestic and foreign components of (loss) income before income taxes are as follows:

	Year Ended December 31,	
	2015	2016
United States	$ (2,540)	$ 8,919
Foreign	—	26
(Loss) income before income taxes	$ (2,540)	$ 8,945

The (benefit from) provision for income taxes contained the following components:

	Year Ended December 31,	
	2015	2016
Current provision:		
Federal	$ (276)	$ 1,440
State	21	223
Foreign	—	3
	(255)	1,666
Deferred (benefit) provision:		
Federal	(544)	880
State	(105)	(98)
Foreign	—	—
	(649)	782
Income tax (benefit) provision	$ (904)	$ 2,448

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

7. Income Taxes (Continued)

The Company's effective tax rate for the year ended December 31, 2015 is greater than the U.S. federal statutory rate primarily due to state income taxes. The Company's effective tax rate for the year ended December 31, 2016 is lower than the U.S. federal statutory rate primarily due to research and development income tax credits, which was partially offset by state income taxes.

	Year Ended December 31,	
	2015	2016
U.S. federal taxes at statutory rate	34.0%	35.0%
State taxes, net of federal benefit	3.6	4.5
Nondeductible expenses	(1.4)	2.0
Foreign rate differential	—	(0.1)
Credits	—	(15.0)
Other	(0.6)	1.0
Total	35.6%	27.4%

The approximate income tax effect of each type of temporary difference and carryforward as of December 31, 2015 and 2016 is as follows:

	As of December 31,	
	2015	2016
Deferred tax assets:		
Net operating loss carryforwards	$ 37	$ —
Credit carryforwards	—	141
Stock-based compensation	75	67
Landlord allowance on leasehold improvements	1,011	1,468
Deferred rent	685	968
Accruals and reserves	206	612
	2,014	3,256
Deferred tax liability:		
Fixed assets	(1,524)	(3,548)
	(1,524)	(3,548)
Net deferred tax assets (liabilities)	$ 490	$ (292)

The Company uses the asset and liability method to account for income taxes in accordance with ASC 740, *Income Taxes*. Under this method, deferred income taxes are recognized for the future tax consequences of differences between the tax and financial accounting bases of assets and liabilities at each reporting period. Deferred income taxes are based on enacted tax laws and statutory tax rates applicable to the period in which these differences are expected to affect taxable income. A valuation allowance is established when necessary to reduce deferred tax assets to the amounts expected to be realized.

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

7. Income Taxes (Continued)

The Company has not provided a valuation allowance against its net deferred tax assets at December 31, 2015 and 2016. Based upon the level of historical U.S. earnings and future projections over the period in which the net deferred tax assets are deductible, at this time, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

As of December 31, 2016, the Company has federal and state tax credit carryforwards of approximately $68 and $112, respectively, available to reduce future tax liabilities that expire at various dates through 2036. Utilization of the tax credit carryforwards may be subject to an annual limitation due to ownership change limitations that have occurred previously or that could occur in the future, as provided by Section 382 of the Code, or Section 382, as well as similar state provisions. Ownership changes may limit the amount of tax credit carryforwards that can be utilized annually to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382, results from transactions that increase the ownership of five percent stockholders in the stock of a corporation by more than 50 percent in the aggregate over a three-year period.

The Company previously adopted the provision for uncertain tax positions under ASC 740, *Income Taxes*. The adoption did not have an impact on the Company's retained earnings balance. At December 31, 2015 and 2016, the Company had no recorded liabilities for uncertain tax positions and had no accrued interest or penalties related to uncertain tax positions.

The Company permanently reinvests the earnings, if any, of its foreign subsidiaries and, therefore, does not provide for U.S. income taxes that could result from the distribution of those earnings to the U.S. parent. As of December 31, 2016, the amount of unrecognized deferred U.S. taxes on these earnings would be de minimis.

The Company and its subsidiaries are subject to various U.S. federal, state, and foreign income taxes. The Company is currently open to examination under the statute of limitations by the Internal Revenue Service and state jurisdictions for the tax years ended 2013 through 2016. Currently, there are no income tax audits in process.

8. Segment and Geographic Information

The Company has two reportable segments, United States and International. Segment information is presented in the same manner as the Company's chief operating decision maker, or CODM, reviews the Company's operating results in assessing performance and allocating resources. The CODM reviews revenue and operating income (loss) for each reportable segment as a proxy for the operating performance of the Company's United States and International operations. The Company's chief executive officer is the CODM on behalf of both reportable segments.

The United States segment derives revenues from marketplace subscriptions, advertising services, and other revenues from customers within the United States. The International segment derives revenues from marketplace subscriptions, advertising services, and other revenues from customers outside of the United States. A majority of our operational overhead expenses, including technology and personnel costs, and other general and administrative costs associated with running our business, are incurred in the United States and not allocated to the international segment. Assets and costs discretely incurred by reportable segments, including depreciation and

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

8. Segment and Geographic Information (Continued)

amortization, are included in the calculation of reportable segment (loss) income from operations. Segment operating income (loss) does not reflect the transfer pricing adjustments related to the Company's foreign subsidiaries, which are recorded for statutory reporting purposes. Asset information is assessed and reviewed on a global basis.

Information regarding the Company's operations by segment and geographical area is presented below:

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
			(unaudited)	
Segment revenue:				
United States	$ 98,566	$ 195,824	$ 83,760	$ 139,560
International	22	2,317	481	3,715
Total revenue	$ 98,588	$ 198,141	$ 84,241	$ 143,275

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
			(unaudited)	
Segment (loss) income from operations:				
United States	$ 637	$ 27,461	$ 8,467	$ 24,280
International	(3,165)	(18,890)	(7,759)	(11,901)
Total (loss) income from operations	$ (2,528)	$ 8,571	$ 708	$ 12,379

As of December 31, 2015 and 2016, and June 30, 2017, property and equipment held outside the United States was not material.

9. Components of Other (Expense) Income, Net

The components of other (expense) income, net, are as follows:

	Year Ended December 31,		Six Months Ended June 30,	
	2015	2016	2016	2017
			(unaudited)	
Interest income	$ —	$ 416	$ 170	$ 357
Interest expense	(12)	(26)	(13)	(12)
Foreign exchange losses	—	(16)	(4)	(128)
Other (expense) income, net	$ (12)	$ 374	$ 153	$ 217

CarGurus, Inc.

Notes to Consolidated Financial Statements (Continued)

10. Employee benefit plans

The Company maintains a defined contribution savings plan covering all eligible U.S. employees under Section 401(k) of the Code. Company contributions to the plan may be made at the discretion of the executive team. During the years ended December 31, 2015 and 2016, the Company did not make any employer contributions to the plan.

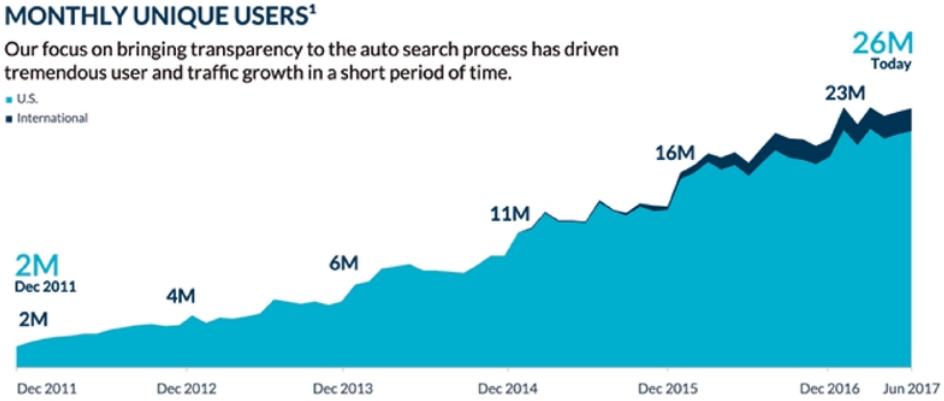
11. Subsequent Events

The Company has completed an evaluation of all subsequent events after the audited balance sheet date of December 31, 2016 through June 21, 2017, the date these financial statements were submitted to the SEC, and after the unaudited balance sheet date of June 30, 2017 through August 24, 2017, the date these financial statements were submitted to the SEC, to ensure that these financial statements include appropriate disclosure of events both recognized in the financial statements as of December 31, 2016 and June 30, 2017, and events which occurred subsequently but were not recognized in the financial statements. The Company has concluded that no subsequent events have occurred that require disclosure, except as disclosed within these consolidated financial statements.

Table of Contents

MONTHLY UNIQUE USERS[1]

Our focus on bringing transparency to the auto search process has driven tremendous user and traffic growth in a short period of time.



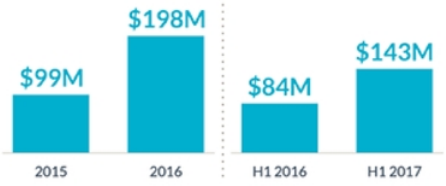
Source: Google Analytics as of June 2017
1. We define a monthly unique user as an individual who has visited our website within a calendar month, based on data as measured by Google Analytics.

PAYING DEALERS[2]

000s

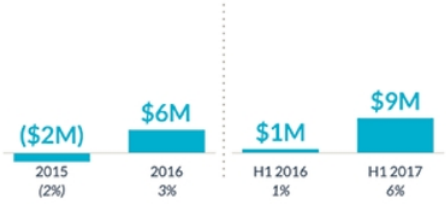
Note: Number of paying dealers at end of period
2. Paying dealers are the number of dealers subscribing to one of our Enhanced or Featured Listing products at the end of a defined period.

REVENUE



NET (LOSS) INCOME

% Margin




1BG Z71
Great Faces. Great Places.
Louisiana
SOD 185
Sportsman's Paradise
D 1095 N
71 OHIO
TREASURE STATE
2-37601A
MONTANA - 10
CarGurus
West Virginia
NJX 705
Wild, Wonderful
ALASKA
DYR 778
73-IND
16129A
TRAIL 3
CURRY
GLG-196
New Mexico
Through and including , 2017 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Unless otherwise indicated, all references to "CarGurus," the "Company," the "Registrant," "we," "us" and "our" refer to CarGurus, Inc. and, where appropriate, our consolidated subsidiaries.

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all expenses to be paid by the Registrant, other than underwriting discounts and commissions, in connection with this offering. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee, and the exchange listing fee.

SEC registration fee	$ 18,794
FINRA filing fee	24,823
Exchange listing fee	125,000
Printing and engraving expenses	185,000
Legal fees and expenses	2,050,000
Accounting fees and expenses	1,200,000
Transfer agent and registrar fees and expenses	10,000
Miscellaneous	486,383
Total	$ 4,100,000

Item 14. Indemnification of Directors and Officers.

The Registrant's amended and restated certificate of incorporation that will become effective upon the closing of this offering contains provisions that eliminate, to the maximum extent permitted by the General Corporation Law of the State of Delaware, the personal liability of the Registrant's directors and executive officers for monetary damages for breach of their fiduciary duties as directors or officers. The Registrant's amended and restated certificate of incorporation and amended and restated bylaws provide that the Registrant must indemnify its directors and executive officers and may indemnify its employees and other agents to the fullest extent permitted by the General Corporation Law of the State of Delaware.

Sections 145 and 102(b)(7) of the General Corporation Law of the State of Delaware provide that a corporation may indemnify any person made a party to an action by reason of the fact that he or she was a director, executive officer, employee, or agent of the corporation or is or was serving at the request of a corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of an action by or in right of the corporation, no indemnification may generally be made in respect of any claim as to which such person is adjudged to be liable to the corporation.

The Registrant plans to enter into indemnification agreements with its directors and executive officers, in addition to the indemnification provided for in its amended and restated certificate of incorporation and bylaws, and intends to enter into indemnification agreements with any new directors and executive officers in the future.

The Registrant intends to purchase, prior to the closing of this offering, and maintain insurance on behalf of each and any person who is or was a director or officer of the Registrant against any loss arising from any claim asserted against him or her and incurred by him or her in any such capacity, subject to certain exclusions.

The Underwriting Agreement (Exhibit 1.1 hereto) provides for indemnification by the underwriters of the Registrant and its executive officers and directors, and by the Registrant of the underwriters, for certain liabilities, including liabilities arising under the Securities Act.

See also the undertakings set out in response to Item 17 herein.

Item 15. Recent Sales of Unregistered Securities.

The following sets forth information regarding all unregistered securities sold since January 1, 2014. All share and per share information has been retroactively revised to reflect the share recapitalization that occurred on June 21, 2017, pursuant to which (i) each share of common stock then issued and outstanding was recapitalized, reclassified and reconstituted into two fully paid and non-assessable shares of outstanding Class A common stock and four fully paid and non-assessable shares of outstanding Class B common stock, (ii) each outstanding common stock option was adjusted such that, (a) each share of common stock underlying such option became two shares of Class A common stock and four shares of Class B common stock and (b) the exercise price per share of common stock underlying such option was adjusted to be one-sixth of the exercise price per share in effect immediately prior to the recapitalization, and (iii) each outstanding RSU was adjusted such that (a) each share of common stock issuable upon settlement of such RSU became two shares of Class A common stock and four shares of Class B common stock and (b) the fair market value per share of common stock issuable upon settlement of such RSU was adjusted to be one-sixth of the fair market value per share in effect immediately prior to the recapitalization.

Conversion of All Outstanding Units to Shares of Common Stock and Shares of Preferred Stock

On June 26, 2015, the Registrant converted from a Massachusetts limited liability company to a Delaware corporation. We refer to this as the "Conversion." In connection with and as a result of the Conversion:

- 7,470,257 outstanding Class A Units were converted into 14,940,514 shares of Class A common stock and 29,881,028 shares of Class B common stock;
- 3,333,000 outstanding Class B Units were converted into 3,333,000 shares of Series A preferred stock;
- 3,329,497 outstanding Class C Units were converted into 3,329,497 shares of Series B preferred stock; and
- 1,648,978 outstanding Class D Units were converted into 1,648,978 shares of Series C preferred stock.

Preferred Stock Issuances

In July 2015, the Registrant sold to 17 accredited investors an aggregate of 1,673,105 shares of its Series D preferred stock at a purchase price per share of $40.642989 resulting in aggregate gross proceeds of approximately $68 million.

In August 2016, the Registrant sold to 20 accredited investors an aggregate of 1,107,202 shares of its Series E preferred stock at a purchase price per share of $54.19065 resulting in aggregate gross proceeds of approximately $60 million.

2006 Equity Incentive Plan Related Issuances

The Registrant, under the Registrant's 2006 Equity Incentive Plan, which we refer to as the 2006 Plan:

- granted restricted stock and stock options to purchase an aggregate of 2,193,318 shares of common stock at exercise prices ranging from $0.145 to $0.16 per share; and
- sold an aggregate of 6,831,768 shares of its common stock pursuant to option exercises at prices ranging from $0.0166667 to $0.16 per share.

2015 Equity Incentive Plan Related Issuances

The Registrant, under the Registrant's 2015 Equity Incentive Plan, as amended, which we refer to as the 2015 Plan:

- granted stock options to purchase an aggregate of 1,455,540 shares of common stock at an exercise price of $6.77367 per share;
- sold an aggregate of 50,352 shares of its common stock pursuant to option exercises at a price of $6.77367 per share; and
- issued an aggregate amount of 2,441,028 RSUs relating to 2,441,028 shares of common stock.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering, and the Registrant believes that each such transaction was exempt from the registration requirements of the Securities Act in reliance on either Section 3(a)(9) of the Securities Act, Rule 701 promulgated under the Securities Act, as transactions pursuant to a compensatory benefit plan approved by the Registrant's board of directors, Section 4(a)(2) of the Securities Act, as transactions by an issuer not involving a public offering, or in transactions which did not constitute sales of securities under the Securities Act. Each recipient of securities issued in the transactions that were deemed to be exempt in reliance upon Section 4(a)(2) of the Securities Act acquired the securities for investment only and not with a view to, or for resale in connection with, any distribution thereof, and appropriate legends were affixed to the share certificates issued in each such transaction. In each case, the recipient received adequate information regarding the Registrant or had adequate access, through his or her relationship with the Registrant, to information about the Registrant.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

See the Exhibit Index on the page immediately following the Signature Page for a list of exhibits filed as part of this registration statement on Form S-1, which Exhibit Index is incorporated herein by reference.

(b) Financial Statement Schedules.

All other schedules have been omitted because the information required to be presented in them is not applicable or is shown in the consolidated financial statements or related notes.

Item 17. Undertakings.

The Registrant hereby undertakes to provide to the underwriters at the closing as specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933, as amended, and will be governed by the final adjudication of such issue.

The Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from a form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933, as amended, shall be deemed to be part of this registration statement at the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

Exhibit Number	Exhibit Title
1.1*	Form of Underwriting Agreement.
3.1^	Third Amended and Restated Certificate of Incorporation of the Registrant, as currently in effect.
3.2*	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be in effect upon the closing of this offering.
3.3^	Bylaws of the Registrant, as currently in effect.
3.4*	Form of Amended and Restated Bylaws of the Registrant, to be in effect upon closing of the offering.
4.1*	Specimen Class A common stock certificate of the Registrant.
4.2^	Amended and Restated Investors' Rights Agreement, dated August 23, 2016, by and among the Registrant and certain of its stockholders.
5.1*	Opinion of Morgan, Lewis & Bockius LLP.
10.1^	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.
10.2#^	Amended and Restated 2006 Equity Incentive Plan.
10.3#*	Amended and Restated 2015 Equity Incentive Plan and forms of agreements thereunder.
10.4#*	Omnibus Incentive Compensation Plan and forms of agreements thereunder, to be in effect upon the closing of this offering.
10.5#^	Offer Letter, dated March 17, 2006, by and between the Registrant and Langley Steinert.
10.6#^	Offer Letter, dated August 10, 2015, by and between the Registrant and Jason Trevisan.
10.7#^	Offer Letter, dated October 24, 2014, by and between the Registrant and Samuel Zales.
10.8^	Lease, dated as of October 8, 2014, by and between the Registrant and BCSP Cambridge Two Property LLC.
10.9^	Office Lease Agreement, dated as of March 11, 2016, by and between 55 Cambridge Parkway, LLC and the Registrant.
10.10^	First Amendment to Lease, dated as of July 30, 2016 by and between 55 Cambridge Parkway, LLC and the Registrant.
21.1^	List of Subsidiaries of the Registrant.
23.1*	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
23.2*	Consent of Morgan, Lewis & Bockius LLP (included in Exhibit 5.1).
24.1^	Power of Attorney.

* Filed herewith.

^ Previously filed.

\# Indicates a management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Cambridge, Commonwealth of Massachusetts, on September 29, 2017.

CARGURUS, INC.

By: /s/ LANGLEY STEINERT

Langley Steinert
Chief Executive Officer, President, and Chairman

Pursuant to the requirements of the Securities Act of 1933, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated below:

Signature	Title	Date
/s/ LANGLEY STEINERT Langley Steinert	Chief Executive Officer, President, and Chairman (Principal Executive Officer)	September 29, 2017
/s/ JASON TREVISAN Jason Trevisan	Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	September 29, 2017
* Stephen Kaufer	Director	September 29, 2017
* Anastasios Parafestas	Director	September 29, 2017
* David Parker	Director	September 29, 2017
* Simon Rothman	Director	September 29, 2017
* Ian Smith	Director	September 29, 2017
*By: /s/ JASON TREVISAN Jason Trevisan *Attorney-in fact*		September 29, 2017

Exhibit 1.1

CarGurus, Inc.

Class A Common Stock, par value $0.001 per share

Underwriting Agreement

[ ], 2017

Goldman Sachs & Co. LLC
Allen & Company LLC
As representatives of the several Underwriters
named in Schedule I hereto,
c/o Goldman Sachs & Co. LLC
200 West Street,
New York, New York 10282

Ladies and Gentlemen:

CarGurus, Inc., a Delaware corporation (the "**Company**"), proposes, subject to the terms and conditions stated in this agreement (this "**Agreement**"), to issue and sell to the Underwriters named in Schedule I hereto (the "**Underwriters**") an aggregate of [ ] shares and, at the election of the Underwriters, up to [ ] additional shares, of Class A common stock, par value $0.001 per share (the "**Stock**"), of the Company, and the stockholders of the Company named in Schedule II hereto (the "**Selling Stockholders**") propose, subject to the terms and conditions stated herein, to sell to the Underwriters an aggregate of [ ] shares of Stock and, at the election of the Underwriters, up to [ ] additional shares of Stock. The aggregate of [ ] shares of Stock to be sold by the Company and the Selling Stockholders is herein called the "**Firm Shares**" and the aggregate of [ ] additional shares of Stock to be sold by the Company and the Selling Stockholders is herein called the "**Optional Shares**". The Firm Shares and the Optional Shares that the Underwriters elect to purchase pursuant to Section 2 hereof are herein collectively called the "**Shares**".

The Company hereby confirms its engagement of Goldman Sachs & Co. LLC as, and Goldman Sachs & Co. LLC hereby confirms its agreement with the Company to render services as, the "qualified independent underwriter," within the meaning of Rule 5121 of the Financial Industry Regulatory Authority, Inc. ("**FINRA**") with respect to the offering and sale of the Shares. Goldman Sachs & Co. LLC, solely in its capacity as the qualified independent underwriter and not otherwise, is referred to herein as the "QIU." Aside from its relative portion of the underwriting discounts and commissions set forth on the cover page of the Prospectus (as defined below), the Company and Goldman Sachs & Co. LLC agree that Goldman Sachs & Co. LLC will not receive any fees for serving as qualified independent underwriter in connection with the offering.

1. (a) The Company represents and warrants to, and agrees with, each of the Underwriters that:

(i) A registration statement on Form S-1 (File No. 333-220495) (the "**Initial Registration Statement**") in respect of the Shares has been filed with the Securities and Exchange Commission (the "**Commission**"); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered to you and, excluding exhibits thereto, to you for each of the other Underwriters, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the

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offering (a "**Rule 462(b) Registration Statement**"), filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "**Act**"), which became effective upon filing, no other document with respect to the Initial Registration Statement has heretofore been filed with the Commission; and no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose has been initiated or, to the Company's knowledge, threatened by the Commission (any preliminary prospectus included in the Initial Registration Statement or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Act is hereinafter called a "**Preliminary Prospectus**"; the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the Initial Registration Statement at the time it was declared effective, each as amended at the time such part of the Initial Registration Statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the "**Registration Statement**"; the Preliminary Prospectus relating to the Shares that was included in the Registration Statement immediately prior to the Applicable Time (as defined in Section 1(a)(iii) hereof) is hereinafter called the "**Pricing Prospectus**"; the final prospectus, in the form first filed pursuant to Rule 424(b) under the Act, is hereinafter called the "**Prospectus**"; any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Shares is hereinafter called an "**Issuer Free Writing Prospectus**"; any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Act is hereinafter called a "**Section 5(d) Communication**"; and any Section 5(d) Communication that is a written communication within the meaning of Rule 405 under the Act is hereinafter called a "**Section 5(d) Writing**");

(ii) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission, and each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through Goldman Sachs & Co. LLC and Allen & Company LLC expressly for use therein (the "**Underwriter Information**") or information furnished in writing to the Company by a Selling Stockholder expressly for use in the preparation of disclosure therein with respect to Items 7 and 11(m) of Form S-1; provided that it is agreed that the only such information furnished by any Selling Stockholder to the Company consists of (A) the legal name, address and the number of shares of Stock and Class B common stock, par value $0.001 per share, of the Company owned by such Selling Stockholder before and after the offering, and (B) the other information with respect to such Selling Stockholder (excluding percentages) which appears in the table (and corresponding footnotes) under the caption "Principal and Selling Stockholders" in the Registration Statement, Preliminary Prospectus or Prospectus (with respect to each Selling Stockholder, the "**Selling Stockholder Information**");

(iii) For the purposes of this Agreement, the "**Applicable Time**" is [:]m (Eastern time) on the date of this Agreement. The Pricing Prospectus, as supplemented by the information listed on Schedule III(c) hereto, taken together (collectively, the "**Pricing Disclosure Package**"), as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus listed on Schedule III(a) hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each such Issuer Free Writing Prospectus, and each Section 5(d) Writing listed on Schedule III(b) hereto, each as supplemented by and taken together with the Pricing Disclosure Package, as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements or omissions made in the Pricing Disclosure Package, an Issuer Free Writing Prospectus or Section 5(d) Writing in reliance upon and in conformity with Underwriter Information or Selling Stockholder Information;

(iv) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and do not and will not, as of the applicable effective date as to each part of the Registration Statement and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with Underwriter Information or Selling Stockholder Information;

(v) The Company and its subsidiaries, taken as a whole, have not sustained since the date of the latest audited financial statements included in the Pricing Prospectus any material loss or material interference with their business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, there has not been any change in the capital stock (other than as a result of (i) the exercise or settlement (including any "net" or "cashless" exercises or settlements) of stock options or restricted stock units, as applicable, or the award of stock options or restricted stock units in the ordinary course of business pursuant to the Company's employee benefit plans, stock option plans or other employee compensation plans disclosed in the Pricing Prospectus, (ii) the repurchase of unvested shares of the Company's capital stock by the Company upon termination of the holder's employment with the Company or (iii) the issuance of stock upon conversion of preferred stock of the Company as described in the Pricing Prospectus) or long-term debt of the Company or any of its subsidiaries or any Material Adverse Effect (as defined below). "**Material Adverse Effect**" means a material adverse change, or any development involving a prospective material adverse change, in or affecting the business, properties, general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, or the ability of the Company to perform its obligations under, or consummate the

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transactions contemplated by, this Agreement, taken as a whole, otherwise than as set forth or contemplated in the Pricing Prospectus;

(vi) The Company and its subsidiaries do not own any real property. The Company and its subsidiaries have good and marketable title to all personal property owned by them (other than with respect to Intellectual Property (as defined below), which is addressed exclusively in subsection (xxiii) below), free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries; and any real property and buildings held under lease by the Company and its subsidiaries are held by them, to their knowledge, under valid, subsisting and enforceable leases (subject to the effects of (A) bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization, moratorium or other similar laws relating to or affecting rights or remedies of creditors generally; (B) the application of general principles of equity (including without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether enforcement is considered in proceedings at law or in equity); and (C) applicable laws and public policy with respect to rights to indemnity and contribution) with such exceptions as are not material and do not materially interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries;

(vii) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and corporate authority to own its properties and conduct its business as described in the Pricing Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except to the extent where the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and each subsidiary of the Company has been duly incorporated or formed and is validly existing as a corporation or other business organization in good standing (or the foreign equivalent) under the laws of its jurisdiction of incorporation or formation, except where the failure to be in good standing (or the foreign equivalent) would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(viii) The Company has an authorized capitalization as described under the caption "Capitalization" set forth in the Pricing Prospectus and all of the issued shares of capital stock of the Company, including the Shares to be sold by the Selling Stockholders hereunder, have been duly authorized and validly issued and are fully paid and non-assessable and conform to the description of the Company's capital stock contained in the Pricing

Disclosure Package and the Prospectus; and all of the issued shares of capital stock of each subsidiary of the Company have been duly authorized and validly issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims;

(ix) The Shares to be issued and sold by the Company to the Underwriters hereunder have been duly authorized and, when issued and delivered against payment therefor as provided herein, will be validly issued and fully paid and non-assessable and will

conform to the description of the Stock contained in the Pricing Disclosure Package and the Prospectus;

(x) The issuance and sale of the Shares to be purchased by the Underwriters and the compliance by the Company with this Agreement and the consummation of the transactions herein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (A) any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (B) the certificate of incorporation or by-laws or similar organizational documents of the Company or any of its subsidiaries, or (C) any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, except in the case of clauses (A) and (C) for such violations that would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issuance and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, except for the registration under the Act of the sale of the Shares, the registration of the Stock under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), the approval by FINRA of the underwriting terms and arrangements, the approval for listing on the Nasdaq Global Select Market (the "**Exchange**") and such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws, the rules and regulations of FINRA or the Exchange in connection with the purchase and distribution of the Shares by the Underwriters;

(xi) Neither the Company nor any of its subsidiaries is (A) in violation of its certificate of incorporation or by-laws or similar organizational documents, as applicable, (B) in violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties or (C) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except in the case of clauses (B) and (C) for such violations or defaults that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(xii) The statements set forth in the Pricing Prospectus and the Prospectus under the caption "Description of Capital Stock", insofar as they purport to constitute a summary of the terms of the Company's capital stock and under the captions "Material U.S. Federal Income Tax Considerations for Non-U.S. Holders" and "Underwriting (Conflicts of Interest)", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate and complete in all material respects;

(xiii) Other than as set forth in the Pricing Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries or, to the Company's knowledge, any officer or director of the Company is a party or of which any property or assets of the Company or any of its subsidiaries or, to the Company's knowledge, any officer or director of the Company is the subject which, if determined adversely to the

Company or any of its subsidiaries, would individually or in the aggregate reasonably be expected to have a Material Adverse Effect; and, to the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(xiv) The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof, will not be an "investment company", as such term is defined in the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (the "**Investment Company Act**");

(xv) At the time of filing the Initial Registration Statement the Company was not, and is not, an "ineligible issuer," as defined in Rule 405 under the Act;

(xvi) Ernst & Young LLP, which has certified certain financial statements of the Company and its subsidiaries, is an independent registered public accounting firm as required by the Act and the rules and regulations of the Commission thereunder;

(xvii) The financial statements of the Company and its subsidiaries included in the Registration Statement, the Pricing Prospectus and the Prospectus, together with the related schedules and notes, present fairly in all material respects the financial position of the Company and its subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its subsidiaries for the periods specified, subject, in the case of unaudited financial statements, to normal year-end audit adjustments; the financial statements of the Company and its subsidiaries included in the Registration Statement have been prepared in conformity with U.S. generally accepted accounting principles ("**GAAP**") applied on a consistent basis throughout the periods involved except as disclosed therein; the supporting schedules included in the Registration Statement, if any, present fairly in all material respects the information required to be stated therein in accordance with GAAP; the selected financial data and the summary financial information included in the Registration Statement, the Pricing Prospectus and the Prospectus present fairly the information shown therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included or incorporated by reference in the Registration Statement, the Pricing Prospectus or the Prospectus under the Act and the rules and regulations of the Commission thereunder; to the extent included in the Registration Statement, the Pricing Prospectus and the Prospectus, the pro forma financial information and the related notes thereto included therein comply in all material respects with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Act, to the extent applicable; all other financial information included in the Registration Statement, the Pricing Prospectus and the Prospectus has been and presents fairly in all material respects the information shown thereby;

(xviii) The Company and its directors and officers, in their capacities as such, have taken all necessary actions to ensure that, upon the effectiveness of the Registration Statement, the Company will be in compliance with all applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith (the "**Sarbanes-Oxley Act**") that the Company is required to comply with as of the effectiveness of the Registration Statement;

(xix) The Company maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that complies with the requirements of the Exchange Act applicable to the Company and has been designed by the Company's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company is not aware of any material weaknesses in its internal control over financial reporting (it being understood that this subsection shall not require the Company to comply with Section 404 of the Sarbanes-Oxley Act as of an earlier date than it would otherwise be required to so comply under applicable law);

(xx) Since the date of the latest audited financial statements included in the Pricing Prospectus, there has been no change in the Company's internal control over financial reporting that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Company's internal control over financial reporting;

(xxi) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply with the requirements of the Exchange Act applicable to the Company; such disclosure controls and procedures have been designed to ensure that material information relating to the Company and its subsidiaries is made known to the Company's principal executive officer and principal financial officer by others within those entities; and such disclosure controls and procedures are effective;

(xxii) This Agreement has been duly authorized, executed and delivered by the Company;

(xxiii) The Company and its subsidiaries own, or have the right to use pursuant to license, sublicense, agreement or permission, or, to their knowledge, can acquire on commercially reasonable terms, the patents, trademarks, service marks, patent applications, trade names, copyrights, trade secrets, domain names, information, know-how, proprietary rights and processes (collectively, "**Intellectual Property**") necessary to conduct the business of the Company and its subsidiaries as described in the Pricing Prospectus and the Prospectus (the "**Company Intellectual Property**"), except as set forth in any of the Registration Statement, Pricing Prospectus and the Prospectus or where the failure to have any of the foregoing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole; except as set forth in any of the Registration Statement, Pricing Prospectus and the Prospectus, neither the Company nor any of its subsidiaries has received any written notice, or otherwise has any knowledge, of any infringement of, or conflict with asserted rights of others with respect to any Intellectual Property that would render any Company Intellectual Property invalid, unenforceable or inadequate to protect the interest of the Company and any of its subsidiaries therein, except as would not reasonably be expected to have a Material Adverse Effect; the Company and its subsidiaries have taken reasonable steps necessary to secure interests in the Company Intellectual Property developed by their employees, consultants, agents and contractors in the course of their service to the Company, and have taken all

reasonable steps necessary to secure assignment of such Intellectual Property from their employees and contractors; except as set forth in any of the Registration Statement, Pricing Prospectus and the Prospectus, to the Company's knowledge, there has not been any material infringement by any third party of any Company Intellectual Property; there are no outstanding options, licenses or agreements of any kind relating to the Company Intellectual Property that are required to be set forth in the Pricing Prospectus and the Prospectus and are not so described; except as set forth in the Pricing Prospectus and the Prospectus, neither the Company nor any of its subsidiaries is a party to or bound by any options, licenses or agreements with respect to the Intellectual Property of any other person or entity that are required to be set forth in the Pricing Prospectus and the Prospectus and are not so described; to the Company's knowledge, no Company Intellectual Property has been obtained or is being used by the Company or its subsidiaries in violation of any contractual obligation binding on the Company or any of its subsidiaries or any of its directors or executive officers or any of its employees or otherwise in violation of the rights of any persons; except as disclosed in any of the Registration Statement, Pricing Prospectus and the Prospectus, neither the Company nor any of its subsidiaries has received any written communications alleging that the Company or any of its subsidiaries has violated, infringed or conflicted with, or, by conducting its business as set forth in the Pricing Prospectus and the Prospectus, would violate, infringe or conflict with any of the Intellectual Property of any other person or entity other than any such violations, infringements or conflicts which, individually or in the aggregate, have not had and are not reasonably likely to result in, a Material Adverse Effect; and the Company and its subsidiaries have taken and will maintain commercially reasonable measures to prevent the unauthorized dissemination or publication of their confidential information and, to the extent contractually required to do so, the confidential information of third parties in their possession;

(xxiv) The Company and its subsidiaries have (A) paid all federal, state, local and foreign taxes required to be paid through the date hereof, except any such taxes being contested in good faith and for which adequate reserves have been established in accordance with GAAP, and (B) filed all tax returns required to be filed through the date hereof, in each case except for those returns for which a request for extension has been filed and except where the failure to pay or file would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and there is no tax deficiency that has been, or would reasonably be expected to be, asserted against the Company or any of its subsidiaries, except where such deficiencies, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect;

(xxv) The Company and its subsidiaries possess all licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in the Pricing Prospectus and the Prospectus (the "**Permits**") , except where the failure to obtain or possess such Permits or make such declarations and filings would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and neither the Company nor any of its subsidiaries has received written notice of any revocation or modification of any such license, certificate, permit or authorization, except where such revocation or modification would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect;

(xxvi) No material labor disturbance by or dispute with employees of the Company or any of its subsidiaries exists or, to the Company's knowledge, is threatened, and the Company has not received written notice of any existing or imminent labor disturbance by, or dispute with, the employees of any of the Company's or any of its subsidiaries' principal suppliers, manufacturers or contractors;

(xxvii) Except, as would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect, (A) each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), for which the Company or any member of its "**Controlled Group**" (defined as any organization which is a member of a controlled group of corporations within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended (the "**Code**")) would have any liability (each, a "**Plan**") has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to, ERISA and the Code; (B) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, excluding transactions effected pursuant to a statutory or administrative exemption, has occurred with respect to any Plan; (C) neither the Company nor any member of its Controlled Group have ever maintained or contributed to or participated in a Plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA or a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA; and (D) to the Company's knowledge, there is no pending audit or investigation by the Internal Revenue Service, the U.S. Department of Labor or any other governmental agency or any foreign regulatory agency with respect to any Plan;

(xxviii) the Company and its subsidiaries (A) are, and at all prior times were, in compliance with any and all applicable federal, state, local and foreign laws (including common law), rules, regulations, requirements, decisions, decrees, orders and other legally enforceable requirements relating to the use, management, disposal or release of hazardous or toxic substances or wastes the environment, natural resources or the protection of human or worker health or safety (collectively, "**Environmental Laws**"), (B) have obtained and are in compliance with all permits, licenses, certificates or other authorizations or approvals required of them under applicable Environmental Laws to conduct their respective businesses as described in the Pricing Prospectus and the Prospectus, (C) have not received written notice of any actual or potential liability (including, without limitation, such liability of a third party that could reasonably be expected to have a Material Adverse Effect on the Company or any of its subsidiaries) under or relating to, or actual or potential violation of, any Environmental Laws; and (D) do not anticipate material capital expenditures relating to any Environmental Laws, except where such noncompliance, failure to obtain, notice, or material capital expenditure, as the case may be as to clauses (A), (B), (C) and/or (D), would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(xxix) Except as would not be reasonably expected to have a Material Adverse Effect, neither the Company nor any of its subsidiaries has violated (A) any federal, state or local law or foreign law relating to discrimination in hiring, promotion or pay of employees or (B) any applicable wage or hour laws;

(xxx) The Company and its subsidiaries have insurance against such losses and in such amounts as are, in the Company's reasonable judgment, prudent and customary for comparable companies in the same or similar businesses; and neither the Company nor any

of its subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business;

(xxxi) None of the Company, any of its subsidiaries, nor, to the Company's knowledge, any director, officer, agent, employee, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) made any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, the Bribery Act 2010 of the United Kingdom, any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions or any other applicable anti-bribery or anti-corruption law; or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment, or offered, agreed, requested or promised to make any such payment or taken an act in furtherance of any bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence, benefit, kickback or other unlawful or improper payment;

(xxxii) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations promulgated thereunder, and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency having jurisdiction over the Company or any of its subsidiaries (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened;

(xxxiii) None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. government, including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**"), or other relevant sanctions authority (collectively, "**Sanctions**"), and the Company will not directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any unlawful activities of or business with any person, or in any country or territory, that, at the time of such funding, is the subject or the target of Sanctions or (ii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions;

(xxxiv) Nothing has come to the attention of the Company that has caused the Company to believe that the statistical and market-related data included in the Pricing Prospectus and the Prospectus is not based on or derived from sources that the Company believes are reliable and accurate in all material respects, and, to the extent required, the Company has obtained the written consent to the use of such data from such sources;

(xxxv) There are no persons with registration rights or other similar rights to have any equity or debt securities registered for sale under the Registration Statement or included in the offering contemplated by this Agreement, except for such rights as may be described in the Pricing Prospectus and the Prospectus. The holders of outstanding shares of the Company's capital stock are not entitled to preemptive or other rights to subscribe for the Shares that have not been complied with or otherwise effectively waived;

(xxxvi) The Company has operated its business in a manner compliant in all material respects with all privacy, data security and data protection laws and regulations, all contractual obligations and all Company policies applicable to the Company's collection, handling, usage, disclosure and storage of all personally identifiable data ("**Personal Data**"), along with all other data, including without limitation, IP addresses, mobile device identifiers and website usage activity data ("**Device and Activity Data**"). The Company has implemented and maintains policies and procedures designed to ensure the integrity, security and confidentiality of all Personal Data and all Device and Activity Data collected, handled used, disclosed and/or stored in connection with the Company's operation of its business. The Company has policies and procedures in place designed to ensure privacy, data security and data protection laws are complied with in all material respects and takes reasonable steps which are reasonably designed to assure compliance in all material respects with such policies and procedures. The Company has not, to its knowledge, experienced any unauthorized access to, or unauthorized disclosure of, Personal Data maintained by the Company that has compromised the privacy and/or security of such Personal Data;

(xxxvii) The Company has not and, to its knowledge, no one acting on its behalf has, (A) taken, directly or indirectly, any action which is designed to or which has constituted or which would reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company or any of its subsidiaries to facilitate the sale or resale of the Shares, (B) sold, bid for, purchased, or paid anyone any compensation for soliciting purchases of, the Shares, or (C) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company other than as contemplated in this Agreement; provided, however, that the Company makes no such representation or warranty with respect to the actions of any Underwriter or affiliate or agent of any Underwriter acting on behalf of such Underwriter;

(xxxviii) Except as described in the Pricing Prospectus and the Prospectus, there are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with this offering;

(xxxix) From the time of initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which a Section 5(d) Communication was made) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a)(19) of the Act (an "**Emerging Growth Company**");

(xl) Except as described in the Pricing Prospectus and the Prospectus, there are no off-balance sheet arrangements (as defined in Regulation S-K Item 303(a)(4)(ii)) that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures or capital resources;

(xli) The Company has the requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby;

(xlii) The Company has not sold or issued any shares of capital stock during the six month period preceding the date of the Prospectus, including any sales pursuant to Regulation D of the Act, other than (i) shares issued pursuant to employee benefit plans, stock option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants, or (ii) as disclosed in the Pricing Prospectus; and

(xliii) The Company has not issued any debt securities that have been or are rated by any "nationally recognized statistical rating organization", as defined in Section 3(a)(62) of the Exchange Act.

(b) Each of the Selling Stockholders, severally and not jointly, represents and warrants to, and agrees with, each of the Underwriters and the Company, with respect to itself only, that:

(i) All consents, approvals, authorizations and orders necessary for the execution and delivery by such Selling Stockholder of this Agreement and the Power of Attorney and the Custody Agreement hereinafter referred to, and for the sale and delivery of the Shares to be sold by such Selling Stockholder hereunder, have been obtained, except for the registration under the Act of the Shares, the approval by FINRA of the underwriting terms and arrangements, such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters, and except for such consents, approvals, authorizations, orders, registrations or qualifications as would not reasonably be expected to impair the consummation of such Selling Stockholder's obligations hereunder and under the Power of Attorney and the Custody Agreement; and such Selling Stockholder has full right, power and authority to enter into this Agreement, the Power of Attorney and the Custody Agreement and, if applicable, subject to the exercise of stock options for which such Selling Stockholder has the right to exercise, to sell, assign, transfer and deliver the Shares to be sold by such Selling Stockholder hereunder;

(ii) The sale of the Shares to be sold by such Selling Stockholder hereunder and the compliance by such Selling Stockholder with this Agreement, the Power of Attorney and the Custody Agreement and the consummation of the transactions herein and therein contemplated will not (A) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which such Selling Stockholder is a party or by which such Selling Stockholder is bound or to which any of the property or assets of such Selling Stockholder is subject, (B) result in any violation of the provisions of the certificate of incorporation or by-laws of such Selling Stockholder if such Selling Stockholder is a corporation, the partnership agreement of such Selling Stockholder if such Selling Stockholder is a partnership, or similar governing documents if such Selling Stockholder is another type of entity, or (C) result in a violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over such Selling Stockholder or any of its subsidiaries or any property or assets of such Selling Stockholder; except, in the case of (A) and (C), for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, reasonably be expected to adversely affect the ability of such

Selling Stockholder to perform its obligations hereunder and under the Power of Attorney and the Custody Agreement;

(iii) Such Selling Stockholder has (except in the case of Shares underlying stock options), and immediately prior to each Time of Delivery (as defined in Section 4 hereof) such Selling Stockholder will have, good and valid title to the Shares to be sold by such Selling Stockholder hereunder at such Time of Delivery, free and clear of all liens, encumbrances, equities or claims, except for any liens, encumbrances, equities or claims under the Custody Agreement; and, upon delivery of such Shares and payment therefor pursuant hereto, good and valid title to such Shares, free and clear of all liens, encumbrances, equities or claims, will pass to the several Underwriters;

(iv) On or prior to the date of the Pricing Prospectus, such Selling Stockholder has executed and delivered to the Underwriters an agreement substantially in the form of Annex IV hereto.

(v) Such Selling Stockholder has not taken and will not take, directly or indirectly, any action that is designed to or that has constituted or might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(vi) The only written information provided by such Selling Stockholder consists of the Selling Stockholder Information; to the extent that any statements or omissions made in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto are made in reliance upon and in conformity with the Selling Stockholder Information, such Registration Statement and Preliminary Prospectus did, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will, when they become effective or are filed with the Commission, as the case may be, not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of the Preliminary Prospectus, the Pricing Prospectus, the Prospectus, or any amendment or supplement thereto in light of the circumstances under which they were made);

(vii) In order to document the Underwriters' compliance with the reporting and withholding provisions of the Tax Equity and Fiscal Responsibility Act of 1982 with respect to the transactions herein contemplated, such Selling Stockholder will deliver to you prior to or at the First Time of Delivery a properly completed and executed U.S. Department of the Treasury Form W-9 (or other applicable form or statement specified by U.S. Department of the Treasury regulations in lieu thereof);

(viii) Certificates in negotiable form representing all of the Shares to be sold by such Selling Stockholder hereunder, and to the extent applicable, the stock option agreements relating to options exercisable for the Shares (including, for the avoidance of doubt, the Shares issued upon exercise) have been placed in custody under a Custody Agreement, in the form heretofore furnished to you (the "**Custody Agreement**"), duly executed and delivered by such Selling Stockholder to Broadridge Investor Communication Solutions, Inc., as custodian (the "**Custodian**"), and such Selling Stockholder has duly executed and delivered a Power of Attorney, in the form heretofore furnished to you (the "**Power of Attorney**"), appointing the persons indicated in Schedule II hereto, and each of them, as such Selling

Stockholder's attorneys-in-fact (the "**Attorneys-in-Fact**") with authority to execute and deliver this Agreement on behalf of such Selling Stockholder, to determine the purchase price to be paid by the Underwriters to the Selling Stockholders as provided in Section 2 hereof, to authorize the delivery of the Shares to be sold by such Selling Stockholder hereunder and otherwise to act on behalf of such Selling Stockholder in connection with the transactions contemplated by this Agreement and the Custody Agreement;

(ix) The Shares represented by the certificates, and to the extent applicable, the stock option agreements relating to options exercisable for the Shares (including, for the avoidance of doubt, the Shares issued upon exercise) held in custody for such Selling Stockholder under the Custody Agreement are subject to the interests of the Underwriters hereunder; the arrangements made by such Selling Stockholder for such custody, and the appointment by such Selling Stockholder of the Attorneys-in-Fact by the Power of Attorney, are to that extent irrevocable, except in the case of the Custody Agreement, as set forth therein; the obligations of the Selling Stockholders hereunder shall not be terminated by operation of law, whether by the death or incapacity of any individual Selling Stockholder or, in the case of an estate or trust, by the death or incapacity of any executor or trustee or the termination of such estate or trust, or in the case of a partnership, limited liability company or corporation, by the dissolution of such partnership, limited liability company or corporation, or by the occurrence of any other event; if any individual Selling Stockholder or any such executor or trustee should die or become incapacitated, or if any such estate or trust should be terminated, or if any such partnership, limited liability company or corporation should be dissolved, or if any other such event should occur, before the delivery of the Shares to be sold by such Selling Stockholder hereunder, certificates representing the Shares, and to the extent applicable, the stock option agreements relating to options exercisable for the Shares (including, for the avoidance of doubt, the Shares issued upon exercise) to be sold by such Selling Stockholder hereunder shall be delivered by or on behalf of the Selling Stockholders in accordance with the terms and conditions of this Agreement and of the Custody Agreements; and actions taken by the Attorneys-in-Fact pursuant to the Powers of Attorney shall be as valid as if such death, incapacity, termination, dissolution or other event had not occurred, regardless of whether or not the Custodian, the Attorneys-in-Fact, or any of them, shall have received notice of such death, incapacity, termination, dissolution or other event;

(x) Such Selling Stockholder is not prompted by any material non-public information concerning the Company or any of its subsidiaries that is not disclosed in the Pricing Disclosure Package to sell its Shares pursuant to this Agreement; and

(xi) Each Selling Stockholder represents and warrants that it is not (1) an employee benefit plan subject to Title I of the ERISA, (2) a plan or account subject to Section 4975 of the Code or (3) an entity deemed to hold "plan assets" of any such plan or account under Section 3(42) of ERISA, 29 C.F.R. 2510.3-101, or otherwise.

2. Subject to the terms and conditions herein set forth, (a) the Company and each of the Selling Stockholders agree, severally and not jointly, to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company and each of the Selling Stockholders, at a purchase price per share of $[ ], the number of Firm Shares (to be adjusted by you so as to eliminate fractional shares) determined by multiplying the aggregate number of Firm Shares to be sold by the Company and each of the Selling Stockholders as set forth opposite their respective names in Schedule II hereto by a fraction, the numerator of which is the aggregate

number of Firm Shares to be purchased by such Underwriter as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the aggregate number of Firm Shares to be purchased by all of the Underwriters from the Company and all of the Selling Stockholders hereunder and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Company and the Selling Stockholders, as and to the extent indicated in Schedule II hereto agree, severally and not jointly, to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company and each of the Selling Stockholders, at the purchase price per share set forth in clause (a) of this Section 2, that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by you so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction, the numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Shares that all of the Underwriters are entitled to purchase hereunder.

The Company and the Selling Stockholders, as and to the extent indicated in Schedule II hereto, hereby grant, severally and not jointly, to the Underwriters the right to purchase at their election up to [ ] Optional Shares, at the purchase price per share set forth in the paragraph above, for the sole purpose of covering sales of shares in excess of the number of Firm Shares, provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares. [Any such election to purchase Optional Shares shall be made [in proportion to the maximum number of Optional Shares to be sold by the Company and all Selling Stockholders as set forth in Schedule II hereto] [initially with respect to the Optional Shares to be sold by the Company and then among the Selling Stockholders in proportion to the maximum number of Optional Shares to be sold by each Selling Stockholder as set forth in Schedule II hereto].] Any such election to purchase Optional Shares may be exercised only by written notice from you to the Company and the Attorneys-in-Fact, given within a period of 30 calendar days after the date of this Agreement and setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by you but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless you and the Company and the Attorneys-in-Fact otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by you of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Prospectus.

4. (a) The Shares to be purchased by each Underwriter hereunder, in definitive form, and in such authorized denominations and registered in such names as Goldman Sachs & Co. LLC may request upon at least forty-eight hours' prior notice to the Company and the Selling Stockholders shall be delivered by or on behalf of the Company and the Selling Stockholders to Goldman Sachs & Co. LLC, through the facilities of the Depository Trust Company ("**DTC**"), for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the accounts specified by the Company and the Custodian to Goldman Sachs & Co. LLC at least forty-eight hours in advance. The Company and the Selling Stockholders will cause the certificates, if any, representing the Shares to be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery (as defined below) with respect thereto at the office of DTC or its designated custodian (the "**Designated Office**"). The

time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York time, on [ ], 2017 or such other time and date as Goldman Sachs & Co. LLC, the Company and the Attorneys-in-Fact may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York time, on the date specified by Goldman Sachs & Co. LLC in each written notice given by Goldman Sachs & Co. LLC of the Underwriters' election to purchase such Optional Shares, or such other time and date as Goldman Sachs & Co. LLC, the Company and the Attorneys-in-Fact may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the "**First Time of Delivery**", each such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the "**Second Time of Delivery**", and each such time and date for delivery is herein called a "**Time of Delivery**".

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross receipt for the Shares and any additional documents requested by the Underwriters pursuant to Section 8(p) hereof will be delivered at the offices of Wilmer Cutler Pickering Hale and Dorr LLP, 60 State Street, Boston, Massachusetts 02109 (the "**Closing Location**"), and the Shares will be delivered at the Designated Office, all at such Time of Delivery. A meeting will be held at the Closing Location at [ ] p.m., New York time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Agreement, "**New York Business Day**" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York are generally authorized or obligated by law or executive order to close.

5. The Company agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by you and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Act; to make no further amendment or any supplement to the Registration Statement or the Prospectus prior to the last Time of Delivery of which you disapprove promptly after reasonable notice thereof; to advise you, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish you with copies thereof; to file promptly all materials required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to advise you, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Shares, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus relating to the Shares or suspending any such qualification, to promptly use its best efforts to obtain the withdrawal of such order;

(b) To promptly from time to time to take such action as you may reasonably request to qualify the Shares for offering and sale under the securities laws of such jurisdictions as you may reasonably request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of

the Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction or subject itself to taxation in any jurisdiction in which it is not otherwise subject to taxation on the date hereof;

(c) Prior to 10:00 a.m., New York time, on the New York Business Day next succeeding the date of this Agreement, or such other time and date as Goldman Sachs & Co. LLC and the Company may agree upon, and from time to time, to furnish the Underwriters with written and electronic copies of the Prospectus in New York City in such quantities as you may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus in order to comply with the Act, to notify you and upon your request to prepare and furnish without charge to each Underwriter and to any dealer (whose names and addresses the Underwriters shall furnish to the Company) in securities as many written and electronic copies as you may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Shares at any time nine months or more after the time of issue of the Prospectus, upon your request but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as you may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(d) To make generally available to its stockholders as soon as practicable (which may be satisfied by filing with the Commission's Electronic Data Gathering, Analysis and Retrieval System ("**EDGAR**"), but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(e) (i) During the period beginning from the date hereof and continuing to and including the date that is one hundred eighty (180) days after the date of the Prospectus (the "**Company Lock-Up Period**"), not to (A) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise transfer or dispose of, directly or indirectly, or file with or confidentially submit to the Commission a registration statement under the Act relating to, any securities of the Company that are substantially similar to the Shares, including but not limited to any options or warrants to purchase shares of the Company's capital stock or any securities that are convertible into or exchangeable for, or that represent the right to receive, shares of the Company's capital stock or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing or (B) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Company's capital stock or any such other securities, whether any such transaction described in clause (A) or (B) above is to be settled by delivery of shares of the Company's capital stock or such other securities, in cash or otherwise, without the prior written consent of Goldman Sachs & Co. LLC; provided, however, that the foregoing restrictions shall not apply to (I) Shares to be sold hereunder (II) the issuance by the Company of

shares of the Company's capital stock upon the exercise of an option, the settlement of restricted stock units or the conversion or exchange of convertible or exchangeable securities outstanding as of the date of this Agreement and described in the Pricing Prospectus, (III) the issuance by the Company of shares of the Company's capital stock or securities convertible into, exchangeable for or that represent the right to receive shares of the Company's capital stock, in each case pursuant to the Company's equity compensation plans outstanding as of the date of this Agreement and described in the Pricing Prospectus; (IV) the issuance by the Company of (or the entry into an agreement by the Company with respect to the issuance of) shares of the Company's capital stock or securities convertible into, exchangeable for or that represent the right to receive shares of the Company's capital stock in connection with (1) the acquisition by the Company or any of its subsidiaries of the securities, business, technology, property or other assets of another person or entity or pursuant to an employee benefit plan assumed by the Company in connection with such acquisition or (2) any joint venture, collaboration, commercial relationship or other strategic transaction of the Company or any of its subsidiaries, and the issuance of any such securities pursuant to any agreement to effect any of the foregoing matters specified in clauses (1) or (2), or (V) the filing of any registration statement on Form S-8 relating to (1) securities granted or to be granted pursuant to the Company's equity plans that are described in the Pricing Prospectus or (2) any assumed employee benefit plan contemplated by clause (IV); provided that the aggregate number of shares of capital stock of the Company that the Company may sell or issue or agree to sell or issue pursuant to clauses (IV) and (V)(2) shall not exceed ten percent (10%) of the total number of shares of capital stock of the Company issued and outstanding immediately following the completion of transactions contemplated by this Agreement; provided, further, that in the case of clauses (II) through (IV), each recipient of such securities shall execute and deliver to the Representatives, on or prior to the issuance of such securities, a lock-up agreement substantially to the effect set forth in Annex IV hereto;

(ii) If Goldman Sachs & Co. LLC, in its sole discretion, agrees to release or waive the restrictions in lock-up agreements pursuant to Section 1(b)(iv) or Section 8(k) hereof, in each case for an officer or director of the Company, and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Annex III hereto through a major news service at least two business days before the effective date of the release or waiver;

(f) During a period of three years from the effective date of the Registration Statement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, to furnish to its stockholders as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Company and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to its stockholders consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail, provided that no reports, documents or other information need to be furnished pursuant to this Section 5(f) to the extent they are available on EDGAR;

(g) During a period of three years from the effective date of the Registration Statement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, to furnish to you copies of all reports or other communications (financial or other) furnished to stockholders, and to deliver to you (i) as soon as they are available, copies of any reports

and financial statements furnished to or filed with the Commission or any national securities exchange on which any class of securities of the Company is listed; and (ii) such additional information concerning the business and financial condition of the Company as you may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission); provided that no reports, statements, communications, or other information need to be furnished pursuant to this Section 5(g) to the extent they are available on EDGAR or the investor section of the Company's website, and provided further that no additional information shall be required if the disclosure of such additional information would result in a violation of Regulation FD;

(h) To use the net proceeds received by it from the sale of the Shares pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";

(i) To use its best efforts to list for trading**,** subject to official notice of issuance, the Shares on the Exchange;

(j) To file with the Commission such information on Form 10-Q or Form 10-K as may be required by Rule 463 under the Act;

(k) If the Company elects to rely upon Rule 462(b), to file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 p.m., Washington, D.C. time, on the date of this Agreement, and at the time of filing either pay to the Commission the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 3a(c) of the Commission's Informal and Other Procedures (17 CFR 202.3a);

(l) Upon reasonable request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Company's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Shares (the "**License**"); provided, however, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred; and

(m) To promptly notify Goldman Sachs & Co. LLC and Allen & Company LLC if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Shares within the meaning of the Act and (ii) completion of the Company Lock-Up Period.

6. (a) The Company represents and agrees that, without the prior consent of Goldman Sachs & Co. LLC, it has not made and will not make any offer relating to the Shares that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; each Selling Stockholder represents and agrees that, without the prior consent of the Company and Goldman Sachs & Co. LLC, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus; and each Underwriter represents and agrees that, without the prior consent of the Company and Goldman Sachs & Co. LLC, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus required to be filed with the Commission; any such free writing prospectus the use of which has been consented to by the Company and Goldman Sachs & Co. LLC is listed on Schedule III(a) hereto;

(b) The Company represents and agrees that (i) it has not engaged in, or authorized any other person to engage in, any Section 5(d) Communications, other than Section 5(d) Communications with the prior consent of the Representatives with entities that are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a) under the Act; and (ii) it has not distributed, or authorized any other person to distribute, any Section 5(d) Writings, other than those distributed with the prior consent of the Representatives that are listed on Schedule III(b) hereto; and the Company reconfirms that the Underwriters have been authorized to act on its behalf in engaging in Section 5(d) Communications;

(c) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show;

(d) Each Underwriter represents and agrees that any Section 5(d) Communications undertaken by it were with entities that are qualified institutional buyers as defined in Rule 144A under the Act or institutions that are accredited investors as defined in Rule 501(a) under the Act; and

(e) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus or Section 5(d) Writing, any event occurred or occurs as a result of which such Issuer Free Writing Prospectus or Section 5(d) Writing prepared or authorized by it would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to Goldman Sachs & Co. LLC and, if requested by Goldman Sachs & Co. LLC, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus, or Section 5(d) Writing or other document which will correct such conflict, statement or omission; provided, however, that this covenant shall not apply to any statements or omissions in an Issuer Free Writing Prospectus or Section 5(d) Writing prepared or authorized by the Company made in reliance upon and in conformity with Underwriter Information or Selling Stockholder Information.

7. The Company covenants and agrees with the Selling Stockholders and with the several Underwriters that (a) the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants, and the reasonable and documented fees and disbursements of one special counsel for the Selling Stockholders (not to exceed $50,000), in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, any Preliminary Prospectus, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, the Blue Sky Memorandum, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(b) hereof, including the reasonable and documented fees and disbursements of counsel for the Underwriters (not to exceed $5,000) in connection with such qualification and in connection with the Blue Sky survey; (iv) all fees and expenses in connection with listing the Shares on the Exchange; and (v) the filing fees incident to, and the fees and disbursements of counsel for the Underwriters (including the fees and expenses of the QIU) in connection with, any

required review by FINRA of the terms of the sale of the Shares (such fees and disbursements of counsel not to exceed $30,000, in the aggregate); and (b) the Company will pay or cause to be paid: (i) the cost of preparing stock certificates, if applicable; (ii) the cost and charges of any transfer agent or registrar, (iii) the fees and expenses of the Attorneys-in-Fact and the Custodian and (iv) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section; provided that, in connection with the "road show" undertaken in connection with the marketing of the Shares, (A) the Company and the Underwriters will each bear 50% of the costs associated with any chartered aircraft used, and (B) the Company and the Underwriters will each pay their own costs associated with hotel accommodations. Each Selling Stockholder will pay or cause to be paid all costs and expenses incident to the performance of such Selling Stockholder's obligations hereunder which are not otherwise specifically provided for in this Section, including (i) any fees and expenses of counsel for such Selling Stockholder, except as contemplated above, (ii) all expenses and taxes incident to the sale and delivery of the Shares to be sold by such Selling Stockholder to the Underwriters hereunder and (iii) the underwriting discount and commission associated with the Shares to be sold by such Selling Stockholder hereunder shall be deducted from such Selling Stockholder's proceeds from the sale of such Shares. In connection with clause (c)(ii) of the preceding sentence, Goldman Sachs & Co. LLC agrees to pay New York State stock transfer tax, and the Selling Stockholder agrees to reimburse Goldman Sachs & Co. LLC for associated carrying costs if such tax payment is not rebated on the day of payment and for any portion of such tax payment not rebated. It is understood, however, that, except as provided in this Section, and Sections 9, 11 and 13 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, stock transfer taxes on resale of any of the Shares by them, and any advertising expenses connected with any offers they may make.

8. The obligations of the Underwriters hereunder, as to the Shares to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company and the Selling Stockholders herein are, at and as of such Time of Delivery, true and correct, the condition that the Company and the Selling Stockholders shall have performed all of its and their obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; all material required to be filed by the Company pursuant to Rule 433(d) under the Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433; if the Company has elected to rely upon Rule 462(b) under the Act, the Rule 462(b) Registration Statement shall have become effective by 10:00 p.m., Washington, D.C. time, on the date of this Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission no stop order suspending or preventing the use of the Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction;

(b) Wilmer Cutler Pickering Hale and Dorr LLP, counsel for the Underwriters, shall have furnished to you such written opinion or opinions (a form of such opinion is attached as Annex II(a) hereto), dated such Time of Delivery, in form and substance satisfactory to you, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Morgan, Lewis & Bockius LLP, counsel for the Company, shall have furnished to you their written opinion dated such Time of Delivery in the form attached as Annex II(b)(i) hereto;

(d) Richards, Layton & Finger, P.A., counsel for the Company, shall have furnished to you their written opinion, dated such Time of Delivery, in the form attached as Annex II(b)(ii) hereto;

(e) Cooley LLP, counsel for the Selling Stockholders, shall have furnished to you their written opinion, dated such Time of Delivery, in the form attached as Annex II(c) hereto;

(f) On the date of the Prospectus and on the date of this Agreement, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery, Ernst & Young LLP shall have furnished to you a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you, to the effect set forth in Annex I hereto (the executed copy of the letter delivered prior to the execution of this Agreement is attached as Annex I(a) hereto and a form of the letter to be delivered on the effective date of any post-effective amendment to the Registration Statement and as of each Time of Delivery is attached as Annex I(b) hereto);

(g) (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included in the Pricing Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and (ii) since the respective dates as of which information is given in the Pricing Prospectus there shall not have been any change in the capital stock (other than (A) the issuance or grant of securities pursuant to the Company's equity compensation plans or pursuant to outstanding options, restricted stock units, or rights outstanding as of the date of this Agreement and described in the Pricing Prospectus, (B) the repurchase of shares of capital stock pursuant to agreements providing for an option to repurchase or a right of first refusal on behalf of the Company, or (C) the issuance of shares of common stock upon conversion of preferred stock of the Company, in each case as such (1) equity compensation plans, (2) outstanding options, warrants or rights, (3) agreements, and (4) preferred stock are described in the Pricing Prospectus) or long-term debt of the Company or any of its subsidiaries or any change, or any development involving a prospective change, in or affecting the general affairs, business, properties, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Pricing Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in your judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(h) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the Exchange; (ii) a suspension or material limitation in trading in the Company's securities on the Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal, New York State or Massachusetts Commonwealth authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in

clause (iv) or (v) in your judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Pricing Prospectus and the Prospectus;

(i) The Shares to be sold at such Time of Delivery shall have been duly listed for trading, subject to official notice of issuance, on the Exchange;

(j) FINRA shall have confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements relating to the offering of the Shares;

(k) The Company shall have obtained and delivered to the Underwriters executed copies of an agreement from each stockholder of the Company listed on Schedule IV hereto, substantially to the effect set forth in Annex IV hereto in form and substance satisfactory to you;

(l) The Company shall have complied with the provisions of Section 5(c) hereof with respect to the furnishing of prospectuses on the New York Business Day next succeeding the date of this Agreement;

(m) The Company and the Selling Stockholders shall have furnished or caused to be furnished to you at such Time of Delivery certificates of officers of the Company and of the Selling Stockholders, respectively, satisfactory to you as to the accuracy of the representations and warranties of the Company and the Selling Stockholders, respectively, herein at and as of such Time of Delivery, as to the performance by the Company and the Selling Stockholders of all of their respective obligations hereunder to be performed at or prior to such Time of Delivery, as to such other matters as you may reasonably request, and the Company shall have furnished or caused to be furnished certificates as to the matters set forth in subsections (a) and (g) of this Section 8;

(n) At each Time of Delivery, the Chief Financial Officer of the Company, in his capacity as such, shall have furnished to the Representatives a certificate in a form agreed by the Representatives and the Company and dated the respective date of delivery thereof, certifying that certain factual statements in the Registration Statement, the Pricing Prospectus, the Prospectus and any amendment or supplement thereto, are true and correct on and at such Time of Delivery with the same effect as if made on such Time of Delivery;

(o) At each Time of Delivery, the Representatives shall have received a certificate of the Secretary of the Company, as to such matters as the Representatives may reasonably request; and

(p) At each Time of Delivery, the Company and the Selling Stockholders shall have furnished to the Representatives such additional information, certificates, opinions or documents as the Representatives may reasonably request.

9. (a) The Company will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any "road show" as defined in Rule 433(h) under the Act, any "issuer information" filed or required to be

filed pursuant to Rule 433(d) under the Act, or any Section 5(d) Writing prepared or authorized by the Company, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any documented legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus, the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, or any Section 5(d) Writing, in reliance upon and in conformity with Underwriter Information.

(b) Each of the Selling Stockholders, severally and not jointly, will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, or any Section 5(d) Writing, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any Section 5(d) Writing in reliance upon and in conformity with such Selling Stockholder's Selling Stockholder Information; and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that such Selling Stockholder shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, or any Section 5(d) Writing, in reliance upon and in conformity with Underwriter Information. Each Selling Stockholder's liability under this subsection (b) shall not exceed the proceeds (net of any underwriting discounts and commissions but before deducting expenses) received by such Selling Stockholder from the sale of the Shares sold by such Selling Stockholder hereunder (the "**Selling Stockholder Proceeds**") less any amounts that such Selling Stockholder is obligated to pay under subsection (f) below.

(c) The Company will indemnify and hold harmless each Selling Stockholder against any losses, claims, damages or liabilities, joint or several, to which such Selling Stockholder may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any "road show" as defined in Rule 433(h) under the Act, any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act, or any Section 5(d) Writing prepared or authorized by the Company, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein

not misleading, and will reimburse each Selling Stockholder for any documented legal or other expenses reasonably incurred by such Selling Stockholder in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus, the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, or any Section 5(d) Writing, in reliance upon and in conformity with the Selling Stockholder Information.

(d) Each of the Selling Stockholders, severally and not jointly, will indemnify and hold harmless the Company against any losses, claims, damages or liabilities, joint or several, to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, or any Section 5(d) Writing, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any Section 5(d) Writing in reliance upon and in conformity with such Selling Stockholder's Selling Stockholder Information; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that such Selling Stockholder shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, or any Section 5(d) Writing, in reliance upon and in conformity with Underwriter Information. Each Selling Stockholder's liability under this subsection (c) shall not exceed the Selling Stockholder Proceeds less any amounts that such Selling Stockholder is obligated to pay under subsection (f) below.

(e) Each Underwriter will indemnify and hold harmless the Company and each Selling Stockholder against any losses, claims, damages or liabilities to which the Company or such Selling Stockholder may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any Section 5(d) Writing, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or any Section 5(d) Writing, in reliance upon and in conformity with Underwriter Information; and will reimburse the Company and each Selling Stockholder for any legal or other

expenses reasonably incurred by the Company or such Selling Stockholder in connection with investigating or defending any such action or claim as such expenses are incurred.

(f) Promptly after receipt by an indemnified party under subsection (a), (b), (c), (d) or (e) of this Section 9 of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(g) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a), (b), (c), (d) or (e) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Stockholders on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (f) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and the Selling Stockholders on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Stockholders on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company and the Selling Stockholders bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Selling Stockholders on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such

statement or omission. The Company, each of the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (g) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (g). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (g) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (g), (i) no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission and (ii) no Selling Stockholder shall be required to contribute any amount in excess of such Selling Stockholder's Selling Stockholder Proceeds less any amounts that such Selling Stockholder is obligated to pay under subsection (b) above. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (g) to contribute are several in proportion to their respective underwriting obligations and not joint.

(h) The obligations of the Company and the Selling Stockholders under this Section 9 shall be in addition to any liability which the Company and the Selling Stockholders may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer affiliate of any Underwriter; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company) and the Selling Stockholders and to each person, if any, who controls the Company or any Selling Stockholder within the meaning of the Act.

10. (a) If any Underwriter shall default in its obligation to purchase the Shares that it has agreed to purchase hereunder at a Time of Delivery, you may in your discretion arrange for you or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such Shares, then the Company and the Selling Stockholders shall be entitled to a further period of thirty-six hours within which to procure another party or other parties reasonably satisfactory to you to purchase such Shares on such terms. In the event that, within the respective prescribed periods, you notify the Company and the Selling Stockholders that you have so arranged for the purchase of such Shares, or the Company or a Selling Stockholder notifies you that it has so arranged for the purchase of such Shares, you or the Company or the Selling Stockholders shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in your opinion may thereby be made necessary. The term "**Underwriter**" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you, the Company and the Selling Stockholders as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, then the Company and the Selling Stockholders shall have the right to

require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you, the Company and the Selling Stockholders as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all of the Shares to be purchased at such Time of Delivery, or if the Company and the Selling Stockholders shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to a Second Time of Delivery, the obligations of the Underwriters to purchase and of the Company and the Selling Stockholders to sell the Optional Shares) shall thereupon terminate, without liability on the part of any non-defaulting Underwriter, the Company or the Selling Stockholders, except for the expenses to be borne by the Company, the Selling Stockholders and the Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. (a) The Company, in addition to and without limitation of the Company's obligation to indemnify Goldman Sachs & Co. LLC as an Underwriter, will indemnify and hold harmless the QIU against any losses, claims, damages or liabilities, joint or several, as incurred, as a result of the QIU's participation as a "qualified independent underwriter" within the meaning of Rule 5121 in connection with the offering contemplated by this Agreement to which the QIU may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, any "road show" as defined in Rule 433(h) under the Act, any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act, or any Section 5(d) Writing prepared or authorized by the Company, (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or (iii) any act or omission to act or any alleged act or omission to act by the QIU in connection with any transaction contemplated by this Agreement or undertaken in preparing for the purchase, sale and delivery of the Shares, except as to this clause (iii) to the extent that any such loss, claim, damage or liability results from the gross negligence or bad faith of the QIU in performing the services as "qualified independent underwriter", and will reimburse the QIU for any legal or other expenses reasonably incurred by the QIU in connection with investigating or defending any such action or claim as such expenses are incurred.

(b) Each of the Selling Stockholders, in addition to and without limitation of the Selling Stockholders' obligation to indemnify Goldman Sachs & Co. LLC as an Underwriter, severally and not jointly, will indemnify and hold harmless the QIU against any losses, claims, damages or liabilities,

joint or several, to which the QIU may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, or any Section 5(d) Writing, (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or (iii) any act or omission to act or any alleged act or omission to act by the QIU in connection with any transaction contemplated by this Agreement or undertaken in preparing for the purchase, sale and delivery of the Shares, except as to this clause (iii) to the extent that any such loss, claim, damage or liability results from the gross negligence or bad faith of the QIU in performing the services as "qualified independent underwriter", in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto or any Issuer Free Writing Prospectus in reliance upon and in conformity with such Selling Stockholder's Selling Stockholder Information; and will reimburse the QIU for any legal or other expenses reasonably incurred by the QIU in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) of this Section 11 of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 11 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Stockholders on the one hand and the QIU on the other from the offering of the Shares. If, however, the allocation provided by the

immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and the Selling Stockholders on the one hand and the QIU on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Stockholders on the one hand and the QIU on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company and the Selling Stockholders as set forth in the table on the cover page of the Prospectus, bear to the fee payable to the QIU for acting in such capacity, if any. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Selling Stockholders on the one hand or the QIU on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, each of the Selling Stockholders and the QIU agree that Goldman Sachs & Co. LLC will not receive any additional benefits hereunder for serving as the QIU in connection with the offering and sale of the Shares. The Company, each of the Selling Stockholders, and the QIU agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by any method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by the QIU as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by the QIU in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Selling Stockholder shall be required to contribute any amount in excess of such Selling Stockholder's Selling Stockholder Proceeds less any amounts that such Selling Stockholder is obligated to pay under subsection (b) above. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) The obligations of the Company and the Selling Stockholders under this Section 11 shall be in addition to any liability which the Company and the Selling Stockholders may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls the QIU within the meaning of the Act and its officers, directors, employees and broker-dealer affiliates.

12. The respective indemnities, agreements, representations, warranties and other statements of the Company, the Selling Stockholders and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any of the Selling Stockholders, or any officer or director or controlling person of the Company, or any controlling person of any Selling Stockholder, and shall survive delivery of and payment for the Shares.

13. If this Agreement shall be terminated pursuant to Section 10 hereof, neither the Company nor the Selling Stockholders shall then be under any liability to any Underwriter except as provided in Sections 7, 9 and 11 hereof; but, if for any other reason any Shares are not delivered by or on behalf of the Company and the Selling Stockholders as provided herein, the Company and each of the Selling Stockholders pro rata (based on the number of Shares to be sold by the Company and

such Selling Stockholder hereunder) will reimburse the Underwriters through you for all out-of-pocket expenses approved in writing by you, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company and the Selling Stockholders shall then be under no further liability to any Underwriter except as provided in Sections 7, 9 and 11 hereof.

14. In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by you jointly or by Goldman Sachs & Co. LLC on behalf of you as the representatives; and in all dealings with any Selling Stockholder hereunder, you and the Company shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of such Selling Stockholder made or given by any or all of the Attorneys-in-Fact for such Selling Stockholder.

In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company and the Selling Stockholders, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention: Registration Department; if to any Selling Stockholder shall be delivered or sent by mail, telex or facsimile transmission to the Attorneys-in-Fact for the Selling Stockholders at the address set forth in the Custody Agreement; if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth on the cover of the Registration Statement, Attention: Chief Financial Officer; and if to any stockholder that has delivered a lock-up letter described in Section 8(k) hereof shall be delivered or sent by mail to his or her respective address provided in Schedule IV hereto or such other address as such stockholder provides in writing to the Company; provided, however, that any notice to an Underwriter pursuant to Section 9(d) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire or telex constituting such Questionnaire, which address will be supplied to the Company or the Selling Stockholders by you on request; provided further that notices under subsection 5(e) shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to you as one of the Representatives at Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention: Registration Department; provided further that notices under Section 11 shall be in writing, and if to the QIU shall be delivered or sent by mail, telex or facsimile transmission to the QIU at Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention: Control Room. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

15. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and the Selling Stockholders and, to the extent provided in Sections 9, 11 and 12 hereof, the officers and directors of the Company and each person who controls the Company, any Selling Stockholder or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

16. Time shall be of the essence of this Agreement. As used herein, the term "**business day**" shall mean any day when the Commission's office in Washington, D.C. is open for business.

17. The Company and each of the Selling Stockholders, severally and not jointly, acknowledge and agree that (i) the purchase and sale of the Shares pursuant to this Agreement is an arm's-length commercial transaction between the Company and the Selling Stockholders, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of the Company or any Selling Stockholder, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company or any Selling Stockholder with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company or any Selling Stockholder on other matters) or any other obligation to the Company or any Selling Stockholder except the obligations expressly set forth in this Agreement and (iv) the Company and each Selling Stockholder has consulted its own legal and financial advisors to the extent it deemed appropriate. The Company and each Selling Stockholder agrees that it will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company or any Selling Stockholder, in connection with such transaction or the process leading thereto.

18. This Agreement supersedes all prior agreements and understandings (whether written or oral) between or among the Company, the Selling Stockholders and the Underwriters, or any of them, with respect to the subject matter hereof.

19. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws that would result in the application of the laws of any other jurisdiction.

20. The Company, each Selling Stockholder and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

21. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

22. Notwithstanding anything herein to the contrary, the Company and the Selling Stockholders are authorized to disclose to any persons the U.S. federal and state income tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company and the Selling Stockholders relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, "**tax structure**" is limited to any facts that may be relevant to that treatment.

If the foregoing is in accordance with your understanding, please sign and return to us [ ] counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters,

this letter and such acceptance hereof shall constitute a binding agreement among each of the Underwriters, the Company and each of the Selling Stockholders. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company and the Selling Stockholders for examination, upon request, but without warranty on your part as to the authority of the signers thereof.

[Remainder of Page Intentionally Left Blank.]

Any person executing and delivering this Agreement as Attorney-in-Fact for a Selling Stockholder represents by so doing that he has been duly appointed as Attorney-in-Fact by such Selling Stockholder pursuant to a validly existing and binding Power of Attorney that authorizes such Attorney-in-Fact to take such action.

Very truly yours,

CarGurus, Inc.

By: _____
Name:
Title:

[Names of Selling Stockholders]

By: _____
Name:
Title:
As Attorney-in-Fact acting on behalf of each of the Selling Stockholders named in Schedule II to this Agreement.

Accepted as of the date hereof
in New York, New York:

Goldman Sachs & Co. LLC

By: _____
Name:
Title:

Allen & Company LLC

By: _____
Name:
Title:

On behalf of each of the Underwriters

SCHEDULE I

Underwriter	Total Number of Firm Shares to be Purchased	Number of Optional Shares to be Purchased if Maximum Option Exercised
Goldman Sachs & Co. LLC		
Allen & Company LLC		
RBC Capital Markets, LLC		
JMP Securities LLC		
Raymond James & Associates, Inc.		
William Blair & Company, L.L.C.		
Total		

SCHEDULE II

	Total Number of	Number of Optional Shares to be Sold if

	Firm Shares to be Sold	Maximum Option Exercised
The Company		
The Selling Stockholder(s):		
[Name of Selling Stockholder]		
[Name of Selling Stockholder]		
[Name of Selling Stockholder]		
[Name of Selling Stockholder]		
[Name of Selling Stockholder]		
Total		

SCHEDULE III

(a) Issuer Free Writing Prospectuses not included in the Pricing Disclosure Package

[Electronic roadshow dated XXXX]

(b) Additional documents incorporated by reference (including any Section 5(d) Writings)

[None]

(c) Information that, together with the Pricing Prospectus, comprises the Pricing Disclosure Package

The initial public offering price per share for the Shares is $[ ].
The number of Shares purchased by the Underwriters is [ ].
[Add any other pricing disclosure.]

SCHEDULE IV

Name of Stockholder	Address

ANNEX I

FORM OF COMFORT LETTER

ANNEX I(a)

**COPY OF COMFORT LETTER DELIVERED
PRIOR TO EXECUTION OF THIS AGREEMENT**

ANNEX I(b)

**FORM OF COMFORT LETTER TO BE DELIVERED
AT EACH TIME OF DELIVERY**

ANNEX II(a)

**FORM OF OPINION OF
COUNSEL FOR THE UNDERWRITERS**

ANNEX II(b)(i)

**FORM OF OPINION OF
COUNSEL FOR THE COMPANY**

ANNEX II(b)(ii)

**FORM OF OPINION OF
COUNSEL FOR THE COMPANY**

ANNEX II(c)

**FORM OF OPINION OF
COUNSEL FOR THE SELLING STOCKHOLDERS**

ANNEX III

[FORM OF PRESS RELEASE]

CarGurus, Inc.
[Date]

CarGurus, Inc. (the "Company") announced today that Goldman Sachs & Co. LLC, the lead book-running manager in the recent public sale of shares of the Company's Class A common stock, is [waiving] [releasing] a lock-up restriction with respect to shares of the Company's Class A common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on , 2017, and the shares may be sold on or after such date.

ANNEX IV

CarGurus, Inc.

Lock-Up Agreement

, 2017

Goldman Sachs & Co. LLC
Allen & Company LLC
c/o Goldman Sachs & Co. LLC
200 West Street
New York, NY 10282-2198

Re: CarGurus, Inc. - Lock-Up Agreement

Ladies and Gentlemen:

The undersigned understands that you, as representatives (the "***Representatives***"), propose to enter into an underwriting agreement (the "***Underwriting Agreement***") on behalf of the several Underwriters named in Schedule I to such agreement (collectively, the "***Underwriters***"), with CarGurus, Inc., a Delaware corporation (the "***Company***"), providing for a public offering (the "***Offering***") of shares (the "***Shares***") of the Company's Class A common stock, par value $0.001 per share (the "***Class A Common Stock***"), pursuant to a Registration Statement on Form S-1 (the "***Registration Statement***") to be filed with the Securities and Exchange Commission (the "***SEC***").

In consideration of the agreement by the Underwriters to offer and sell the Shares, and of other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that, during the period (the "***Lock-Up Period***") beginning from the date of this Lock-Up Agreement and continuing to and including the date 180 days after the date set forth on the final prospectus used to sell the Shares, the undersigned will not offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of Class A Common Stock or Class B common stock, $0.001 par value per share of the Company (the "***Class B Common Stock***" and, together with the Class A Common Stock, the "***Common Stock***"), or any options or warrants to purchase any shares of Common Stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of Common Stock, whether now owned or hereafter acquired, owned directly by the undersigned (including, without limitation, holding as a custodian) or with respect to which the undersigned has beneficial ownership within the rules and regulations of the SEC (collectively the "***Undersigned's Shares***"). The foregoing restriction is expressly agreed to preclude the undersigned from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a transfer of the Undersigned's Shares even if such Shares would be transferred by someone other than the undersigned. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Undersigned's Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares. If the undersigned is an officer or director of the

Company, the undersigned further agrees that the foregoing provisions shall be equally applicable to any Company-directed Shares the undersigned may purchase in the Offering.

If the undersigned is an officer or director of the Company, (i) Goldman Sachs & Co. LLC agrees that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock, Goldman Sachs & Co. LLC will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by Goldman Sachs & Co. LLC hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this Lock-Up Agreement to the extent and for the duration that such terms remain in effect at the time of the transfer.

Notwithstanding the foregoing, the undersigned may transfer the Undersigned's Shares (i) as a bona fide gift or gifts; (ii) by will or intestacy; (iii) to any trust, partnership, limited liability company or other entity for the direct or indirect benefit of the undersigned or the immediate family of the undersigned; (iv) to any immediate family member or other dependent; (v) to limited partners, members or stockholders of the undersigned as a distribution; (vi) to the undersigned's affiliates or to any investment fund or other entity controlled or managed by the undersigned; (vii) to a nominee or custodian of a person or entity to whom a transfer would be permissible under clauses (i) through (vi) above; (viii) pursuant to a court order, judicially approved settlement, or other domestic judicial order; (ix) from an employee to the Company or its parent entities pursuant to a contractual arrangement in effect on the date of this Lock-Up Agreement which (A) provides for the repurchase of the Undersigned's Shares by the Company or its parent entities upon the undersigned's death or disability or the termination of the undersigned's employment and (B) such contractual arrangement is disclosed in the prospectus used to sell the Shares; [(x) if the undersigned is an entity advised by an investment adviser (an "***Institutional Client***"), pursuant to a merger or reorganization with or into another Institutional Client that shares the same investment adviser; (xi)] (x) to the extent such shares of Common Stock were acquired by the Undersigned [in the Offering or] in open market transactions after the completion of the Offering; or (xi) with the prior written consent of Goldman Sachs & Co. LLC on behalf of the Underwriters; *provided* that, in the case of each transfer pursuant to clauses (i) through (vii) and clauses (ix) and (x) above, (a) each transferee agrees to be bound in writing by the restrictions set forth herein, (b) any such transfer shall not involve a transfer for value, [except in the case of transfers to trusts pursuant to (iii) above in this paragraph and] [*provided further* that, in the case of each transfer pursuant to clauses (i) through (vii) and clauses (ix) through (xi) above,] (c) no public announcement, filing, or report [of such transfer] (including without limitation filings under Section 16(a) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) shall be required or shall be voluntarily made during the Lock-Up Period. For purposes of this Lock-Up Agreement, "immediate family" shall mean any relationship by blood, current or former marriage or adoption, not more remote than first cousin.

In addition, notwithstanding the foregoing, if the undersigned is a corporation, the corporation may transfer the capital stock of the Company to any wholly-owned subsidiary of such corporation; *provided*, *however*, that in any such case, it shall be a condition to the transfer that the transferee execute an agreement stating that the transferee is receiving and holding such capital stock subject to the provisions of this Lock-Up Agreement and there shall be no further transfer of such capital stock except in accordance with this Lock-Up Agreement, and *provided*

further that any such transfer shall not involve a disposition for value. The undersigned now has, and, except as contemplated by clauses (i) through (xi) above, for the duration of this Lock-Up Agreement will have, good and marketable title to the Undersigned's Shares, free and clear of all liens, encumbrances, and claims whatsoever. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Undersigned's Shares except in compliance with the foregoing restrictions.

The restrictions described in this Lock-Up Agreement shall not apply to (i) the sale of the Undersigned's Shares to the Underwriters pursuant to the Underwriting Agreement or (ii) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act, *provided* that (A) no public announcement, filing or report regarding the establishment of such plan shall be required during the Lock-Up Period, (B) the undersigned does not otherwise voluntarily effect any public announcement, filing or report regarding the establishment of such plan during the Lock-Up Period and (C) no transfers occur under such plan during the Lock-Up Period (other than a transfer to a broker or other nominee in connection with the establishment of such plan, provided that beneficial ownership is retained by the undersigned during the Lock-Up Period). No provision of this Lock-Up Agreement shall restrict or prohibit the exercise, exchange or conversion by the undersigned of any option or warrant to acquire shares of Common Stock, or any other security convertible into or exchangeable or exercisable for shares of Common Stock; *provided* that (a) any shares of Common Stock and any of such other securities acquired in connection with any such exercise, exchange or conversion will be subject to the restrictions provided for in this Lock-Up Agreement and (b) no public announcement, filing or report (including without limitation filings under Section 16(a) of the Exchange Act) reporting a reduction in beneficial ownership of Common Stock shall be required or shall be voluntarily made during the Lock-Up Period.

[If any record or beneficial owner of any securities of the Company is granted an early release from the restrictions contained in any lock-up agreement with the Representatives which contains restrictions substantially similar to those contained in this Lock-Up Agreement (each, an "***Other Lock-Up Agreement***") during the Lock-Up Period with respect to any securities of the Company, then Goldman Sachs & Co. LLC on behalf of the Underwriters shall simultaneously release a pro rata portion of the shares of Common Stock subject to this Lock-Up Agreement to the same extent (such that the percentage of shares released from this Lock-Up Agreement is the same as the percentage of shares released from each Other Lock-Up Agreement); *provided*, *however*, that in the case of an early release from the restrictions described herein during the Lock-Up Period in connection with an underwritten public offering, whether or not such offering or sale is wholly or partially a secondary offering of the Common Stock (an "***Underwritten Sale***"), such early release shall only apply with respect to the undersigned's participation in such Underwritten Sale. [Goldman Sachs & Co. LLC shall use reasonable efforts to promptly notify the Company of each such release (*provided* that the failure to provide such notice shall not give rise to any claim or liability against the Representatives or the Underwriters). The undersigned further acknowledges that the Representatives are under no obligation to inquire into whether, or to ensure that, the Company notifies the undersigned of the delivery by the Representatives on behalf of the Underwriters of any such notice, which is a matter between the undersigned and the Company.] The provisions of this paragraph will not apply if (i)(a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this Lock-Up Agreement to the extent and for the duration that such terms remain in effect at the time of the transfer or (ii) the release or waiver is granted to one or more parties to Other Lock-Up Agreements by the Representatives for an aggregate amount of shares of capital stock of the Company pursuant to all releases or waivers under this clause (ii) that is less than or equal to 0.15% of the Company's outstanding Common Stock, calculated immediately prior to the Offering.]

[The undersigned hereby waives the provisions of, and the Company's compliance with, that certain Registration Rights letter agreement between the Company, the undersigned and the other Investors parties thereto dated August 23, 2016; *provided* that in the event that at any time this Lock-Up Agreement shall become of no further effect pursuant to the following paragraph, then as of such time this waiver shall automatically terminate. The undersigned acknowledges and agrees that the Company is an intended third-party beneficiary of this waiver, and shall have the right, power and authority to enforce the provisions of this waiver as though it was a party hereto.]

The undersigned understands that if (i) the Underwriting Agreement (other than the provisions which survive termination under the terms thereof) shall terminate or be terminated prior to payment for the delivery of the Shares, (ii) the Registration Statement is withdrawn by the Company, (iii) the Company notifies the Underwriters that it does not intend to proceed with the Offering or (iv) the Offering is not consummated prior to December 31, 2017; *provided*, *however*, that the Company may, by written notice to the undersigned prior to such date, extend such date for a period of up to three additional months; in each case, the undersigned shall be released from all obligations under this Lock-Up Agreement and this Lock-Up Agreement shall be of no further effect.

{Remainder of Page Intentionally Blank}

The undersigned understands that the Company and the Underwriters are relying upon this Lock-Up Agreement in proceeding toward consummation of the Offering. The undersigned further understands that this Lock-Up Agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors, and assigns.

Very truly yours,

_____

[Exact Name of Shareholder]

_____

Authorized Signature

_____

Title *(indicate capacity of person signing if signing as custodian, trustee, or on behalf of an entity)*

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
CARGURUS, INC.

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

CarGurus, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

1. That the name of this corporation is CarGurus, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on June 26, 2015.

2. The corporation filed a Third Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware on June 21, 2017 (the "**Third Amended and Restated Certificate of Incorporation**").

3. That the Board of Directors duly adopted resolutions proposing to amend and restate the Third Amended and Restated Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that pursuant to Section 103(d) of the General Corporation Law, effective immediately following the mandatory conversion of the outstanding Preferred Stock of the Corporation into Class A Common Stock and Class B Common Stock and the further mandatory conversion of the Class B Common Stock resulting from such conversion into Class A Common Stock occurring pursuant to Part C, Subsection 5.1, of Article FOURTH of the Third Amended and Restated Certificate of Incorporation (the "**Effective Time**") the Third Amended and Restated Certificate of Incorporation shall be amended, integrated and restated to read in full as follows:

FIRST: The name of this corporation is CarGurus, Inc. (the "**Corporation**").

SECOND: The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 610,000,000 shares, consisting of (i) 500,000,000 shares of Class A Common Stock, par value $0.001 per share ("**Class A Common Stock**"), (ii) 100,000,000 shares of Class B Common Stock, par value $0.001 per share ("**Class B Common Stock**"), and (iii) 10,000,000 shares of preferred stock, par value $0.001 per share ("**Preferred Stock**"). Such stock may be issued from time to time by the Corporation for such consideration as may be fixed by the board of directors of the Corporation (the "**Board of Directors**"). The Class A Common Stock and Class B Common Stock are sometimes referred to herein collectively as the "**Common Stock**".

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. PROVISIONS APPLICABLE TO ALL COMMON STOCK

The Common Stock shall have the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "Sections" or "Subsections" in this Part A of this Article FOURTH refer to sections and subsections of Part A of this Article FOURTH.

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting.

2.1 Class A Common Stock. The holders of the Class A Common Stock are entitled to one (1) vote for each share of Class A Common Stock held at all meetings of stockholders (and written actions in lieu of meetings if otherwise permissible hereunder).

2.2 Class B Common Stock. The holders of the Class B Common Stock are entitled to ten (10) votes for each share of Class B Common Stock held at all meetings of stockholders (and written actions in lieu of meetings if otherwise permissible hereunder).

2.3 General. There shall be no cumulative voting. Except as expressly provided by this Fourth Amended and Restated Certificate of Incorporation (the "**Certificate of Incorporation**") or as provided by law, the holders of shares of Class A Common Stock and Class B Common Stock shall at all times vote together as a single class on all matters (including the election of directors) submitted to vote or for the consent of the stockholders of the Corporation. The number of authorized shares of Class A Common Stock or Class B Common Stock may be increased or decreased (but not below the number of such shares thereof then outstanding or reserved pursuant to Section 7 of Part A of this Article FOURTH) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

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3. Dividends. The holders of Common Stock shall be entitled to receive, when and if declared by the Board of Directors, out of the assets of the Corporation which are by law available therefor, dividends payable either in cash, in property or in shares of capital stock, subject to any preferential dividend rights of any then outstanding Preferred Stock. No dividend shall be declared or paid on shares of any class of Common Stock unless the same dividend with the same record date and payment date shall be declared or paid on the shares of each class of Common Stock; provided, however, that in the event that dividends payable in shares of Common Stock or rights to acquire Common Stock are declared, such dividends may be payable as follows: (i) as shares of (or rights to acquire shares of) Class A Common Stock in respect of outstanding shares of Class A Common Stock; and (ii) as shares of (or rights to acquire shares of) Class B Common Stock in respect of outstanding shares of Class B Common Stock; in each case if and only if a dividend payable in accordance with the foregoing clauses (i) and (ii) is paid at the same rate and with the same record date and payment date.

4. Liquidation. Upon the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of Class A Common Stock and the holders of Class B Common Stock shall be entitled to share equally, on a per share basis, all assets of the Corporation of whatever kind available for distribution to stockholders, subject to any preferential rights of any then outstanding shares of Preferred Stock.

5. Subdivisions or Combinations. If after the Effective Time the Corporation in any manner subdivides or combines either the outstanding shares of Class A Common Stock or Class B Common Stock, then the outstanding shares of the other class will be subdivided or combined in the same proportion and manner.

6. Equal Status. Except as expressly set forth in this Article FOURTH, Class A Common Stock and Class B Common Stock shall have the same rights and powers, rank equally, and share ratably with and be identical in all respects and as to all matters to each other class of Common Stock.

7. Reservation of Stock. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of Class B Common Stock (and the shares of Class B Common Stock into which any then outstanding shares of Preferred Stock may be convertible), such number of shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Class B Common Stock (and the shares of Class B Common Stock into which any then outstanding shares of Preferred Stock may be convertible) into shares of Class A Common Stock.

8. Certain Transactions.

8.1 Merger or Consolidation. In the case of any distribution or payment in respect of the shares of Class A Common Stock or Class B Common Stock upon the consolidation or merger of the Corporation with or into any other entity, such distribution or payment that the holders of shares of Class A Common Stock or Class B Common Stock have the right to receive, or the right to elect to receive, shall be made ratably on a per share basis among the holders of the Class A Common Stock or Class B Common Stock as a single class; provided, however, that shares of such classes may receive, or have the right to elect to receive, different or

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disproportionate consideration in connection with such consolidation or merger if the only difference in the per share consideration to the holders of the Class A Common Stock and Class B Common Stock is that any securities distributed to the holder of a share of Class B Common Stock have ten (10) times the voting power of any securities distributed to the holder of a share of Class A Common Stock.

8.2 Third-Party Tender or Exchange Offers. The Corporation may not enter into any agreement pursuant to which a third party may by tender or exchange offer acquire any shares of Class A Common Stock or Class B Common Stock, nor may the Corporation or the Board of Directors (or any committee thereof) recommend that holders tender shares of Class A Common Stock or Class B Common Stock into any third party tender or exchange offer, unless the holders of (a) the Class A Common Stock shall have the right to receive, or the right to elect to receive, the same form of consideration and the same amount of consideration on a per share basis as the holders of the Class B Common Stock would receive, or have the right to elect to receive, as applicable and (b) the Class B Common Stock shall have the right to receive, or the right to elect to receive, the same form of consideration and the same amount of consideration on a per share as the holders of the Class A Common Stock would receive, or have the right to elect to receive, as applicable; provided, however, that shares of such classes may receive, or have the right to elect to receive, different or disproportionate consideration in connection with such tender or exchange offer if the only difference in the per share consideration to the holders of the Class A Common Stock and Class B Common Stock is that any securities distributed to the holder of a share of Class B Common Stock have ten (10) times the voting power of any securities distributed to the holder of a Class A Common Stock.

B. SPECIAL PROVISIONS APPLICABLE TO CLASS B COMMON STOCK

In addition to the rights, preferences, powers, privileges and restrictions, qualifications and limitations set forth in Part A of this Article FOURTH, the Class B Common Stock shall have the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "Sections" or "Subsections" in this Part B of this Article FOURTH refer to sections and subsections of Part B of this Article FOURTH.

1. Conversion.

1.1 Each share of Class B Common Stock shall be convertible into one (1) fully paid and nonassessable share of Class A Common Stock at the option of the holder thereof at any time upon written notice to the Corporation. Before any holder of Class B Common Stock shall be entitled to convert any shares of such Class B Common Stock, such holder shall surrender the certificate or certificates therefor (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), duly endorsed, at the principal corporate office of the Corporation or of any transfer agent for the Class B Common Stock, and shall give written notice to the Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Class A Common Stock are to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Class B Common Stock, or to the nominee or nominees or such holder, a certificate or certificates for the

number of shares of Class A Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior the close of business on the date of such surrender of the shares of Class B Common Stock to be converted, and the person or persons entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock as of such date. Each share of Class B Common Stock that is converted pursuant to this Subsection 1.1 shall be retired by the Corporation and shall not be available for reissuance.

1.2 Each share of Class B Common Stock that is subject, after the Effective Time, to a Transfer described in this subsection, other than a Permitted Transfer (each as defined in Section 3), shall be automatically, without further action by the holder thereof, converted into one (1) fully paid and nonassessable share of Class A Common Stock upon the occurrence of such Transfer of such share of Class B Common Stock. Each outstanding stock certificate that, immediately prior to such Transfer, represented one or more shares of Class B Common Stock subject to such Transfer shall, upon and after such Transfer, be deemed to represent an equal number of shares of Class A Common Stock, without the need for surrender or exchange thereof. The Corporation shall, upon the request of each such holder and upon receipt of such holder's outstanding certificate, issue and deliver to such holder new certificates representing such holder's shares of Class A Common Stock. Each share of Class B Common Stock that is converted pursuant to this Subsection 1.2 shall be retired by the Corporation and shall not be available for reissuance.

1.3 The Corporation may, from time to time, establish such policies and procedures, not in violation of applicable law or the other provisions of this Certificate of Incorporation, relating to the conversion of the Class B Common Stock into Class A Common Stock and the dual class common stock structure contemplated by this Certificate of Incorporation, including without limitation the issuance of stock certificates in connection with any such conversion, as it may deem necessary or advisable. If the Corporation has reason to believe that a Transfer giving rise to a conversion of shares of Class B Common Stock into Class A Common Stock has occurred but has not theretofore been reflected on the books of the Corporation, the Corporation may request that the holder of such shares furnish affidavits or other evidence to the Corporation as it reasonably deems necessary to determine whether a conversion of shares of Class B Common Stock to Class A Common Stock has occurred, and if such holder does not within ten (10) days after the date of such request furnish sufficient evidence to the Corporation (in the manner provided in the request) to enable the Corporation to determine that no such conversion has occurred, any such shares of Class B Common Stock, to the extent not previously converted, shall be automatically converted into shares of Class A Common Stock and the same shall thereupon be registered on the books and records of the Corporation.

2. Founder Mandatory Conversion. At 12:01 a.m. in New York City, New York on the first day falling after the Founder Mandatory Conversion Trigger Date (as defined below) (i) each outstanding share of Class B Common Stock shall automatically be converted into one (1) fully paid and nonassessable share of Class A Common Stock, (ii) each share of Class B Common Stock that is converted pursuant to this Section 2 shall be retired by the Corporation and shall not be available for reissuance, (iii) any rights of any designated series of Preferred Stock to convert into shares of Class B Common Stock pursuant to this Certificate of

Incorporation shall instead be a right to convert into shares of Class A Common Stock, (iv) any outstanding Options or Convertible Securities which, directly or indirectly, are exchangeable for, convertible into or otherwise grant the right to subscribe for, purchase or acquire shares of Class B Common Stock shall instead be a right to be exchanged for, convert into or otherwise subscribe for, purchase or acquire shares of Class A Common Stock and (v) the Corporation shall thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Class B Common Stock to zero. Each outstanding stock certificate that, immediately prior to such conversion, represented one or more shares of Class B Common Stock subject to such conversion shall, upon and after such conversion, be deemed to represent an equal number of shares of Class A Common Stock, without the need for surrender or exchange thereof. The Corporation shall, upon the request of a stockholder and upon receipt of such stockholder's outstanding certificate, issue and deliver to such stockholder new certificates representing such stockholder's shares of Class A Common Stock.

3. Definitions. For purposes of this Certificate of Incorporation:

3.1 "Convertible Securities" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, including RSUs, but excluding Options.

3.2 "Family Member" shall mean with respect to any natural person who is a Qualified Stockholder, the spouse, parents, grandparents, lineal descendants, siblings and lineal descendants of siblings of such Qualified Stockholder.

3.3 "Founder Mandatory Conversion Trigger Date" shall mean the first date after the Effective Time that any of the following shall occur: (a) the death of Langley Steinert, (b) Langley Steinert's voluntary termination of (i) all employment with the Corporation and (ii) all service on the Board of Directors of the Corporation or (c) the sum of (i) the aggregate number of shares of capital stock of the Corporation held by Langley Steinert, (ii) the aggregate number of shares of capital stock of the Corporation held by any Family Member of Langley Steinert and (iii) the aggregate number of shares of capital stock of the Corporation held by any Permitted Entity of Langley Steinert, assuming for purposes of this clause (c) the exercise and/or settlement in full of all outstanding Options and Convertible Securities, calculated on an as-converted to Class A Common Stock basis, is less than 9,091,484 (such number subject to appropriate automatic adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to applicable shares of capital stock of the Corporation occurring after the Effective Time).

3.4 "IPO Date" shall mean the first closing date of the sale of the Class A Common Stock of the Corporation in an underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended.

3.5 "Option" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

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

3.7 "Permitted Transfer" shall mean, and be restricted to, any Transfer of a share of Class B Common Stock:

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

3.7.2 by a Permitted Entity of a Qualified Stockholder to (i) such Qualified Stockholder or one or more Family Members of such Qualified Stockholder, (ii) any other Permitted Entity of such Qualified Stockholder or (iii) any individual, general partnership, limited partnership, limited liability company, corporation or other entity which has an interest in such Permitted Entity.

3.8 "Permitted Transferee" shall mean a transferee of shares of Class B Common Stock received in a Transfer that constitutes a Permitted Transfer.

3.9 "Permitted Trust" shall mean a bona fide trust where each trustee is (a) a Qualified Stockholder, (b) a Family Member, (c) a professional in the business of providing trustee services, including private professional fiduciaries, trust companies and bank trust departments, or (d) a party designated by the Qualified Stockholder or by a Family Member of such Qualified Stockholder.

3.10 "Qualified Stockholder" shall mean (a) the registered holder of a share of Class B Common Stock; (b) the initial registered holder of any shares of Class B Common Stock that are originally issued by the Corporation pursuant to the exercise or conversion of options or warrants or settlement of RSUs; (c) each natural person who Transferred shares of or equity awards for Class B Common Stock (including any option or warrant exercisable or convertible into or any RSU that can be settled in shares of Class B Common Stock) to a Permitted Entity that is or becomes a Qualified Stockholder pursuant to clauses (a) or (b) of this Subsection 3.10; and (d) a Permitted Transferee.

3.11 "RSU" shall mean a restricted stock unit issued by the Corporation.

3.12 "Transfer" of a share of Class B Common Stock shall mean any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or

involuntary or by operation of law, including, without limitation, (i) a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether there is a corresponding change in beneficial ownership), or (ii) the transfer after the IPO Date of, or entering after the IPO Date into a binding agreement with respect to, Voting Control (as defined below) over such share by proxy or otherwise; provided, however, that the following shall not be considered a "Transfer" within the meaning of this Article FOURTH:

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

3.12.2 entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who, at the time entered into, are holders of Class B Common Stock that (A) is entered into after the IPO Date and (i) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Corporation, (ii) either has a term not exceeding one (1) year or is terminable by the holder of the shares subject thereto at any time and (iii) does not involve any

payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner or (B) is entered into prior to the IPO Date;

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

3.12.4 entering into a voting trust, agreement or arrangement (with or without granting either a revocable or an irrevocable proxy) that (A) is entered into after the IPO Date, (B) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Corporation and (C) is entered into or made at the request of the Board of Directors in

connection with actions to be taken at an annual or special meeting of stockholders (whether or not such request is subsequently withdrawn or modified by the Board of Directors).

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

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

C. PREFERRED STOCK

To the fullest extent authorized by the General Corporation Law, shares of Preferred Stock may be issued from time to time in one or more series, each of such series to have such powers, designations, preferences, and relative, participating, optional, or other special rights, if any, and such qualifications and restrictions, if any, as are stated or expressed in the resolution or resolutions of the Board of Directors providing for such series of Preferred Stock, subject to a obtainment of a Pre-Threshold Date Stockholder Approval in connection with any Designation Action taken or made prior to the Threshold Date (as such terms are defined below). Different series of Preferred Stock shall not be construed to constitute different classes of shares for the purposes of voting by classes unless expressly so provided in such resolution or resolutions. Unless otherwise indicated, references to "Sections" or "Subsections" in this Part C of this Article FOURTH refer to sections and subsections of Part C of this Article FOURTH.

1. Designation of Series of Preferred Stock. Authority is hereby granted to the Board of Directors, acting by resolution or resolutions adopted at any time and from time to time, to create, provide for, designate and issue, out of the authorized but unissued shares of Preferred Stock, one or more series of Preferred Stock (each, including any amendment or modification thereof, a "**Designation Action**"), and, pursuant to the Designation Action creating any such series of Preferred Stock, to determine and fix the powers, designations, preferences, and relative, participating, optional, or other special rights, if any, and the qualifications and restrictions, if any, including without limitation dividend rights, conversion rights, voting rights (if any), redemption privileges, and liquidation preferences, of such series of Preferred Stock (which need not be uniform among series), all to the fullest extent now or hereafter permitted by the General Corporation Law; provided, however, that prior to the Threshold Date no Designation Action shall be effective without the affirmative vote (or, if otherwise permissible hereunder, written consent) approving such Designation Action by the holders of capital stock of the Corporation representing a majority of the votes applicable to all outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors, voting or consenting (as the case may be) together as a single class (a "**Pre-Threshold Date Stockholder**

Approval"), and any such Designation Action taken or made prior to the Threshold Date without such Pre-Threshold Date Stockholder Approval shall be null and void. The term "**Threshold Date**" shall mean the first date after the Effective Time on which the votes applicable to the Class A Common Stock and Class B Common Stock controlled by Langley Steinert, including the power (whether exclusive or shared) to vote or direct the voting of any such shares by proxy, voting agreement or otherwise, represent less than a majority of the votes applicable to all then outstanding shares of Class A Common Stock and Class B Common Stock. Without limiting the generality of the foregoing, the resolution or resolutions providing for the creation or issuance of any series of Preferred Stock may provide that such series shall be superior to, rank equally with, or be junior to any other series of Preferred Stock, all to the fullest extent permitted by law. Other than a Pre-Threshold Date Stockholder Approval in connection with any Designation Action taken or made prior to the Threshold Date, no resolution, vote, or consent of the holders of the capital stock of the Corporation shall be required in connection with the creation or issuance of any shares of any series of Preferred Stock authorized by and complying with the conditions of this Certificate of Incorporation, the right to any such resolution, vote, or consent being expressly waived by all present and future holders of the capital stock of the Corporation.

2. Certificates of Designation. Any resolution or resolutions adopted by the Board of Directors pursuant to the authority vested in them by this Part C of Article FOURTH shall be set forth in a certificate of designation along with the number of shares of such series of Preferred Stock as to which the resolution or resolutions shall apply and, subject to the obtainment of a Pre-Threshold Date Stockholder Approval with respect to a Designation Action taken or made prior to the Threshold Date, such certificate shall be executed, acknowledged, filed, recorded, and shall become effective, in accordance with Section 103 of the General Corporation Law. Unless otherwise provided in any such resolution or resolutions, the number of shares of any such series of Preferred Stock to which such resolution or resolutions apply may be increased (but not above the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of such series of Preferred Stock then outstanding) by a certificate likewise executed, acknowledged, approved pursuant to a Pre-Threshold Date Stockholder Approval with respect to any such increase or decrease taken or made prior to the Threshold Date, filed and recorded, setting forth a statement that a specified increase or decrease therein has been authorized and directed by a resolution or resolutions likewise adopted by the Board of Directors. In case the number of such shares shall be decreased, the number of shares so specified in the certificate shall resume the status which they had prior to the adoption of the first resolution or resolutions. When no shares of any such series of Preferred Stock are outstanding, either because none were issued or because none remain outstanding, a certificate setting forth a resolution or resolutions adopted by the Board of Directors that none of the authorized shares of such series of Preferred Stock are outstanding, and that none will be issued subject to the certificate of designations previously filed with respect to such series of Preferred Stock, may be executed, acknowledged, filed and recorded in the same manner as previously described and it shall have the effect of eliminating from this Certificate of Incorporation all matters set forth in the certificate of designations with respect to such series of Preferred Stock. If no shares of any such series of Preferred Stock established by a resolution or resolutions adopted by the Board of Directors have been issued, the voting powers, designations, preferences and relative, participating, optional or other rights, if any, with the qualifications, limitations or restrictions thereof, may be amended by a resolution or resolutions adopted by the Board of Directors, subject to the obtainment of a Pre-Threshold Date Stockholder Approval with respect to any such

Designation Action taken or made prior to the Threshold Date. In the event of any such amendment, subject to the obtainment of a Pre-Threshold Date Stockholder Approval with respect to any such Designation Action taken or made prior to the Threshold Date, a certificate which (i) states that no shares of such series of Preferred Stock have been issued, (ii) sets forth the copy of the amending resolution or resolutions and (iii) if the designation of such series of Preferred Stock is being changed, indicates the original designation and the new designation, shall be executed, acknowledged, filed, recorded, and shall become effective, in accordance with Section 103 of the General Corporation Law.

FIFTH: Subject to any additional vote required by this Certificate of Incorporation or By-Laws of the Corporation, in furtherance of and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to make, repeal, alter, amend and rescind any or all of the By-Laws of the Corporation. The stockholders may not adopt, amend, alter or repeal the By-Laws of the Corporation, or adopt any provision inconsistent therewith, unless such action is approved, in addition to any other vote required by the Certificate of Incorporation, (i) prior to the Threshold Date, by the affirmative vote (or, if otherwise permissible hereunder, written consent) of the holders of capital stock of the Corporation representing a majority of the votes applicable to all outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors, voting or consenting (as the case may be) together as a single class or (ii) from and after the Threshold Date, by the affirmative vote of the holders of capital stock of the Corporation representing at least sixty-six and two-thirds percent (66-2/3%) of the votes applicable to all outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors, voting or consenting (as the case may be) together as a single class, provided, in the case of any special meeting, that notice of such proposed alteration, amendment, repeal or adoption is included in the notice of the meeting.

SIXTH: The following provisions shall apply as to the Board of Directors and the members thereof:

1. Classification of Directors. Effective as of the IPO Date, the Board of Directors shall be divided into three classes of directors, designated Class I, Class II, and Class III, such classes to be as nearly equal in number of directors as possible, having staggered three-year terms of office (except to the extent otherwise provided in the next sentence with respect to the initial terms of such classes of directors). The initial term of office of the directors of Class I shall expire as of the first annual meeting of the Corporation's stockholders following the IPO Date; the initial term of office of the directors of Class II shall expire as of the second annual meeting of the Corporation's stockholders following the IPO Date; and the initial term of office of the directors of Class III shall expire as of the third annual meeting of the Corporation's stockholders following the IPO Date. At each annual meeting of stockholders of the Corporation after the IPO Date, nominees will stand for election to succeed those directors whose terms are to expire as of such annual meeting of stockholders, and such nominees elected at such annual meeting of stockholders shall be elected for a term expiring at the third annual meeting of stockholders following their election. Directors shall hold office until the annual meeting of stockholders in which their term is scheduled to expire as set forth above in this Section 1 of Article SIXTH, provided that the term of each director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, resignation or removal. Those directors already in office immediately prior to the IPO Date shall be allocated

among the three classes of directors contemplated under this Section 1 of Article SIXTH pursuant to a resolution or resolutions adopted by the Board of Directors prior to the IPO Date.

2. Removal. Subject to the special rights of the holders of any series of Preferred Stock, prior to the Threshold Date any director or the entire board of directors may be removed, with or without cause, by the affirmative vote (or, if otherwise permissible hereunder, written consent) of the holders of capital stock of the Corporation representing a majority of the votes applicable to all outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors, voting or consenting (as the case may be) together as a single class. Subject to the special rights of the holders of any series of Preferred Stock, from and after the Threshold Date any director or the entire board of directors may be removed only for cause and only by the affirmative vote of the holders of shares of capital stock of the Corporation representing at least sixty-six and two-thirds percent (66-2/3%) of the votes applicable to all outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors, voting together as a single class, at a meeting of the stockholders called for that purpose.

3. Vacancies. Except as the General Corporation Law may otherwise require and subject to the special rights of the holders of any series of Preferred Stock, any new directorships or vacancies in the Board of Directors, including new directorships resulting from any increase in the number of directors to serve on the whole Board of Directors and/or any unfilled vacancies by reason of death, resignation, disqualification, removal, failure to elect or otherwise with respect to any director, may be filled as follows: (i) prior to the Threshold Date, either by (x) the affirmative vote or action by written consent of the holders of shares of capital stock of the Corporation representing a majority of the votes applicable to all outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors or (y) the vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director; and (ii) from and after the Threshold Date, only by the vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director. A director elected to fill a vacancy shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of a successor and to such director's earlier death, resignation or removal.

4. Number of Directors; Election of Directors. Subject to the special rights of the holders of any series of Preferred Stock to elect directors, the number of directors which shall constitute the Board of Directors shall be fixed exclusively by the Board of Directors from time to time in accordance with the by-laws of the Corporation. No decrease in the number of directors constituting the whole board shall shorten the term of any incumbent director. Elections of directors need not be by written ballot unless the By-Laws of the Corporation shall so provide.

5. Quorum. At all meetings of the Board of Directors, a majority of the members of the Board of Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically permitted or provided by statute, by the Certificate of Incorporation, or by the By-Laws of the Corporation.

SEVENTH: Except as otherwise provided for by any resolutions of the Board of Directors providing for the issuance of any series of Preferred Stock, effective as of the Threshold Date, any action required or permitted to be taken by the stockholders of the Corporation may be taken only at a duly called annual or special meeting of the stockholders in which such action is properly brought before such meeting, and not by written consent in lieu of such a meeting. Subject to any special rights of the holders of any series of Preferred Stock, and to the requirements of applicable law, special meetings of stockholders of the Corporation may be called only by or at the direction of (i) the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors, (ii) the Chairman of the Board of Directors, if one has been appointed or (iii) prior to the Threshold Date, by the holders of capital stock of the Corporation representing a majority of the votes applicable to all outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors. Any business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors of the Corporation or in the By-Laws of the Corporation.

NINTH: To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article NINTH to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article NINTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

TENTH: Notwithstanding any other provisions of law, the Certificate of Incorporation or the By-Laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, any amendment or repeal, or the adoption of any provision inconsistent with, Article FOURTH, Article FIFTH, Article SIXTH, Article SEVENTH, Article EIGHTH, Article NINTH or this Article TENTH shall require (i) prior to the Threshold Date, the affirmative vote or action by written consent of the holders of shares of capital stock of the Corporation representing a majority of the votes applicable to all outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors and (ii) from and after the Threshold Date, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors.

ELEVENTH: The following limitation of liability and indemnification provisions shall apply to the persons enumerated below.

1. Right to Indemnification of Directors and Officers. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (an "**Indemnified Person**") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**"), by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Indemnified Person in such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 3 of this Article ELEVENTH, the Corporation shall be required to indemnify an Indemnified Person in connection with a Proceeding (or part thereof) commenced by such Indemnified Person only if the commencement of such Proceeding (or part thereof) by the Indemnified Person was authorized in advance by the Board of Directors of the Corporation.

2. Prepayment of Expenses of Directors and Officers. The Corporation shall pay the expenses (including attorneys' fees) incurred by an Indemnified Person in defending any Proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Indemnified Person to repay all amounts advanced if it should be ultimately determined that the Indemnified Person is not entitled to be indemnified under this Article ELEVENTH or otherwise.

3. Claims by Directors and Officers. If a claim for indemnification or advancement of expenses under this Article ELEVENTH is not paid in full within 30 days after a written claim therefor by the Indemnified Person has been received by the Corporation, the Indemnified Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Indemnified Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

4. Indemnification of Employees and Agents. The Corporation may indemnify and advance expenses to any person who was or is made or is threatened to be made or is otherwise involved in any Proceeding by reason of the fact that such person, or a person for whom such person is the legal representative, is or was an employee or agent of the Corporation or, while an employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorney's fees) reasonably incurred by such person in connection with such Proceeding. The ultimate determination of entitlement to indemnification of persons who are non-director or officer employees or agents shall be made in such manner as is determined by the Board of Directors of the Corporation in its sole discretion. Notwithstanding the foregoing sentence, the Corporation shall not be required to indemnify a person in connection with a Proceeding initiated by such person if the Proceeding was not authorized in advance by the Board of Directors of the Corporation.

5. Advancement of Expenses of Employees and Agents. The Corporation may pay the expenses (including attorney's fees) incurred by an employee or agent in defending any Proceeding in advance of its final disposition on such terms and conditions as may be determined by the Board of Directors of the Corporation.

6. Non-Exclusivity of Rights. The rights conferred on any person by this Article ELEVENTH shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, the By-Laws of the Corporation, agreement, vote of stockholders or disinterested directors or otherwise.

7. Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer or employee of another corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise shall be reduced by any amount such person has actually collected as indemnification from such other corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise.

8. Insurance. The Board of Directors of the Corporation may, to the full extent permitted by applicable law as it presently exists, or may hereafter be amended from time to time, authorize an appropriate officer or officers to purchase and maintain at the Corporation's expense insurance: (a) to indemnify the Corporation for any obligation which it incurs as a result of the indemnification of directors, officers and employees under the provisions of this Article ELEVENTH; and (b) to indemnify or insure directors, officers and employees against liability in instances in which they may not otherwise be indemnified by the Corporation under the provisions of this Article ELEVENTH.

9. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article ELEVENTH shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification. The rights provided hereunder shall inure to the benefit of any Indemnified Person and such person's heirs, executors and administrators.

TWELFTH: The Corporation renounces any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of the Corporation who is not an employee of or consultant to the Corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of or consultant to the Corporation or any of its subsidiaries (collectively, "**Covered Persons**"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

THIRTEENTH: Unless the Corporation, as authorized by the Board of Directors, consents in writing to the selection of one or more alternative forums, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for a stockholder (including a beneficial owner) to bring (i) any derivative

action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the General Corporation Law or this Certificate of Incorporation or the Corporation's Bylaws, (iv) any action to interpret, apply, enforce or determine the validity of this Certificate of Incorporation or the Corporation's Bylaws or (v) any action asserting a claim against the Corporation, its directors, officers or other employees or agents governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation (including, without limitation, shares of Common Stock) shall, and shall be deemed to, have notice of and to have consented to the provisions of this Article THIRTEENTH.

* * *

4. That the foregoing amendment and restatement was approved by the holders of the requisite number of shares of this corporation in accordance with Section 228 of the General Corporation Law.

5. That this Fourth Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this Corporation's Third Amended and Restated Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

[signature page follows]

IN WITNESS WHEREOF, this Fourth Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this Corporation on this day of , 2017.

By: _____
Name: Langley Steinert
Title: President and Chief Executive Officer

CARGURUS, INC.

AMENDED AND RESTATED

BY-LAWS

Article I. — General.

1.1. Offices. The registered office of CarGurus, Inc. (the "Corporation") shall be in the City of Wilmington, County of New Castle, State of Delaware. The Corporation may also have offices at such other places both within and without the State of Delaware as the board of directors of the Corporation (the "Board of Directors") may from time to time determine or the business of the Corporation may require.

1.2. Seal. The seal, if any, of the Corporation shall be in the form of a circle and shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware."

1.3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Article II. — Stockholders.

2.1. Place of Meetings. Each meeting of the stockholders shall be held upon notice as hereinafter provided, at such place as the Board of Directors shall have determined and as shall be stated in such notice, either within or outside the State of Delaware.

2.2. Annual Meeting. The annual meeting of the stockholders shall be held each year on such date and at such time as the Board of Directors may determine. At each annual meeting the stockholders entitled to vote shall elect such members of the Board of Directors as are standing for election, by plurality vote by ballot, and they may transact such other corporate business as may properly be brought before the meeting. At the annual meeting any business may be transacted, irrespective of whether the notice calling such meeting shall have contained a reference thereto, except where notice is required by law, the Corporation's Certificate of Incorporation (as amended from time to time, the "Certificate of Incorporation"), or these Amended and Restated By-laws (the "By-laws").

2.3. Quorum and Adjournment. At all meetings of the stockholders the holders of a majority of the votes applicable to all stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum requisite for the transaction of business except as otherwise provided by law, the Certificate of Incorporation, or these By-laws. Whether or not there is such a quorum at any meeting, the presiding officer of the meeting may adjourn the meeting from time to time without notice other than announcement at the meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At such adjourned meeting, at which the requisite amount of voting stock shall be represented, any business may be transacted that might have been transacted if the meeting had been held as originally called. The stockholders present in person or by proxy at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

2.4. Right to Vote; Proxies. Subject to the provisions of the Certificate of Incorporation, each holder of a share or shares of capital stock of the Corporation having the right to vote at any meeting

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shall be entitled to one vote for each such share of stock held by such stockholder; provided, however, that each holder of a share of the Corporation's Class B Common Stock, par value $0.001 per share (the "Class B Common Stock"), having the right to vote at any meeting shall be entitled to ten votes for each such share of Class B Common Stock hold by such stockholder. Any stockholder entitled to vote at any meeting of stockholders may vote either in person or by proxy, but no proxy that is dated more than three (3) years prior to the meeting at which it is offered shall confer the right to vote thereat unless the proxy provides that it shall be effective for a longer period. A proxy may be granted by a writing executed by the stockholder or his or her authorized agent or by transmission or authorization of transmission by means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization, or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, subject to the conditions set forth in Section 212 of the Delaware General Corporation Law, as it may be amended from time to time (the "General Corporation Law").

2.5. Voting. At all meetings of stockholders, except as otherwise expressly provided for by statute, the Certificate of Incorporation, or these By-laws, (i) in all matters other than the election of directors, the affirmative vote of a majority of votes applicable to the shares present in person or represented by proxy at the meeting and entitled to vote on such matter shall be the act of the stockholders, and (ii) directors shall be elected by a plurality of the votes cast, present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

2.6. Notice of Annual Meetings. Written notice of the annual meeting of the stockholders shall be mailed to each stockholder of record entitled to vote thereat at such address as appears on the stock books of the Corporation at least ten (10) days (and not more than sixty (60) days) prior to the meeting. The Board of Directors may postpone any annual meeting of the stockholders at its discretion, even after notice thereof has been mailed. It shall be the duty of every stockholder to furnish to the Secretary of the Corporation or to the transfer agent, if any, of the class of stock owned by him or her, such stockholder's post-office address, and to notify the Secretary of any change therein. Notice need not be given to any stockholder who submits a written waiver of notice signed by him or her before or after the time stated therein. Attendance of a stockholder at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice.

2.7. Stockholders' List. A complete list of the stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order and showing the address of each stockholder, and the number of shares registered in the name of each stockholder, shall be prepared by the Secretary and shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days before such meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation, and said list shall be produced and kept at the time and place of such meeting during the whole time of said meeting, and may be inspected by any stockholder who is present at the place of said meeting, or, if the meeting is to be held solely by means of remote communication, on a reasonably accessible electronic network and the information required to access such list shall be provided with the notice of the meeting.

2.8. Special Meetings. Special meetings of the stockholders for any purpose or purposes, unless otherwise provided by law, may be called only in the manner set forth in the Certificate of Incorporation. Any such person or persons that has or have called a special meeting of stockholders in

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the manner set forth in the Certificate of Incorporation may postpone or cancel any special meeting of the stockholders at its or their discretion, even after notice thereof has been mailed.

2.9. Notice of Special Meetings. Written notice of a special meeting of stockholders, stating the time and place and purpose or purposes thereof, shall be mailed, postage prepaid, not less than ten (10) nor more than sixty (60) days before such meeting, to each stockholder of record entitled to vote thereat, at such address as appears on the books of the Corporation. No business may be transacted at such meeting except that referred to in said notice, or in a supplemental notice given also in compliance with the provisions hereof, or such other business as may be germane or supplementary to that stated in said notice or notices. The individual or group calling such meeting shall have exclusive authority to determine the business included in such notice. Notice need not be given to any stockholder who submits a written waiver of notice signed by him or her before or after the time stated therein. Attendance of a stockholder at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice.

2.10. Inspectors of Elections; Opening and Closing the Polls.

(a) One or more inspectors may be appointed by the Board of Directors before or at any meeting of stockholders, or, if no such appointment shall have been made, the presiding officer may make such appointment at the meeting. At the meeting for which the inspector or inspectors are appointed, he, she or they shall open and close the polls, receive and take charge of the proxies and ballots, and decide all questions touching on the qualifications of voters, the validity of proxies, and the acceptance and rejection of votes. If any inspector previously appointed shall fail to attend or refuse or be unable to serve, the presiding officer shall appoint an inspector in his or her place.

(b) At any time at which the Corporation has a class of voting stock that is (i) listed on a national securities exchange, (ii) authorized for quotation on an inter-dealer quotation system of a registered national securities association, or (iii) held of record by more than 2,000 stockholders, the provisions of Section 231 of the General Corporation Law with respect to inspectors of election and voting procedures shall apply, in lieu of the provisions of paragraph (a) of this Section 2.10.

2.11. Stockholders' Consent in Lieu of Meeting.

(a) Unless otherwise provided in the Certificate of Incorporation, and notwithstanding the provisions of Sections 2.11(b) and 2.11(c), from and after the Threshold Date (as defined in the Certificate of Incorporation) any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action that may be taken at any annual or special meeting of such stockholders, may be taken only at such a meeting, and not by written consent of the stockholders.

(b) Unless otherwise provided in the Certificate of Incorporation, prior to the Threshold Date any action required by law to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of

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stockholders are recorded. Such delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Every written consent that is permissible as herein specified shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty days of the earliest dated consent delivered in the manner required by this Section 2.11 to the Corporation, written consents signed by a sufficient number of stockholders to take action are delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded.

(c) A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the Corporation can determine that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and the date on which such

stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the Corporation by delivery to its principal place of business or to an officer or agent of the Corporation having custody of the book in which the proceedings of meetings of stockholders are recorded. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

2.12. Advance Notice of Stockholder Business and Nominations.

(a) Timely Notice. At a meeting of the stockholders, only such nominations of persons for the election of directors and such other business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, nominations or such other business must be: (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors or any committee thereof, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors or any committee thereof, or (iii) otherwise properly brought before the meeting by a stockholder who is a stockholder of record or beneficial owner of shares of the Corporation's capital stock at the time such notice of meeting is delivered, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.12. In addition, any proposal of business (other than the nomination of persons for election to the Board of Directors) must be a proper matter for stockholder action. For business (including, but not limited to, director nominations) to be properly brought before an annual meeting by a stockholder, the Proposing Stockholder (as defined below) must have given timely and proper notice thereof pursuant to this Section 2.12, in writing to the Secretary of the Corporation even if such matter is already the subject of any notice to the stockholders or a disclosure made in a press release reported by the Dow Jones News Services, The Associated Press or a comparable national news service or in a document filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") from the Board of Directors (a "Public Disclosure"). For purposes of these By-laws, Proposing Stockholder means (i) the stockholder providing the notice of proposed business or director nomination, (ii) the beneficial owner of the corporation's capital stock, if different, on whose behalf the proposed business or director nomination, as applicable, is given, (iii) any affiliate or

associate (as defined under the Exchange Act) of such stockholder or beneficial owner, (iv) each person who is a member of a "group" (for purposes of these By-laws, as such term is used in Rule 13d-5 under the Exchange Act) with any such stockholder or beneficial owner (or their respective affiliates and associates) or is otherwise Acting in Concert (as defined below) with any such stockholder or beneficial owner (or their respective affiliates and associates) with respect to the proposals or proposed nominations, as applicable, and (v) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A, or any successor instructions) with such stockholder or beneficial owner in the solicitation of proxies in respect of any proposed nominations or other business proposed to be brought before the Corporation's stockholders. To be timely, a Proposing Stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation: (x) not later than the close of business on the ninetieth (90th) calendar day, nor earlier than the close of business on the one hundred twentieth (120th) calendar day in advance of the anniversary of the previous year's annual meeting if such meeting is to be held on a day which is not more than thirty (30) calendar days in advance of the anniversary of the previous year's annual meeting or not later than sixty (60) calendar days after the anniversary of the previous year's annual meeting; and (y) with respect to any other annual meeting of stockholders, the close of business on the tenth (10th) calendar day following the date of Public Disclosure of the date of such meeting. In no event shall the Public Disclosure of an adjournment or postponement of an annual meeting commence a new notice time period (or extend any notice time period). For purposes of these By-laws, "close of business" shall mean 5:00 p.m. local time at the principal executive offices of the Corporation on any calendar day, whether or not such day is a business day.

(b) Stockholder Nominations. For the nomination of any person or persons for election to the Board of Directors, a Proposing Stockholder's notice to the Secretary of the Corporation shall set forth (i) the name, age, business address and residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of capital stock of the Corporation which are owned of record and beneficially by each such nominee (if any), (iv) such other information concerning each such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved) or that is otherwise required to be disclosed, under Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder, (v) the consent of the nominee to being named in the proxy statement as a nominee and to serving as a director if elected, and (vi) as to the Proposing Stockholder: (A) the name and address of the Proposing Stockholder as they appear on the Corporation's books and of the beneficial owner, if any, on whose behalf the nomination is being made, (B) the class and number of shares of the Corporation which are owned by the Proposing Stockholder (beneficially and of record) and owned by the beneficial owner, if any, on whose behalf the nomination is being made, as of the date of the Proposing Stockholder's notice, and a representation that the Proposing Stockholder will notify the Corporation in writing of the class and number of such shares owned of record and beneficially as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (C) a description of any agreement, arrangement or understanding with respect to such nomination between or among the Proposing Stockholder and the beneficial owner, if any, on whose behalf the nomination is being made, and any of their affiliates or associates, and any others (including their names) Acting in Concert with any of the foregoing, and a representation that the Proposing Stockholder will notify the Corporation in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (D) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the Proposing Stockholder's notice by, or on behalf of, the Proposing Stockholder or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of the Proposing Stockholder, or any

such beneficial owner, or any of its affiliates or associates with respect to shares of stock of the Corporation, and a representation that the Proposing Stockholder will notify the Corporation in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (E) a representation that the Proposing Stockholder is a holder of record of shares of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, (F) a representation as to whether the Proposing Stockholder intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve the nomination and/or otherwise to solicit proxies from stockholders in support of the nomination, (G) the full notional amount of any securities that, directly or indirectly, underlie any "derivative security" (as such term is defined in Rule 16a-1(c) under the Exchange Act) that constitutes a "call equivalent position" (as such term is defined in Rule 16a-1(b) under the Exchange Act) (together, a "Synthetic Equity Position") and that is, directly or indirectly, held or maintained by such Proposing Stockholder with respect to any shares of any class or series of shares of the Corporation; *provided that*, for the purposes of the definition of "Synthetic Equity Position," the term "derivative security" shall also include any security or instrument that would not otherwise constitute a "derivative security" (as such term is defined in Rule 16a-1(c) under the Exchange Act) as a result of any feature that would make any conversion, exercise or similar right or privilege of such security or instrument becoming determinable only at some future date or upon the happening of a future occurrence, in which case the determination of the amount of securities into which such security or instrument would be convertible or exercisable shall be made assuming that such security or instrument is immediately convertible or exercisable at the time of such determination; and, *provided, further*, that any Proposing Stockholder satisfying the requirements of Rule 13d-1(b)(1) under the Exchange Act (other than a Proposing Stockholder that so satisfies Rule 13d-1(b)(1) under the Exchange Act solely by reason of Rule 13d-1(b)(1)(ii)(E)) shall not be deemed to hold or maintain the notional amount of any securities that underlie a Synthetic Equity Position held by such Proposing Stockholder as a hedge with respect to a bona fide derivatives trade or position of such Proposing Stockholder arising in the ordinary course of such Proposing Stockholder's business as a derivatives dealer and (H) all other information relating to such Proposing Stockholder that would be required to be disclosed in a proxy statement or other filing if such a filing was to be made by any Proposing Stockholder in connection with the contested solicitation of proxies or consents (even if a contested solicitation is not involved) by any Proposing Stockholder in support of the business or nomination proposed to be brought before the meeting pursuant to this Section 2.12 and Regulation 14A under the Exchange Act. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee. For purposes of these By-laws, a person shall be deemed to be "Acting in Concert" with another person if such person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding) in concert with, or towards a common goal relating to the management, governance or control of the Corporation in parallel with, such other person where (A) each person is conscious of the other person's conduct or intent and this awareness is an element in their decision-making processes and (B) at least one additional factor suggests that such persons intend to act in concert or in parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions, or making or soliciting invitations to act in concert or in parallel; provided, however, that a person shall not be deemed to be Acting in Concert with any other person solely as a result of the solicitation or receipt of revocable proxies, or special meeting demands from such other person in response to a solicitation made pursuant to, and in accordance with, Section 14(a) of the Exchange Act by way of a proxy statement filed on Schedule 14A. A person deemed to be Acting in Concert with another person shall be deemed to be Acting in Concert with any third party who is also Acting in Concert with such other person.

(c) Other Stockholder Proposals. For all business other than director nominations, a Proposing Stockholder's notice to the Secretary of the Corporation shall set forth as to each matter the Proposing Stockholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration), (iii) a description in reasonable detail of any interest of any Proposing Stockholder in such business, including any anticipated benefit to the stockholder or any other Proposing Stockholder therefrom, including any interest that will be disclosed to the Corporation's stockholders in any proxy statement to be distributed to the Corporation's stockholders, (iv) any other information relating to such stockholder and beneficial owner, if any, on whose behalf the proposal is being made, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the proposal and pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder and (v) the information required by Section 2.12(b)(vi) above.

(d) Proxy Rules. In addition to the provisions of this Section 2.12, a Proposing Stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder, the General Corporation Law, and other applicable law with respect to any nominations of directors for election at any stockholders' meeting and any business that may be brought before any stockholders' meeting and any solicitations of proxies in connection therewith and any filings required to be made with the SEC in connection therewith. Nothing in this Section 2.12 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or any other rights conferred on stockholders by a rule under the Exchange Act.

(e) Notwithstanding anything to the contrary contained in this Section 2.12, the information required to be included in a Proposing Stockholder's notice of business or director nomination shall not include any ordinary course business activities of any broker, dealer, commercial bank, trust corporation or other nominee who, in the ordinary course of business, is directed to prepare and submit such notice on behalf of a beneficial owner of the shares held of record by such broker, dealer, commercial bank, trust corporation or other nominee and who is not otherwise affiliated or associated with such beneficial owner.

(f) Updating of Notice of Proposed Business or Director Nomination.

(i) A stockholder providing notice of any business proposed to be conducted at an annual meeting or notice of a director nomination shall further update and supplement such notice, as necessary, from time to time, so that the information provided or required to be provided in such notice pursuant to Sections 2.12(b) and 2.12(c) shall be true, correct and complete in all respects not only prior to the deadline for submitting such notice but also at all times thereafter and prior to the annual meeting, and such update and supplement shall be received by the Secretary of the Corporation not later than the earlier of (A) five (5) business days following the occurrence of any event, development or occurrence which would cause the information provided to be not true, correct and complete in all respects, and (B) ten (10) business days prior to the meeting at which such proposals or nominations contained therein are to be considered.

(ii) If the information submitted pursuant to Section 2.12(b) or 2.12(c) by any stockholder proposing business for consideration at an annual meeting or a director nomination shall not be true, correct and complete in all respects prior to the deadline for submitting such notice, such information may be deemed not to have been provided in accordance with this Section 2.12. For the avoidance of doubt, the updates required pursuant to this Section 2.12 do not cause a notice that

was not in compliance with this Section 2.12 when first delivered to the Corporation prior to the deadline for submitting such notice to thereafter be in proper form in accordance with this Section 2.12.

(iii) Upon written request by the Secretary of the Corporation, the Board of Directors (or any duly authorized committee thereof), any stockholder submitting a notice proposing business for consideration at an annual meeting or a director nomination shall provide, within five (5) business days of delivery of such request (or such other period as may be specified in such request), written verification, satisfactory in the reasonable discretion of the Board of Directors, any duly authorized committee thereof or any duly authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder in such notice delivered pursuant to this Section 2.12 (including, if requested by the Corporation, written confirmation by such stockholder that it continues to intend to bring the business proposed or director nomination referenced in the notice before the meeting). If a stockholder fails to provide such written verification within such period, the information as to which written verification was requested may be deemed not to have been provided in accordance with this Section 2. For purposes of these By-laws, a person shall be deemed to be "Acting in Concert" with another person if such person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding) in concert with, or towards a common goal relating to the management, governance or control of the Corporation in parallel with, such other person where (A) each person is conscious of the other person's conduct or intent and this awareness is an element in their decision-making processes and (B) at least one additional factor suggests that such persons intend to act in concert or in parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions, or making or soliciting invitations to act in concert or in parallel; *provided*, *however*, that a person shall not be deemed to be Acting in Concert with any other person solely as a result of the solicitation or receipt of revocable proxies, or special meeting demands from such other person in response to a solicitation made pursuant to, and in accordance with, Section 14(a) of the Exchange Act by way of a proxy statement filed on Schedule 14A. A person deemed to be Acting in Concert with another person shall be deemed to be Acting in Concert with any third party who is also Acting in Concert with such other person.

(g) Referencing and Cross-Referencing. For a notice proposing business or a director nomination at a stockholders' meeting to comply with the requirements of Sections 2.12(b) and 2.12(c), each of the requirements of Sections 2.12(b) and 2.12(c) shall be directly and expressly responded to and a notice must clearly indicate and expressly reference which provisions of Sections 2.12(b) and 2.12(c) the information disclosed is intended to be responsive to. Information disclosed in one section of a notice in response to one provision of Sections 2.12(b) or 2.12(c) shall not be deemed responsive to any other provision of Sections 2.12(b) or 2.12(c) unless it is expressly cross-referenced to such other provision and it is clearly apparent how the information included in one section of the notice is directly and expressly responsive to the information required to be included in another section of the notice pursuant to Sections 2.12(b) or 2.12(c). For the avoidance of doubt, statements purporting to provide global cross-references that purport to provide that all information provided shall be deemed to be responsive to all requirements of Sections 2.12(b) and 2.12(c) shall not satisfy the requirements of this paragraph (g) of this Section 2.12.

(h) No Incorporation by Reference. For a notice proposing business or a director nomination at a stockholders' meeting to comply with the requirements of this Sections 2.12(b) and 2.12(c), it must set forth in writing directly within the body of the notice (as opposed to being incorporated by reference from any other document or writing not prepared in response to the requirements of this Section 2.12) all the information required to be included therein as set forth in Sections 2.12(b) and 2.12(c) and each of the requirements of Sections 2.12(b) and 2.12(c) shall be directly responded to in a manner that makes it clearly apparent how the information provided is specifically responsive to any requirements of Sections 2.12(b) and 2.12(c). For the avoidance of doubt, a notice shall not be deemed to be in compliance with

Section 2.12 if it attempts to include the required information by incorporating by reference into the body of the notice any other document, writing or part thereof, including, but not limited to, any documents publicly filed with the U.S. Securities and Exchange Commission. For the further avoidance of doubt, the body of the notice does not include any documents not prepared in response to the requirements of this Section 2.12.

(i) Accuracy of Information. A stockholder submitting a notice of proposed business or director nomination, by its delivery to the Corporation, represents and warrants that all information contained therein, as of the deadline for submitting such notice, is true, accurate and complete in all respects, contains no false and misleading statements and such stockholder acknowledges that it intends for the Corporation and the Board of Directors to rely on such information as (i) being true, accurate and complete in all respects and (ii) not containing any false and misleading statements.

(j) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (x) by or at the direction of the Board of Directors or any committee thereof or (y) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a beneficial owner or stockholder of record at the time the notice provided for in this Section 2.12 is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 2.12. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by this Section 2.12 shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the later of the close of business on the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the date of Public Disclosure of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting and not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting. In no event shall the Public Disclosure of an adjournment or postponement of a special meeting commence a new time period (or extend any notice time period).

(k) Effect of Noncompliance. Notwithstanding anything in these By-laws to the contrary, (i) no nominations shall be made or business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section 2.12, and (ii) unless otherwise required by law, if a Proposing Stockholder intending to propose business or make nominations at an annual meeting pursuant to this Section 2.12 does not provide the information required under this Section 2.12 to the Corporation promptly following the later of the record date or the date notice of the record date is first publicly disclosed, or the Proposing Stockholder (or a qualified representative of the Proposing Stockholder) does not appear at the meeting to present the proposed business or nominations, such business or nominations shall not be considered, notwithstanding that proxies in respect of such business or nominations may have been received by the Corporation. For purposes of these By-laws, "qualified representative" means (i) if the stockholder is a corporation, any duly authorized officer of such corporation, (ii) if the stockholder is a limited liability company, any duly authorized member, manager or officer of such limited liability company, (iii) if the stockholder is a partnership, any general partner or person who functions as general partner for such partnership, (iv) if the stockholder is a trust, the trustee of such trust, or (v) if the stockholder is an entity other than the foregoing, the persons acting in such similar capacities as the foregoing with respect to such entity.

Article III. — Directors.

3.1. Number of Directors.

(a) Except as otherwise provided by law, the Certificate of Incorporation, or these By-laws, the property and business of the Corporation shall be managed by or under the direction of the Board of Directors. Directors need not be stockholders, residents of Delaware, or citizens of the United States. The use of the phrase "whole board" herein refers to the total number of directors which the Corporation would have if there were no vacancies.

(b) Subject to the special rights of the holders of any series of Preferred Stock to elect directors, the number of directors constituting the full Board of Directors shall be as determined by the Board of Directors from time to time by resolution adopted by the affirmative vote of at least a majority of the directors then in office.

(c) Effective as of the closing of the Corporation's first public offering of shares of Common Stock registered pursuant to the Securities Act of 1933, as amended (the "IPO Date"), the Board of Directors shall be divided into three classes of directors, designated Class I, Class II, and Class III, such classes to be as nearly equal in number of directors as possible, having staggered three-year terms of office (except to the extent otherwise provided in the next sentence with respect to the initial terms of such classes of directors). The initial term of office of the directors of Class I shall expire as of the first annual meeting of the Corporation's stockholders following the IPO Date; the initial term of office of the directors of Class II shall expire as of the second annual meeting of the Corporation's stockholders following the IPO Date; and the initial term of office of the directors of Class III shall expire as of the third annual meeting of the Corporation's stockholders following the IPO Date. At each annual meeting of stockholders of the Corporation after the IPO Date, nominees will stand for election to succeed those directors whose terms are to expire as of such annual meeting of stockholders, and such nominees elected at such annual meeting of stockholders shall be elected for a term expiring at the third annual meeting of stockholders following their election.

(d) Directors shall hold office until the annual meeting of stockholders in which their term is scheduled to expire as set forth above in this Section 3.1, provided that the term of each director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, resignation or removal. Any director serving as such pursuant to this Section 3.1 may be removed pursuant to Section 3.3. Those directors already in office immediately prior to the IPO Date shall be allocated among the three classes of directors contemplated under this Section 3.1 pursuant to a resolution or resolutions adopted by the Board of Directors prior to the IPO Date.

(e) Except as the General Corporation Law or the Certificate of Incorporation may otherwise require and subject to the special rights of the holders of any series of Preferred Stock, any new directorships or vacancies in the Board of Directors, including new directorships resulting from any increase in the number of directors to serve on the whole Board of Directors and/or any unfilled vacancies by reason of death, resignation, disqualification, removal, failure to elect or otherwise with respect to any director, may be filled as follows: (i) prior to the Threshold Date, either by (x) the affirmative vote or action by written consent of the holders of shares of capital stock of the Corporation representing a majority of the votes applicable to all outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors or (y) the vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director; and (ii) from and after the Threshold Date, only by the vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director.

(f) No decrease in the number of directors constituting the whole board shall shorten the term of any incumbent director.

3.2. Resignation. Any director of the Corporation may resign at any time by giving notice in writing or by electronic transmission to the Chairperson of the Board, the President, or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein, at the time of receipt if no time is specified therein and at the time of acceptance if the effectiveness of such resignation is conditioned upon its acceptance. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

3.3. Removal. Except as may otherwise be provided by the General Corporation Law or the Certificate of Incorporation, and subject to the special rights of the holders of any series of Preferred Stock, prior to the Threshold Date any director or the entire board of directors may be removed, with or without cause, by the affirmative vote (or, if otherwise permissible hereunder, written consent) of the holders of capital stock of the Corporation representing a majority of the votes applicable to all outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors, voting or consenting (as the case may be) together as a single class. Except as may otherwise be provided by the General Corporation Law or the Certificate of Incorporation, and subject to the special rights of the holders of any series of Preferred Stock, from and after the Threshold Date any director or the entire board of directors may be removed only for cause and only by the affirmative vote of the holders of shares of capital stock of the Corporation representing at least sixty-six and two-thirds percent (66-2/3%) of the votes applicable to all outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors, voting together as a single class, at a meeting of the stockholders called for that purpose.

3.4. Place of Meetings and Books. The Board of Directors may hold their meetings and keep the books of the Corporation outside the State of Delaware, at such places as they may from time to time determine.

3.5. General Powers. In addition to the powers and authority expressly conferred upon them by these By-laws, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-laws directed or required to be exercised or done by the stockholders.

3.6. Committees. The Board of Directors may designate one or more committees, by resolution or resolutions passed by a majority of the whole Board of Directors; such committee or committees shall consist of one or more directors of the Corporation, and to the extent provided in the resolution or resolutions designating them, shall have and may exercise specific powers of the Board of Directors in the management of the business and affairs of the Corporation to the extent permitted by statute and shall have power to authorize the seal of the Corporation to be affixed to all papers that may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

3.7. Powers Denied to Committees. Committees of the Board of Directors shall not, in any event, have any power or authority to amend the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares adopted by the Board of Directors as provided in Section 151(a) of the General Corporation Law, fix the designations and any of the preferences or rights of such shares

relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation or fix the number of shares of any series of stock or authorize the increase or

decrease of the shares of any series), adopt an agreement of merger or consolidation, recommend to the stockholders the sale, lease, or exchange of all or substantially all of the Corporation's property and assets, recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amend the By-laws of the Corporation. Further, no committee of the Board of Directors shall have the power or authority to declare a dividend, to authorize the issuance of stock, or to adopt a certificate of ownership and merger pursuant to Section 253 of the General Corporation Law, unless the resolution or resolutions designating such committee expressly so provides.

3.8. Substitute Committee Member. In the absence or on the disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of such absent or disqualified member. Any committee shall keep regular minutes of its proceedings and report the same to the Board of Directors as may be required by the Board of Directors.

3.9. Compensation of Directors. The Board of Directors shall have the power to fix the compensation of directors and members of committees of the Board. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors, a stated amount per annum as director and/or other forms of compensation as the Board of Directors may approve. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

3.10. Regular Meetings. No notice shall be required for regular meetings of the Board of Directors for which the time and place have been fixed.

3.11. Special Meetings. Special meetings of the Board of Directors may be called by the Chairperson of the Board of Directors, if any, the Chief Executive Officer or the President, on twenty-four (24) hours' notice, which may be written, oral or by electronic transmission, to each director, or such shorter period of time before the meeting as will nonetheless be sufficient for the convenient assembly of the directors so notified; special meetings shall be called by the Secretary in like manner and on like notice, on the written request (which may be made by electronic transmission) of two (2) or more directors.

3.12. Quorum. At all meetings of the Board of Directors, a majority of the members of the Board of Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically permitted or provided by statute, by the Certificate of Incorporation, or by these By-laws. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at said meeting that shall be so adjourned.

3.13. Telephonic Participation in Meetings. Members of the Board of Directors or any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear one another, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

3.14. Action by Consent. Unless otherwise restricted by the Certificate of Incorporation or these By-laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if written consent thereto is signed or submitted by electronic transmission by all members of the Board of Directors or of such committee as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee.

3.15. Chairperson of the Board. The Board of Directors may elect or remove, by the affirmative vote of at least a majority of the directors then in office, a Chairperson. Any Chairperson must be a director of the Corporation. The Chairperson shall preside at all meetings of the Board of Directors and at all meetings of the stockholders and, subject to the provisions of these By-laws and the direction of the Board of Directors, the Chairperson shall have such powers and perform such duties that are commonly incident to the position of chairperson of the board or as may be prescribed from time to time by the Board of Directors or provided in these By-laws.

Article IV. — Officers.

4.1. Selection; Statutory Officers. The officers of the Corporation shall be chosen by the Board of Directors. There shall be a President, a Secretary, and a Treasurer, and there may be a Chairperson of the Board of Directors (designated as either a "Chairman" or "Chairwoman", as the case may be), a Chief Executive Officer, one or more Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers, as the Board of Directors may elect. Any number of offices may be held by the same person.

4.2. Time of Election. The officers above named shall be chosen by the Board of Directors at its first meeting after each annual meeting of stockholders. Other than the Chairperson, none of said officers need be a director.

4.3. Additional Officers. The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

4.4. Terms of Office. Each officer of the Corporation shall hold office until such officer's successor is chosen and qualified, or until such officer's earlier death, resignation or removal. Any officer may be removed at any time by the Board of Directors.

4.5. Compensation of Officers. The Board of Directors shall have power to fix the compensation of all officers of the Corporation. It may authorize any officer, upon whom the power of appointing subordinate officers may have been conferred, to fix the compensation of such subordinate officers.

4.6. Chief Executive Officer. The Chief Executive Officer, if any, in the absence or disability of the Chairperson of the Board, shall preside at all meetings of the stockholders, shall have general and active management of the business of the Corporation, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The Chief Executive Officer shall execute bonds, mortgages, and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. In the absence of the Chief Executive Officer, the President, the Chairperson, or another officer of the Corporation, as designated by the Board of Directors, shall have the powers of the Chief Executive Officer.

4.7. President and Vice-Presidents. The President shall act in an executive capacity as shall be directed from time to time by the Board of Directors or the Chief Executive Officer, and shall have such powers and perform such other duties as the Board of Directors or the Chief Executive Officer may determine from time to time (which may include, without limitation, assisting the Chief Executive Officer in the operation and administration of the Corporation's business and the supervision of its policies and affairs), with such limitations on such powers or performance of duties as either of the foregoing shall prescribe. The Vice-President, or if there shall be more than one, the Vice-Presidents in the order determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President and shall perform such other duties and have such powers as the Board of Directors may, from time to time, determine or as these By-laws may prescribe.

4.8. Treasurer. The Treasurer shall have the care and custody of all the funds and securities of the Corporation that may come into his or her hands as Treasurer, and the power and authority to endorse checks, drafts and other instruments for the payment of money for deposit or collection when necessary or proper and to deposit the same to the credit of the Corporation in such bank or banks or depository as the Board of Directors, or the officers or agents to whom the Board of Directors may delegate such authority, may designate, and such officer may endorse all commercial documents requiring endorsements for or on behalf of the Corporation. The Treasurer may sign all receipts and vouchers for the payments made to the Corporation. The Treasurer shall render an account of such officer's transactions to the Board of Directors as often as the Board of Directors or the committee shall require the same. The Treasurer shall enter regularly in the books to be kept by such officer for that purpose full and adequate account of all moneys received and paid by him or her on account of the Corporation. The Treasurer shall perform all acts incident to the position of Treasurer, subject to the control of the Board of Directors. The Treasurer shall when requested, pursuant to vote of the Board of Directors, give a bond to the Corporation conditioned for the faithful performance of such officer's duties, the expense of which bond shall be borne by the Corporation.

4.9. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and of the stockholders; such officer shall attend to the giving and serving of all notices of the Corporation. Except as otherwise ordered by the Board of Directors, such officer shall attest the seal of the Corporation upon all contracts and instruments executed under such seal and shall affix the seal of the Corporation thereto and to all certificates of shares of capital stock of the Corporation. The Secretary shall have charge of the stock certificate book, transfer book and stock ledger, and such other books and papers as the Board of Directors may direct. The Secretary shall, in general, perform all the duties of Secretary, subject to the control of the Board of Directors.

4.10. Assistant Secretary. The Board of Directors or any two of the officers of the Corporation acting jointly may appoint or remove one or more Assistant Secretaries of the Corporation. Any Assistant Secretary upon such officer's appointment shall perform such duties of the Secretary, and also any and all such other duties as the Board of Directors or the President or the Executive Vice-President or the Treasurer or the Secretary may designate.

4.11. Assistant Treasurer. The Board of Directors or any two of the officers of the Corporation acting jointly may appoint or remove one or more Assistant Treasurers of the Corporation. Any Assistant Treasurer upon such officer's appointment shall perform such of the duties of the Treasurer, and also any and all such other duties as the Board of Directors or the President or the Executive Vice-President or the Treasurer or the Secretary may designate.

4.12. Subordinate Officers. The Board of Directors may select such subordinate officers as it may deem desirable. Each such officer shall hold office for such period, have such authority, and perform

such duties as the Board of Directors may prescribe. The Board of Directors may, from time to time, authorize any officer to appoint and remove subordinate officers and to prescribe the powers and duties thereof.

4.13. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

4.14. Removal. The Board of Directors may remove any officer of the Corporation at any time, with or without cause.

Article V. — Stock.

5.1. Stock. The shares of the Corporation's capital stock may be certificated or uncertificated and shall be entered in the books of the Corporation and registered as they are issued. Any certificate representing shares of stock issued to a stockholder of the Corporation (i) shall be numbered, (ii) shall certify the holder's name, the number of shares and the class or series of stock, (iii) shall otherwise be in such form as the Board of Directors shall prescribe,

(iv) shall be signed by both of (a) either the President or a Vice-President, and (b) any one of the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, and (v) shall be sealed with the corporate seal of the Corporation, if any. If such certificate is countersigned (l) by a transfer agent other than the Corporation or its employee, or, (2) by a registrar other than the Corporation or its employee, the signature of the officers of the Corporation and the corporate seal may be facsimiles. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature shall have been used thereon had not ceased to be such officer or officers of the Corporation.

5.2. Fractional Share Interests. The Corporation may, but shall not be required to, issue fractions of a share. If the Corporation does not issue fractions of a share, it shall (i) arrange for the disposition of fractional interests by those entitled thereto, (ii) pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined, or (iii) issue scrip or warrants in registered or bearer form that shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip or warrants aggregating a full share. A certificate for a fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to receive dividends thereon, and to participate in any of the assets of the Corporation in the event of liquidation. The Board of Directors may cause scrip or warrants to be issued subject to the conditions that they shall become void if not exchanged for certificates representing full shares before a specified date, or subject to the conditions that the shares for which scrip or warrants are exchangeable may be sold by the Corporation and the proceeds thereof distributed to the holders of scrip or warrants, or subject to any other conditions that the Board of Directors may impose.

5.3. Transfers of Stock.

Subject to any transfer restrictions then in force, the shares of stock of the Corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives.

If the shares of stock of the Corporation to be transferred are certificated shares, then, subject to the provisions of Section 5.7 below, the holder of the certificate or certificates representing such shares shall

surrender to the Corporation or the transfer agent of the Corporation such certificate or certificates duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, and, subject to any transfer restrictions then in force, the Corporation or the transfer agent of the Corporation shall cancel such certificate or certificates upon receipt thereof or upon compliance by such holder with the provisions of Section 5.7 below and (i) deliver to the applicable stockholder transferee either a new certificate or certificates representing the number of shares transferred or appropriate documentation evidencing the applicable stockholder transferee's record ownership of a number of uncertificated shares equal to the number of shares transferred, and, if applicable, (ii) deliver to the applicable stockholder transferor a new certificate or certificates representing the number of shares not transferred that were previously represented by the certificate or certificates so surrendered or appropriate documentation evidencing the applicable stockholder transferor's record ownership of a number of uncertificated shares equal to such number of shares not transferred. Any transfer or transfers in compliance with the provisions of this paragraph shall be recorded upon the books of the Corporation.

If the shares of stock of the Corporation to be transferred are uncertificated shares, then the registered owner of such shares shall deliver to the Corporation or the transfer agent of the Corporation proper transfer instructions, with such proof of authenticity of signature as the Corporation or its transfer agent or registrar may reasonably require, and, subject to any transfer restrictions then in force that are applicable to such shares, the Corporation or the transfer agent of the Corporation shall cancel such shares upon receipt of such transfer instructions and (i) deliver to the applicable stockholder transferee either a new certificate or certificates representing such shares or appropriate documentation evidencing the applicable stockholder transferee's record ownership of such shares in uncertificated form, and, if applicable and required, (ii) deliver to the applicable stockholder transferor appropriate documentation evidencing that the applicable stockholder transferor is no longer the record owner of such shares so transferred. Any transfer or transfers in compliance with the provisions of this paragraph shall be recorded upon the books of the Corporation.

The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof save as expressly provided by the laws of Delaware.

5.4. Record Date. For the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting (to the extent permissible hereunder), or entitled to receive payment of any dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, that shall not be more than sixty (60) calendar days nor less than ten (10) calendar days before the date of such meeting, nor more than sixty (60) calendar days prior to any other action. If no such record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held; the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed; and the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at any meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

5.5. Transfer Agent and Registrar. The Board of Directors may appoint one or more transfer agents or transfer clerks and one or more registrars and may require all certificates of stock to bear the signature or signatures of any of them.

5.6. Dividends.

(a) Power to Declare. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and the laws of Delaware.

(b) Reserves. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

5.7. Lost, Stolen, or Destroyed Certificates. No certificates for shares of stock of the Corporation shall be issued in place of any certificate alleged to have been lost, stolen, or destroyed, except upon production of such evidence of the loss, theft, or destruction and upon indemnification of the Corporation and its agents to such extent and in such manner as the officers of the Corporation may from time to time prescribe. Upon compliance with the foregoing provisions of this Section 5.7, the Corporation may issue (i) a new certificate or certificates of stock or (ii) uncertificated shares, in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen or destroyed.

5.8. Inspection of Books. The stockholders of the Corporation, by a majority vote at any meeting of stockholders duly called, or in case the stockholders shall fail to act, the Board of Directors shall have power from time to time to determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the Corporation (other than the stock ledger) or any of them, shall be open to inspection of stockholders; and no stockholder shall have any right to inspect any account or book or document of the Corporation except as conferred by statute or authorized by the Board of Directors or by a resolution of the stockholders.

Article VI. — Miscellaneous Management Provisions.

6.1. Checks, Drafts, and Notes. All checks, drafts, or orders for the payment of money, and all notes and acceptances of the Corporation shall be signed by such officer or officers, or such agent or agents, as the officers of the Corporation may designate.

6.2. Notices.

(a) Notices to directors may, and notices to stockholders shall, be in writing or by electronic transmission, and delivered personally, electronically transmitted or mailed to the directors or stockholders at their postage or electronic mail addresses appearing on the books of the Corporation. Notice by mail and electronic transmission shall be deemed to be given at the time when the same shall be mailed or transmitted. Notice to directors may also be given by telegram, telecopy or orally, by telephone or in person.

(b) Whenever any notice is required to be given under the provisions of any applicable statute or of the Certificate of Incorporation or of these By-laws, an electronic transmission or written waiver of notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein or the meeting or action to which such notice relates, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

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

6.4. Voting of Securities Owned by the Corporation. Subject always to the specific directions of the Board of Directors, (i) any shares or other securities issued by any other corporation and owned or controlled by the Corporation may be voted in person at any meeting of security holders of such other corporation by the President of the Corporation if he or she is present at such meeting, or in his or her absence by the Treasurer of the Corporation if he or she is present at such meeting, and (ii) whenever, in the judgment of the President, it is desirable for the Corporation to execute a proxy or written consent in respect to any shares or other securities issued by any other corporation and owned by the Corporation, such proxy or consent shall be executed in the name of the Corporation by the President, without the necessity of any authorization by the Board of Directors, affixation of corporate seal or countersignature or attestation by another officer, provided that if the President is unable to execute such proxy or consent by reason of sickness, absence from the United States or other similar cause, the Treasurer may execute such proxy or consent. Any person or persons designated in the manner above stated as the proxy or proxies of the Corporation shall have full right, power and authority to vote the shares or other securities issued by such other corporation and owned by the Corporation the same as such shares or other securities might be voted by the Corporation.

Article VII. — Indemnification.

7.1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of being or having been a director or officer of the Corporation or serving or having served at the request of the Corporation as a director, trustee, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (an "Indemnitee"), whether the basis of such

proceeding is alleged action or failure to act in an official capacity as a director, trustee, officer, employee or agent or in any other capacity while serving as a director, trustee, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto) (as used in this Article 7, the "Delaware Law"), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith and such indemnification shall continue as to an Indemnitee who has ceased to be a director, trustee, officer, employee, or agent and shall inure to the benefit of the Indemnitee's heirs, executors, and administrators; provided, however, that, except as provided in Section 7.2 hereof with respect to Proceedings to enforce rights to indemnification, the Corporation shall indemnify any such Indemnitee in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Article 7 shall be a contract right and shall include the right to be paid by the Corporation the expenses (including attorneys' fees) incurred in defending any such Proceeding in advance of its final disposition (an "Advancement of Expenses"); provided, however, that, if the Delaware Law so requires, an Advancement of Expenses incurred by an Indemnitee shall be made only upon delivery to the Corporation of an undertaking (an "Undertaking"), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (a "Final Adjudication") that such Indemnitee is not entitled to be indemnified for such expenses under this Article 7 or otherwise.

7.2. Right of Indemnitee to Bring Suit. If a claim under Section 7.1 hereof is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an Advancement of Expenses, in which case the applicable period shall be twenty (20) days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an Advancement of Expenses) it shall be a defense that the Indemnitee has not met the applicable standard of conduct set forth in the Delaware Law. In addition, any suit by the Corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking the Corporation shall be entitled to recover such expenses upon a Final Adjudication that, the Indemnitee has not met the applicable standard of conduct set forth in the Delaware Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the Delaware Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or to an Advancement of Expenses hereunder, or by the Corporation to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such Advancement of Expenses, under this Article 7 or otherwise shall be on the Corporation.

7.3. Other Recovery Proceeds. In the event that the Indemnitee shall receive any refund, insurance proceeds, contribution from co-defendants, or other recovery from any person or entity (other than recovery from the Corporation under this Article 7) (the "Other Recovery Proceeds") in respect of

any matter in connection with which an indemnification payment shall have been made by the Corporation hereunder, the Indemnitee shall refund to the Corporation an amount equal to the Other Recovery Proceeds allocable to the same matter for which indemnification was paid by the Corporation.

7.4. Assumption of Defense by the Corporation. Promptly after receipt by the Indemnitee of any claim or the commencement of any Proceeding with respect to which indemnification payments may be sought from the Corporation under this Article 7, the Indemnitee shall notify the Corporation in writing of such claim or of the commencement of such Proceeding; provided that failure so to notify the Corporation will relieve it from any liability which it may have only if and to the extent that such failure results in the forfeiture by the Corporation of substantial rights and defenses (and will not in any event relieve the Corporation from any other obligation or liability that it may have to the Indemnitee in respect of any other claim for indemnification or in respect of any rights arising other than under this Article 7). If the Corporation shall so elect, the Corporation may assume the defense of such Proceeding, including the employment of counsel and shall in such event be responsible for the payment of the legal and other costs of such defense (provided, however, that the Corporation will not be required to pay the fees and disbursements of more than one counsel for the defense of any such Proceeding). In any Proceeding the defense of which is assumed by the Corporation, the Indemnitee will have the right to participate in such Proceeding, and shall have the right to retain his own separate counsel at his own expense. Neither the Corporation, on the one hand, nor the Indemnitee, on the other hand, will, without the prior written consent of the other party, settle or compromise or consent to the entry of any judgment in any pending or threatened Proceeding in respect of which indemnification may be sought hereunder unless such settlement, compromise or consent includes an unconditional release of the Indemnitee and the Corporation from any and all liability arising out of such Proceeding.

7.5. Non-Exclusivity of Rights. The rights to indemnification and to the Advancement of Expenses conferred in this Article 7 shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, the Certificate of Incorporation, by law, agreement, vote of stockholders or disinterested directors or otherwise.

7.6. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article 7 or under the Delaware Law.

7.7. Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and to the Advancement of Expenses, to any employee or agent of the Corporation to the fullest extent of the provisions of this Article 7 with respect to the indemnification and Advancement of Expenses of directors and officers of the Corporation.

7.8. Merger or Consolidation. For purposes of this Article 7, references to the "Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article 7 with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued

7.9. Savings Clause. If this Article 7 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and advance expenses to each person entitled to indemnification under Article 7 as to all expense, liability and loss (including attorneys' fees and related disbursements, judgments, fines, ERISA excise taxes and penalties, penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person and for which indemnification or advancement of expenses is available to such person pursuant to this Article 7 to the fullest extent permitted by any applicable portion of this Article 7 that shall not have been invalidated and to the fullest extent permitted by applicable law.

Article VIII. — Amendments.

8.1. Amendments. Subject always to any limitations imposed by the Certificate of Incorporation, these By-laws and any amendment thereof may be altered, amended or repealed, or new by-laws may be adopted, by the Board of Directors at any regular or special meeting by the affirmative vote of a majority of all of the members of the Board of Directors, provided in the case of any special meeting at which all of the members of the Board of Directors are not present, that the notice of such meeting shall have stated that the amendment of these By-laws was one of the purposes of the meeting; but these By-laws and any amendment thereof, including the By-laws adopted by the Board of Directors, may be altered, amended or repealed and other By-laws may be adopted (i) prior to the Threshold Date, by the affirmative vote (or, if otherwise permissible under the Certificate of Incorporation, written consent) of the holders of capital stock of the Corporation representing a majority of the votes applicable to all outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors, voting or consenting (as the case may be) together as a single class or (ii) form and after the Threshold Date, by the affirmative vote of the holders of capital stock of the Corporation representing at least sixty-six and two-thirds percent (66-2/3%) of the votes applicable to all outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors, voting or consenting (as the case may be) together as a single class, provided, in the case of any special meeting, that notice of such proposed alteration, amendment, repeal or adoption is included in the notice of the meeting.

* * *

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	*UNIF GIFT MIN ACT - .....Custodian..... (Cust) (Minor)*
TEN ENT - as tenants by the entireties	
JT TEN - as joint tenants with right of survivorship and not as tenants in common	*under Uniform Gifts to Minors Act ..... (State)*

Additional abbreviations may also be used though not in the above list.

For Value Received,_____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____

_____

_____ *Shares of the stock represented by the within Certificate, and do hereby irrevocably constitute and appoint*

_____ *Attorney to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.*

Dated _____

NOTICE: THIS SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed

By _____

The Signature(s) must be guaranteed by an eligible guarantor institution (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions with membership in an approved Signature Guarantee Medallion Program), pursuant to SEC Rule 17Ad-15.

THE CORPORATION WILL FURNISH TO ANY STOCKHOLDER, UPON REQUEST AND WITHOUT CHARGE, A FULL STATEMENT OF THE DESIGNATIONS, RELATIVE RIGHTS, PREFERENCES AND LIMITATIONS OF THE SHARES OF EACH CLASS AND SERIES AUTHORIZED TO BE ISSUED, SO FAR AS THE SAME HAVE BEEN DETERMINED, AND OF THE AUTHORITY, IF ANY, OF THE BOARD TO DIVIDE THE SHARES INTO CLASSES OR SERIES AND TO DETERMINE AND CHANGE THE RELATIVE RIGHTS, PREFERENCES AND LIMITATIONS OF ANY CLASS OR SERIES. SUCH REQUEST MAY BE MADE TO THE SECRETARY OF THE CORPORATION OR TO THE TRANSFER AGENT NAMED ON THIS CERTIFICATE.

Morgan Lewis

September 29, 2017

CarGurus, Inc.
2 Canal Park, 4th Floor
Cambridge, Massachusetts 02141

Re: CarGurus, Inc., Registration Statement on Form S-1 (File No. 333-220495)

Ladies and Gentlemen:

We have acted as counsel to CarGurus, Inc., a Delaware corporation (the "Company"), in connection with the filing of the Registration Statement on Form S-1 referenced above (as amended prior to being declared effective, the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), with the Securities and Exchange Commission (the "Commission"). The Registration Statement relates to the proposed offering and sale of up to 10,810,000 shares of Class A common stock, par value $0.001 per share, of the Company (the "Common Stock"), which includes up to 3,205,000 shares to be issued and sold by the Company (including 705,000 shares subject to the underwriters' over-allotment option described in the Registration Statement) (the "Primary Shares"), and up to 7,605,000 shares to be offered and sold by certain selling stockholders named in the Registration Statement (the "Selling Stockholders") (including 705,000 shares subject to the underwriters' over-allotment option described in the Registration Statement) (the "Secondary Shares" and, together with the Primary Shares, the "Shares"). The number of Shares shall include all shares of Common Stock registered in connection with the offering contemplated by the Registration Statement, including any additional shares of Common Stock registered by the Company pursuant to Rule 462(b) under the Act.

In connection with this opinion letter, we have examined the Registration Statement and originals, or copies certified or otherwise identified to our satisfaction, of the Company's Fourth Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and such other documents, records, and instruments as we have deemed necessary or appropriate for purposes of the opinion set forth herein.

We have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of the documents submitted to us as originals, the conformity with the originals of all documents submitted to us as certified, facsimile, or photostatic copies and the authenticity of the originals of all documents submitted to us as copies.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, we are of the opinion that:

1. The Primary Shares have been duly authorized and, when issued and sold by the Company and delivered against receipt of the purchase price therefor, at a price not less than the par value of the Common Stock and not less than a price per share at which the total number of Shares would exceed the total number of shares of Common Stock available under the Company's Fourth Amended and Restated Certificate of Incorporation, in the manner contemplated by the Registration Statement, the Primary Shares will be validly issued, fully paid and non-assessable.

2. The Secondary Shares have been duly authorized and validly issued and are fully paid and non-assessable.

The opinions expressed herein are limited to the Delaware General Corporation Law.

We hereby consent to the use of this opinion as Exhibit 5.1 to the Registration Statement and any post-effective amendment to the Registration Statement, and to the reference to us under the caption "Legal Matters" in the prospectus included in the Registration Statement. In giving such consent, we do not hereby admit that we are acting within the category of persons whose consent is required under Section 7 of the Act or the rules or regulations of the Commission thereunder.

Very truly yours,

/s/ Morgan, Lewis & Bockius LLP

CARGURUS, INC.

AMENDED AND RESTATED 2015 EQUITY INCENTIVE PLAN

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CARGURUS, INC.

Amended and Restated 2015 Equity Incentive Plan

1. Purpose

This Plan is intended to encourage ownership of Stock by employees, consultants and directors of the Company and its Affiliates and provide additional incentive for them to promote the success of the Company's business. The Plan is intended to be an incentive stock option plan within the meaning of Section 422 of the Code, but not all Awards are required to be Incentive Options. The Plan was first effective on June 26, 2015, and was amended and restated effective August 6, 2015 to permit the grant of Restricted Stock Units under the Plan, remove Class B Common Stock from the pool of shares available for issuance under the Plan and make certain other desired changes. The Plan was amended and restated as of October 15, 2015 to add a ten year term and to make certain other desired changes. The Plan was again amended and restated to merge the CarGurus, Inc. Amended and Restated 2006 Equity Incentive Plan (the "2006 Plan") into this Plan, to increase the number of shares of Class A Common Stock to be issued hereunder and to lengthen the ten-year term, effective as of August 22, 2016. Outstanding options under the 2006 Plan shall continue in effect according to their terms as in effect before August 22, 2016 (subject to such amendments and adjustments as the Committee determines, consistent with the 2006 Plan, as applicable), and the shares with respect to outstanding options under the 2006 Plan shall be issued or transferred under this Plan. To effectuate the recapitalization of the Company's capital stock pursuant to which each share of Class A Common Stock and each share of Class B Common Stock was exchanged for two shares of Class A Common Stock and four shares of Class B Common Stock, the Plan is hereby amended and restated, effective as of the Restatement Effective Date, to memorialize the adjustment of the numbers and kinds of shares available for issuance pursuant to awards outstanding under the Plan as of the Restatement Effective Date and to reflect that the shares of Class B Common Stock that were not subject to outstanding awards as of the Restatement Effective Date were replaced with the equivalent number of shares of Class A Common Stock , as approved by the Committee pursuant to Section 8.1 hereof.

2. Definitions

As used in the Plan, the following terms shall have the respective meanings set out below, unless the context clearly requires otherwise:

2.1 Affiliate means any corporation, partnership, limited liability company, business trust, or other entity controlling, controlled by or under common control with the Company.

2.2 Award means any grant or sale pursuant to the Plan of Options, Restricted Stock, Restricted Stock Units or Stock Grants.

2.3 Award Agreement means an agreement between the Company and the recipient of an Award, or other notice of grant of an Award, setting forth the terms and conditions of the Award.

2.4 Board means the Company's Board of Directors.

2.5 Class A Common Stock means Class A common stock, par value $0.001 per share, of the Company.

2.6 Class B Common Stock means Class B common stock, par value $0.001 per share, of the Company.

2.7 Code means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and any regulations issued from time to time thereunder.

2.8 Committee means any committee of the Board delegated responsibility by the Board for the administration of the Plan, as provided in Section 5 of this Plan. For any period during which no such committee is in existence "Committee" shall mean the Board and all authority and responsibility assigned to the Committee under the Plan shall be exercised, if at all, by the Board.

2.9 Company means CarGurus, Inc., a corporation organized under the laws of the State of Delaware.

2.10 Dividend Equivalent means an amount determined by multiplying the number of shares of Stock subject to a Restricted Stock Unit by the per-share cash dividend paid by the Company on outstanding Stock, or the per-share Market Value of any dividend paid on outstanding Stock in consideration other than cash. If interest is credited on accumulated divided equivalents, the term "Dividend Equivalent" shall include the accrued interest.

2.11 Effective Date means June 26, 2015.

2.12 "forfeiture." "forfeit," and derivations thereof, when used in respect of Restricted Stock purchased by a Participant, includes the Company's repurchase of such Restricted Stock at less than the Stock's then Market Value.

2.13 Grant Date means the date as of which an Option is granted, as determined under Section 7.1(a).

2.14 Incentive Option means an Option which by its terms is to be treated as an "incentive stock option" within the meaning of Section 422 of the Code.

2.15 Market Value means the fair market value of a share of Stock on any date as determined by the Committee.

2.16 Nonstatutory Option means any Option that is not an Incentive Option.

2.17 Option means an option to purchase shares of Stock.

2.18 Optionee means an eligible individual to whom an Option shall have been granted under the Plan.

2.19 Participant means any holder of an outstanding Award under the Plan.

2.20 Plan means this Amended and Restated 2015 Equity Incentive Plan of the Company, as amended from time to time, and including any attachments or addenda hereto.

2.21 Public Offering means the initial registration of the Stock under Section 12(g) of the Securities Exchange Act of 1934, as amended.

2.22 Restatement Effective Date means June 21, 2017, subject to the approval of the Plan by the Company's stockholders.

2.23 Restricted Stock means a grant or sale of shares of Stock to a Participant subject to a Risk of Forfeiture.

2.24 Restricted Stock Unit means a grant of a phantom unit representing a share of Stock on a one-for-one basis, subject to restrictions and other forfeiture conditions, as the Committee determines.

2.25 Restriction Period means the period of time, established by the Committee in connection with an Award of Restricted Stock or Restricted Stock Units, during which the shares of Restricted Stock or Restricted Stock Units are subject to a Risk of Forfeiture described in the applicable Award Agreement.

2.26 Risk of Forfeiture means a limitation on the right of the Participant to retain Restricted Stock or Restricted Stock Units, including a right in the Company to reacquire the Stock at less than its then Market Value, arising because of the occurrence or non-occurrence of specified events or conditions, as the Committee determines.

2.27 Stock means, collectively, Class A Common Stock and Class B Common Stock, and such other securities as may be substituted for Stock pursuant to Section 8.

2.28 Stock Grant means the grant of shares of Stock not subject to restrictions or other forfeiture conditions.

2.29 Stockholders' Agreement means any agreement by and among the holders of at least a majority of the outstanding voting securities of the Company and setting forth, among other provisions, restrictions upon the transfer of shares of Stock or on the exercise of rights appurtenant thereto (including but not limited to voting rights).

2.30 Ten Percent Owner means a person who owns, or is deemed within the meaning of Section 422(b)(6) of the Code to own, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company (or any parent or subsidiary corporations of the Company, as defined in Sections 424(e) and (f), respectively, of the Code). Whether a person is a Ten Percent Owner shall be determined with respect to an Option based on the facts existing immediately prior to the Grant Date of the Option.

3. Term of the Plan

Unless the Plan shall have been earlier terminated by the Board or extended by the Board with the approval of the stockholders, Awards may be granted under this Plan at any time in the

period commencing on the Effective Date and ending on August 21, 2026. Awards granted pursuant to the Plan within that period shall not expire solely by reason of the termination of the Plan.

4. Stock Subject to the Plan

Subject to the provisions of Section 8 of the Plan, as of the Restatement Effective Date, the maximum number of shares of Stock that may be issued pursuant to or subject to outstanding Awards granted under the Plan, and the maximum number of shares of Stock issued pursuant to or subject to outstanding Incentive Options, shall not exceed 8,343,384 shares of Stock; which includes (i) 3,181,740 shares of Class A Common Stock plus (ii) 5,161,644 shares of Class B Common Stock; provided, however, that the number of shares of Class A Common Stock that may be issued pursuant to or subject to outstanding Awards granted under the Plan may be increased, on a share for share basis, by the number of shares of Class B Common Stock that are (I) subject to outstanding options granted under the 2006 Plan or this Plan that expire, terminate, or are cancelled for any reason without having been exercised pursuant to Section 4(a) below, (II) surrendered in payment of the exercise price of outstanding options granted under the 2006 Plan or this Plan pursuant to Section 4(b) below and (III) withheld in satisfaction of tax withholding upon exercise of outstanding options granted under the 2006 Plan or this Plan pursuant to Section 4(c) below, and the number of shares of Class B Common Stock reserved hereunder will be decreased, on a corresponding share for share basis. Effective as of August 22, 2016, no Awards with respect to Class B Common Stock will be granted under the Plan and, except with respect to outstanding options that are exercised on or after the Restatement Effective Date, no Class B Common Stock will be issued under the Plan. For purposes of applying the foregoing limitation, settlement of any Award shall not count against the foregoing limitations except to the extent settled in the form of Stock and, without limiting the generality of the foregoing:

(a) if any Option (including any option granted under the 2006 Plan) expires, terminates, or is cancelled for any reason without having been exercised in full, or if any other Award is forfeited, the shares of Stock not purchased by the Optionee or which are forfeited shall again be available for Awards with respect to Class A Common Stock to be granted under the Plan; provided that 135 shares of Stock subject to incentive stock options granted under the Plan and tendered in the tender offer closing on October 14, 2016 have not been made available for Awards with respect to Class A Common Stock to be granted under the Plan;

(b) if any Option (including any option granted under the 2006 Plan) is exercised by delivering previously owned shares of Stock in payment of the exercise price therefor, or by surrender of shares of Stock subject to the Option (including any option granted under the 2006 Plan) in payment of the exercise price therefor, only the net number of shares, that is, the number of shares of Stock issued minus the number delivered and received by the Company or surrendered in payment of the exercise price, shall be considered to have been issued pursuant to an Award granted under the Plan; and

(c) any shares of Stock either tendered or withheld in satisfaction of tax withholding obligations of the Company or an Affiliate shall again be available for issuance pursuant to Awards with respect to Class A Common Stock to be granted under the Plan.

None of the foregoing provisions of this Section 4, including the adjustment provisions of Section 8, shall apply in determining the maximum number of shares of Stock issued pursuant to or subject to outstanding Incentive Options unless consistent with the provisions of Section 422 of the Code, however. Shares of Stock issued pursuant to the Plan may be either authorized but unissued shares or shares held by the Company in its treasury.

5. Administration

The Plan shall be administered by the Committee; *provided, however*, that at any time and on any one or more occasions the Board may itself exercise any of the powers and responsibilities assigned the Committee under the Plan and when so acting shall have the benefit of all of the provisions of the Plan pertaining to the Committee's exercise of its authorities hereunder; and *provided further, however*, that the Committee may delegate to an executive officer or officers the authority to grant Awards hereunder to employees who are not officers, and to consultants, in accordance with such guidelines as the Committee shall set forth at any time or from time to time. Subject to the provisions of the Plan, the Committee shall have complete authority, in its discretion, to make or to select the manner of making all determinations with respect to each Award to be granted by the Company under the Plan including the employee, consultant or director to receive the Award and the form of Award. In making such determinations, the Committee may take into account the nature of the services rendered by the respective employees, consultants, and directors, their present and potential contributions to the success of the Company and its Affiliates, and such other factors as the Committee in its discretion shall deem relevant. Subject to the provisions of the Plan, the Committee shall also have complete authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective Award Agreements (which need not be identical), and to make all other determinations necessary or advisable for the administration of the Plan. The Committee's determinations made in good faith on matters referred to in the Plan shall be final, binding and conclusive on all persons having or claiming any interest under the Plan or an Award made pursuant hereto. All powers of the Committee shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly situated individuals.

6. Authorization of Grants

6.1 Eligibility. The Committee may grant from time to time and at any time prior to the termination of the Plan one or more Awards, either alone or in combination with any other Awards, to any employee of or consultant to one or more of the Company and its Affiliates or to any non-employee member of the Board or of any board of directors (or similar governing authority) of any Affiliate. However, only employees of the Company, and of any parent or subsidiary corporations of the Company, as defined in Sections 424(e) and (f), respectively, of the Code, shall be eligible for the grant of an Incentive Option.

6.2 General Terms of Awards. Each grant of an Award shall be subject to all applicable terms and conditions of the Plan (including but not limited to any specific terms and conditions applicable to that type of Award set out in the following Section), and such other terms and conditions, not inconsistent with the terms of the Plan, as the Committee may

prescribe. No prospective Participant shall have any rights with respect to an Award, unless and until such Participant shall have complied with the applicable terms and conditions of such Award (including if applicable delivering a fully executed copy of any agreement evidencing an Award to the Company). All Awards shall be made conditional on the Participant's acknowledgment, in writing or by acceptance of the Award, that all decisions and determinations of the Committee shall be final, binding and conclusive on the Participant, the Participant's beneficiaries and any other person having or claiming an interest in such Award. Awards need not be uniform as among Participants.

6.3 Effect of Termination of Employment, Etc. Unless the Committee shall provide otherwise with respect to any Option, if the Optionee's employment or other service with the Company and its Affiliates ends for any reason, including because of an Affiliate ceasing to be an Affiliate, (a) any outstanding Option of the Participant shall cease to be exercisable in any respect not later than thirty (30) days following that event and, for the period it remains exercisable following that event, shall be exercisable only to the extent exercisable at the date of that event, and (b) any other outstanding Award of the Participant shall be forfeited on the terms specified in the applicable Award

Agreement. Cessation of the performance of services in one capacity, for example, as an employee, shall not result in termination of an Award while the Participant continues to perform services in another capacity, for example as a director. Military or sick leave or other bona fide leave shall not be deemed a termination of employment or other service, *provided* that it does not exceed the longer of three (3) months or the period during which the absent Participant's reemployment rights, if any, are guaranteed by statute or by contract. To the extent consistent with applicable law, the Committee may provide that Awards continue to vest for some or all of the period of any such leave, or that their vesting shall be tolled during any such leave and only recommence upon the Participant's return from leave, if ever.

6.4 Non-Transferability of Awards. Except as otherwise provided in this Section 6, Awards shall not be transferable, and no Award or interest therein may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. All of a Participant's rights in any Award may be exercised during the life of the Participant only by the Participant or the Participant's legal representative. However, the Committee may, at or after the grant of an Award of a Nonstatutory Option, an Award of Restricted Stock Units or shares of Restricted Stock, provide that such Award may be transferred by the recipient to a family member in accordance with applicable securities laws and regulations; *provided, however*, that any such transfer is without payment of any consideration whatsoever and that no transfer shall be valid unless first approved by the Committee, acting in its sole discretion. For this purpose, "family member" means any child, stepchild, grandchild, parent, grandparent, stepparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the employee's household (other than a tenant or employee), a trust in which the foregoing persons have more than fifty (50) percent of the beneficial interests, a foundation in which the foregoing persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than fifty (50) percent of the voting interests.

7. Specific Terms of Awards

7.1 Options.

(a) Grant Date. The granting of an Option shall take place at the time specified in the Award Agreement. Only if expressly so provided in the applicable Award Agreement shall the Grant Date be the date on which the Award Agreement shall have been duly executed and delivered by the Company and the Optionee.

(b) Exercise Price. The price at which shares of Stock may be acquired under each Option shall be not less than 100% of the Market Value of Stock on the Grant Date. The price at which shares of Stock may be acquired under each Incentive Option shall not be less than 110% of the Market Value of Stock on the Grant Date if the Optionee is a Ten Percent Owner.

(c) Option Period. No Option may be exercised on or after the tenth anniversary of the Grant Date. No Incentive Option may be exercised on or after the fifth anniversary of the Grant Date if the Optionee is a Ten Percent Owner.

(d) Exercisability. An Option may be immediately exercisable or become exercisable in such installments, cumulative or non-cumulative, as the Committee may determine. In the case of an Option not otherwise immediately exercisable in full, the Committee may provide that such Option shall become exercisable in whole or in part at any time; *provided, however*, that in the case of an Incentive Option, any such acceleration of the Option would not cause the Option to fail to comply with the provisions of Section 422 of the Code or the Optionee consents to the acceleration.

(e) Grants to Non-Exempt Employees. Notwithstanding the foregoing, Options granted to persons who are non exempt employees under the Fair Labor Standards Act of 1938, as amended, may not be exercisable for at least six months after the Grant Date (except that such Options may become exercisable, as determined by the Committee, upon the Optionee's death, disability or retirement, or upon a Transaction or other circumstances permitted by applicable regulations.

(f) Method of Exercise. An Option may be exercised by the Optionee giving written notice, in the manner provided in Section 16, specifying the number of shares of Stock with respect to which the Option is then being exercised. The notice shall be accompanied by payment in the form of cash or check payable to the order of the Company in an amount equal to the exercise price of the shares of Stock to be purchased or, subject in each instance to the Committee's approval, acting in its sole discretion, Section 9.6 and to such conditions, if any, as the Committee may deem necessary to avoid adverse accounting effects to the Company,

(i) by delivery to the Company of shares of Stock having a Market Value equal to the exercise price of the shares to be purchased, or

(ii) by surrender of the Option as to all or part of the shares of Stock for which the Option is then exercisable in exchange for shares of Stock having an aggregate Market Value equal to the difference between (1) the aggregate Market Value

of the shares of Stock subject to the surrendered portion of the Option, and (2) the aggregate exercise price under the Option for the surrendered portion of the Option (i.e., "net exercise"), or

(iii) by delivery to the Company of the Optionee's executed promissory note in the principal amount equal to the exercise price of the shares of Stock to be purchased and otherwise in such form as the Committee shall have approved, or

(iv) by delivery of any other lawful means of consideration which the Committee may approve.

If the Stock becomes traded on an established market, payment of any exercise price may also be made through and under the terms and conditions of any formal cashless exercise program authorized by the Company entailing the sale of the Stock subject to an Option in a brokered transaction (other than to the Company). Receipt by the Company of such notice and payment in any authorized or combination of authorized means shall constitute the exercise of the Option. Within thirty (30) days thereafter but subject to the remaining provisions of the Plan, the Company shall deliver or cause to be delivered to the Optionee or his agent a certificate or certificates for the number of shares then being purchased. Such shares of Stock shall be fully paid and nonassessable.

(g) Limit on Incentive Option Characterization. An Incentive Option shall be considered to be an Incentive Option only to the extent that the number of shares of Stock for which the Option first becomes exercisable in a calendar year do not have an aggregate Market Value (as of the date of the grant of the Option) in excess of the "current limit". The current limit for any Optionee for any calendar year shall be $100,000 *minus* the aggregate Market Value at the date of grant of the number of shares of Stock available for purchase for the first time in the same year under each other Incentive Option previously granted to the Optionee under the Plan, and under each other incentive stock option previously granted to the Optionee under any other incentive stock option plan of the Company and its Affiliates. Any shares of Stock which would cause the foregoing limit to be violated shall be deemed to have been granted under a separate Nonstatutory Option, otherwise identical in its terms to those of the Incentive Option.

(h) Notification of Disposition. Each person exercising any Incentive Option granted under the Plan shall be deemed to have covenanted with the Company to report to the Company any disposition of the shares of Stock issued upon such exercise prior to the expiration of the holding periods specified by Section 422(a)(1) of the Code and, if and to the extent that the realization of income in such a disposition imposes upon the Company federal, state, local or other withholding tax requirements, or any such withholding is required to secure for the Company an otherwise available tax deduction, to remit to the Company an amount in cash sufficient to satisfy those requirements.

(i) Rights Pending Exercise. No person holding an Option shall be deemed for any purpose to be a stockholder of the Company with respect to any of the shares of Stock issuable pursuant to his Option, except to the extent that the Option shall have been exercised with respect thereto and, in addition, a certificate shall have been issued therefor and delivered to such holder or his agent.

7.2 Restricted Stock.

(a) Purchase Price. Shares of Restricted Stock shall be issued under the Plan for such consideration, in cash, other property or services, or any combination thereof, as is determined by the Committee.

(b) Issuance of Certificates. Each Participant receiving a Restricted Stock Award, subject to subsection (c) below, shall be issued a stock certificate in respect of such shares of Restricted Stock. Such certificate shall be registered in the name of such Participant, and, if applicable, shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award substantially in the following form:

The shares evidenced by this certificate are subject to the terms and conditions of CarGurus, Inc. Amended and Restated 2015 Equity Incentive Plan and an Award Agreement entered into by the registered owner and CarGurus, Inc., copies of which will be furnished by the Company to the holder of the shares evidenced by this certificate upon written request and without charge.

(c) Escrow of Shares. The Committee may require that the stock certificates evidencing shares of Restricted Stock be held in custody by a designated escrow agent (which may but need not be the Company) until the restrictions thereon shall have lapsed, and that the Participant deliver a stock power, endorsed in blank, relating to the Stock covered by such Award.

(d) Restrictions and Restriction Period. During the Restriction Period applicable to shares of Restricted Stock, such shares shall be subject to limitations on transferability and a Risk of Forfeiture arising on the basis of such conditions related to the performance of services, Company or Affiliate performance or otherwise as the Committee may determine and provide for in the applicable Award Agreement. Any such Risk of Forfeiture may be waived or terminated, or the Restriction Period shortened, at any time by the Committee on such basis as it deems appropriate.

(e) Rights Pending Lapse of Risk of Forfeiture or Forfeiture of Award. Except as otherwise provided in the Plan or the applicable Award Agreement, at all times prior to lapse of any Risk of Forfeiture applicable to, or forfeiture of, an Award of Restricted Stock, the Participant shall have all of the rights of a stockholder of the Company, including the right to vote, and the right to receive any dividends with respect to, the shares of Restricted Stock (but any dividends or other distributions payable in shares of Stock or other securities of the Company shall constitute additional Restricted Stock, subject to the same Risk of Forfeiture as the shares of Restricted Stock in respect of which such shares of Stock or other securities are paid). The Committee, as determined at the time of Award, may permit or require the payment of cash dividends to be deferred and, if the Committee so determines, reinvested in additional Restricted Stock to the extent shares of Stock are available under Section 4.

(f) Lapse of Restrictions. If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock, the certificates for such shares shall be delivered to the Participant promptly if not theretofore so delivered.

7.3 Stock Grants. Stock Grants shall be awarded solely in recognition of significant contributions to the success of the Company or its Affiliates, in lieu of compensation otherwise already due and in such other limited circumstances as the Committee deems appropriate. Stock Grants shall be made without forfeiture conditions of any kind.

7.4 Restricted Stock Units.

(a) Crediting of Units. Each Restricted Stock Unit shall represent the right of the Participant to receive an amount based on the value of a share of Stock, if specified conditions are met. All Restricted Stock Units shall be credited to bookkeeping accounts established on the Company's records for purposes of the Plan.

(b) Terms of Stock Units. During the Restriction Period applicable to Restricted Stock Units, such Restricted Stock Units shall be subject to limitations on transferability and a Risk of Forfeiture arising on the basis of such conditions related to the performance of services, Company or Affiliate performance or otherwise as the Committee may determine and provide for in the applicable Award Agreement. Any such Risk of Forfeiture may be waived or terminated, or the Restriction Period shortened, at any time by the Committee on such basis as it deems appropriate.

(c) No Rights as a Stockholder, Dividend Equivalents. A Participant has no rights as stockholder until the Participant receives shares of Stock upon settlement of the Restricted Stock Units. The Committee may grant Dividend Equivalents in connection with Restricted Stock Units. Dividend Equivalents may be paid currently or accrued as contingent cash obligations and may be payable in cash or shares of Stock, and upon such terms and conditions as the Committee shall determine.

(d) Payment With Respect to Restricted Stock Units. Payments with respect to Restricted Stock Units may be made in cash, in Stock, or in a combination of the two, as determined by the Committee. If the Participant receives Stock in settlement of Restricted Stock Units, the certificates for such shares shall be delivered to the Participant promptly.

7.5 Awards to Participants Outside the United States. The Committee may modify the terms of any Award under the Plan granted to a Participant who is, at the time of grant or during the term of the Award, resident or primarily employed outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order that the Award shall conform to laws, regulations, and customs of the country in which the Participant is then resident or primarily employed, or so that the value and other benefits of the Award to the Participant, as affected by foreign tax laws and other restrictions applicable as a result of the Participant's residence or employment abroad, shall be comparable to the value of such an Award to a Participant who is resident or primarily employed in the United States. The Committee may establish supplements to, or amendments, restatements, or alternative versions of the Plan for the purpose of granting and administrating any such modified Award. No such modification, supplement, amendment, restatement or alternative version may increase the share limit of Section 4.

8. Adjustment and Related Provisions

8.1 Adjustment for Corporate Actions. All of the share numbers set forth in the Plan reflect the capital structure of the Company as of the Restatement Effective Date. If subsequent to the Restatement Effective Date the outstanding shares of Stock (or any other securities covered by the Plan by reason of the prior application of this Section) are increased, decreased, or exchanged for a different number or kind of shares or other securities, or if additional shares or new or different shares or other securities are distributed with respect to shares of Stock, as a result of a merger, consolidation, reorganization, spinoff, recapitalization, reclassification, stock dividend, stock split, reverse stock split, exchange of shares or other unusual event affecting the outstanding Stock as a class without the Company's receipt of consideration, with respect to such shares of Stock, an appropriate and proportionate adjustment, as determined by the Committee in its discretion, will be made in (i) the maximum numbers and kinds of shares provided in Section 4, (ii) the numbers and kinds of shares or other securities subject to the then outstanding Awards, (iii) the exercise price for each share or other unit of any other securities subject to then outstanding Options (without change in the aggregate purchase price as to which such Options remain exercisable), (iv) the applicable Market Value of Awards, and (v) the repurchase price of each share of Restricted Stock then subject to a Risk of Forfeiture in the form of a Company repurchase right. Any adjustments to outstanding Awards shall be consistent with Section 409A or 424 of the Code, to the extent applicable. Any adjustment determined by the Committee shall be final, binding and conclusive.

8.2 Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. In the event of any corporate action not specifically covered by the preceding Section, including but not limited to an extraordinary cash distribution on Stock, a corporate separation or other reorganization or liquidation, the Committee may make such adjustment of outstanding Awards and their terms, if any, as it, in its sole discretion, may deem equitable and appropriate in the circumstances.

8.3 Related Matters. Any adjustment in Awards made pursuant to Sections 8.1 or 8.2 shall be determined and made, if at all, by the Committee acting in its sole discretion and shall include any correlative modification of terms, including of Option exercise prices, rates of vesting or exercisability, Risks of Forfeiture and applicable repurchase prices for Restricted Stock, Risks of Forfeiture for Restricted Stock Units, which the Committee may deem necessary or appropriate so as to ensure the rights of the Participants in their respective Awards are not substantially diminished nor enlarged as a result of the adjustment and corporate action other than as expressly contemplated in this Section 8. The Committee, in its discretion, may determine that no fraction of a share of Stock shall be purchasable or deliverable upon exercise, and in that event if any adjustment hereunder of the number of shares of Stock covered by an Award would cause such number to include a fraction of a share of Stock, such number of shares of Stock shall be adjusted to the nearest smaller whole number of shares. No adjustment of an Option exercise price per share pursuant to Sections 8.1 or 8.2 shall result in an exercise price which is less than the par value of the Stock.

8.4 Transactions.

(a) Definition of Transaction. In this Section 8.4, "Transaction" means (1) any person or group of persons (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended and in effect from time to time ("Exchange Act"), directly or indirectly acquires, beneficial ownership (determined pursuant to Securities and Exchange Commission Rule 13d-3 promulgated under the Exchange Act) of securities possessing more than 50% of the total combined voting power of the Company's outstanding securities, other than (i) the Company or an Affiliate, (ii) an employee benefit plan of the Company or any of its Affiliates, (iii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iv) an underwriter temporarily holding securities pursuant to an offering of such securities, (v) a transaction or series of related transactions pursuant to which the Company issues securities in a bona fide sale to raise funds for operations, (vi) an initial or subsequent public offering of the Stock or (vii) a transaction in which the Company becomes a subsidiary of another corporation and in which the stockholders of the Company, immediately prior to the transaction, will beneficially own, immediately after the transaction, shares entitling such stockholder to more than 50% of all votes to which all stockholders of the parent corporation would be entitled in the election of directors, (2) the consummation of (i) any merger or consolidation of the Company with or into another corporation as a result of which the stockholders of the Company, immediately prior to the merger or consolidation, will not beneficially own, immediately after the merger or consolidation, shares entitling such stockholders to more than 50% of all votes to which all stockholders of the surviving corporation would be entitled in the election of directors, (ii) any sale, transfer, or other disposition of all or substantially all of the Company's assets to one or more other persons in a single transaction or series of related transactions or (iii) any liquidation or dissolution of the Company.

(b) Treatment of Options.

(1) Assumption of Outstanding Options. Upon a Transaction where the Company is not the surviving corporation (or survives only as a subsidiary of another corporation), unless the Committee determines otherwise, all outstanding Options that are not exercised or paid at the time of the Transaction shall be assumed, or substantially equivalent options shall be provided in substitution therefore, by the surviving corporation (or a parent or subsidiary of the surviving corporation). After a Transaction, references to the "Company" as they relate to employment matters shall include the successor employer.

(2) Vesting upon Certain Terminations of Employment. Unless the Award Agreement provides otherwise, if a Participant's employment is terminated by the Company without Cause upon or within 12 months following a Transaction, the Participant's outstanding Options shall become vested and exercisable as to 50% of the then unvested and unexercisable portion as of the date of such termination; provided that if the vesting of any such Options is based, in whole or in part, on performance, the applicable Award Agreement shall specify how the portion of the Option that becomes vested pursuant to this Section 8.4(b) shall be calculated.

(3) Other Alternatives. In the event of a Transaction, if all outstanding Options are not assumed, or substantially equivalent options are not provided in substitution therefore, by the surviving corporation (or a parent or subsidiary of the surviving corporation), the Committee may take any of the following actions with respect to any or all outstanding Options, without the consent of any Participant:

(i) Upon written notice to the holders, provide that the holders' unexercised Options will terminate immediately prior to the consummation of such Transaction unless, in the case of Options then exercisable, exercised within a specified period following the date of such notice.

(ii) Provide that outstanding Options shall become exercisable in whole or in part prior to or upon the Transaction.

(iii) Provide for cash payments, net of applicable tax withholdings, to be made to holders equal to the excess, if any, of (A) the acquisition price times the number of shares of Stock subject to an Option (to the extent the exercise price does not exceed the acquisition price) over (B) the aggregate exercise price for all such shares of Stock subject to the Option, in exchange for the termination of such Option; *provided, however*, that if the acquisition price does not exceed the exercise price of any such Option, the Committee may cancel that Option without the payment of any consideration therefore prior to or upon the Transaction. For this purpose, "acquisition price" means the amount of cash, and market value of any other consideration, received in payment for a share of Stock surrendered in a Transaction.

(iv) Provide that, in connection with a liquidation or dissolution of the Company, Options shall convert into the right to receive liquidation proceeds as and when received net of the exercise price thereof and any applicable tax withholdings.

(v) Any combination of the foregoing.

For purposes of paragraph (1) above, an Option shall be considered assumed, or a substantially equivalent option shall be considered to have been provided in substitution therefore, if following consummation of the Transaction the Option confers the right to purchase, for each share of Stock subject to the Option immediately prior to the consummation of the Transaction, the consideration (whether cash, securities or other property) received as a result of the Transaction by holders of Stock for each share of Stock held immediately prior to the consummation of the Transaction; *provided, however*, if holders were offered a choice of consideration, the relevant consideration shall be the type of consideration chosen by the holders of a majority of the outstanding shares of Stock; and *provided, further, however*, that if the consideration received as a result of the Transaction is not solely common stock (or its equivalent) of the acquiring or succeeding entity (or an affiliate thereof), the Committee may provide for the consideration to be received upon the exercise of Options to consist solely of common stock (or its equivalent) of the acquiring or succeeding entity (or an affiliate thereof) equivalent in value to the per share consideration received by holders of outstanding shares of Stock as a result of the Transaction. In all cases, including in determining any acquisition price,

the consideration received in any Transaction need not take into account any contingent consideration except on such basis as the Committee may determine.

(c) Treatment of Restricted Stock. As to outstanding Awards in the form of Restricted Stock, upon the occurrence of a Transaction other than a liquidation or dissolution of the Company which is not part of another form of Transaction, the repurchase and other rights of the Company under each outstanding Restricted Stock Award shall inure to the benefit of the Company's successor and shall, unless the Committee determines otherwise, apply to the cash, securities or other property which the Stock was converted into or exchanged for pursuant to such Transaction in the same manner and to the same extent as they applied to the Restricted Stock Award. Upon the occurrence of a

Transaction involving a liquidation or dissolution of the Company which is not part of another form of Transaction, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock Award or any other agreement between a Participant and the Company, all Risks of Forfeiture on all Restricted Stock Awards then outstanding shall automatically be deemed terminated or satisfied.

(d) Treatment of Restricted Stock Units. In a Transaction, the Committee may take any one or more of the following actions as to all or any (or any portion of) outstanding Restricted Stock Units.

(1) Provide that outstanding Restricted Stock Units shall become fully vested and shall be payable on terms determined by the Committee.

(2) Provide that outstanding Restricted Stock Units shall be assumed, or substantially equivalent restricted stock units shall be provided in substitution therefore, by the acquiring or succeeding entity (or an affiliate thereof).

(3) Provide that outstanding unvested Restricted Stock Units shall be terminated without any consideration therefor.

(4) Provide for cash payments, net of applicable tax withholdings, to be made to holders on terms determined by the Committee in exchange for the termination of vested Restricted Stock Units.

(5) Provide that, in connection with a liquidation or dissolution of the Company, Restricted Stock Units shall convert into the right to receive liquidation proceeds as and when received net of any applicable tax withholdings.

(6) Any combination of the foregoing.

For purposes of paragraph (2) above, Restricted Stock Units shall be considered assumed, or a substantially equivalent restricted stock units shall be considered to have been provided in substitution therefore, if following consummation of the Transaction the Restricted Stock Units confers the right to receive, for each Restricted Stock Unit immediately prior to the consummation of the Transaction, the consideration (whether cash, securities or other property) received as a result of the Transaction by holders of Stock for each share of Stock held immediately prior to the consummation of the Transaction; *provided*, *however*, if holders were offered a choice of consideration, the relevant consideration shall be the type of consideration

chosen by the holders of a majority of the outstanding shares of Stock; and *provided*, *further*, *however*, that if the consideration received as a result of the Transaction is not solely common stock (or its equivalent) of the acquiring or succeeding entity (or an affiliate thereof), the Committee may provide for the consideration to be received upon the settlement of the Restricted Stock Units to consist solely of common stock (or its equivalent) of the acquiring or succeeding entity (or an affiliate thereof) equivalent in value to the per share consideration received by holders of outstanding shares of Stock as a result of the Transaction. In all cases, the consideration received in any Transaction need not take into account any contingent consideration except on such basis as the Committee may determine.

(e) Related Matters. In taking any of the actions permitted under this Section 8.4, the Committee shall not be obligated to treat all Awards, all Awards held by a Participant, or all Awards of the same type, identically. Any determinations required to carry out the foregoing provisions of this Section 8.4, including but not limited to the market value of other consideration received by holders of Stock in a Transaction and whether substantially equivalent options or restricted stock units, as applicable, have been substituted, shall be made by the Committee acting in its sole discretion. In connection with any action or actions taken by the Committee in respect of Awards and in connection with a Transaction, the Committee may require such acknowledgements of satisfaction and releases from Participants as it may determine.

9. Settlement of Awards

9.1 Violation of Law. Notwithstanding any other provision of the Plan or the relevant Award Agreement, if, at any time, in the reasonable opinion of the Company, the issuance of shares of Stock covered by an Award may constitute a violation of law, then the Company may delay such issuance and the delivery of a certificate for such shares until (i) approval shall have been obtained from such governmental agencies, other than the Securities and Exchange Commission, as may be required under any applicable law, rule, or regulation and (ii) in the case where such issuance would constitute a violation of a law administered by or a regulation of the Securities and Exchange Commission, one of the following conditions shall have been satisfied:

(a) the shares of Stock are at the time of the issue of such shares effectively registered under the Securities Act of 1933, as amended; or

(b) the Company shall have determined, on such basis as it deems appropriate (including an opinion of counsel in form and substance satisfactory to the Company) that the sale, transfer, assignment, pledge, encumbrance or other disposition of such shares does not require registration under the Securities Act of 1933, as amended or any applicable State securities laws.

The Company shall make all reasonable efforts to bring about the occurrence of said events.

9.2 Corporate Restrictions on Rights in Stock. Any Stock to be issued pursuant to Awards granted under the Plan shall be subject to all restrictions upon the transfer thereof which may be now or hereafter imposed by the charter, certificate or articles, and by-laws, of the Company. Whenever Stock is to be issued pursuant to an Award, if the Committee so directs at

or after grant, the Company shall be under no obligation to issue such shares until such time, if ever, as the recipient of the Award (and any person who exercises any Option, in whole or in part), shall have become a party to and bound by the Stockholders' Agreement, if any. In the event of any conflict between the provisions of this Plan and the provisions of the Stockholders' Agreement, the provisions of the Stockholders' Agreement shall control except as required to fulfill the intention that any Incentive Option qualify as such, but insofar as possible the provisions of the Plan and such Agreement shall be construed so as to give full force and effect to all such provisions.

9.3 Investment Representations. The Company shall be under no obligation to issue any shares of Stock covered by any Award unless the shares to be issued pursuant to Awards granted under the Plan have been effectively registered under the Securities Act of 1933, as amended, or the Participant shall have made such written representations to the Company (upon which the Company believes it may reasonably rely) as the Company may deem necessary or appropriate for purposes of confirming that the issuance of such shares will be exempt from the registration requirements of that Act and any applicable state securities laws and otherwise in compliance with all applicable laws, rules and regulations, including but not limited to that the Participant is acquiring the shares for his or her own account for the purpose of investment and not with a view to, or for sale in connection with, the distribution of any such shares.

9.4 Registration. If the Company shall deem it necessary or desirable to register under the Securities Act of 1933, as amended, or other applicable statutes any shares of Stock issued or to be issued pursuant to Awards granted under the Plan, or to qualify any such shares of Stock for exemption from the Securities Act of 1933, as amended or other applicable statutes, then the Company shall take such action at its own expense. The Company may require from each recipient of an Award, or each holder of shares of Stock acquired pursuant to the Plan, such information in writing for use in any registration statement, prospectus, preliminary prospectus or offering circular as is reasonably necessary for that purpose and may require reasonable indemnity to the Company and its officers and directors from that holder against all losses, claims, damage and liabilities arising from use of the information so furnished and caused by any untrue statement of any material fact therein or caused by the omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made. In addition, the Company may require of any such person that he or she agree that, without the prior written consent of the Company or the managing underwriter in any public offering of shares of Stock, he or she will not sell, make any short sale of, loan, grant any option for the purchase of, pledge or otherwise encumber, or otherwise dispose of, any shares of Stock during the 180 day period commencing on the effective date of the registration statement relating to the underwritten public offering of securities. Without limiting the generality of the foregoing provisions of this Section 9.4, if in connection with any underwritten public offering of securities of the Company the managing underwriter of such offering requires that the Company's directors and officers enter into a lock-up agreement containing provisions that are more restrictive than the provisions set forth in the preceding sentence, then (a) each holder of shares of Stock acquired pursuant to the Plan (regardless of whether such person has complied or complies with the provisions of clause (b) below) shall be bound by, and shall be deemed to have agreed to, the same lock-up terms as those to which the Company's directors and officers are required to adhere; and (b) at the request of the Company or such managing underwriter, each such person shall execute and deliver a lock-up agreement in

form and substance equivalent to that which is required to be executed by the Company's directors and officers.

9.5 Placement of Legends; Stop Orders; etc. Each share of Stock to be issued pursuant to Awards granted under the Plan may bear a reference to the investment representations made in accordance with Section 9.3 in addition to any other applicable restrictions under the Plan, the terms of the Award and if applicable under the Stockholders' Agreement and to the fact that no registration statement has been filed with the Securities and Exchange Commission in respect to such shares of Stock. All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of any stock exchange upon which the Stock is then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

9.6 Tax Withholding. All Awards granted under the Plan shall be subject to the right of the Company or Affiliate that employs the Participant (the "Employer") to require the recipient to remit to the Employer an amount sufficient to satisfy federal, state, local or other withholding tax requirements if, when, and to the extent required by law (whether so required to secure for the Employer an otherwise available tax deduction or otherwise) in connection with any taxable event with respect to an Award. The obligations of the Company under the Plan shall be conditional on satisfaction of all such withholding obligations and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the recipient of an Award. However, in such cases Participants may elect, subject to the approval of the Committee, acting in its sole discretion, to satisfy an applicable withholding requirement, in whole or in part, by having the Company withhold shares of Stock to satisfy their tax obligations. The number of shares of Stock withheld shall have a Market Value on the date the tax is to be determined equal to the applicable tax withholding amount, which shall be determined based on the minimum statutory tax withholding rate that could be imposed on the transaction or such other rate permitted by the Committee that will not cause an adverse accounting consequence or cost. All elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee deems appropriate.

10. Right of First Refusal; Repurchase Right

10.1 Offer. Prior to the consummation of a Public Offering, if at any time an individual desires to sell, encumber, or otherwise dispose of shares of Stock that were distributed to him or her under this Plan and that are transferable, the individual may do so only pursuant to a bona fide written offer, and the individual shall first offer the shares to the Company by giving the Company written notice disclosing: (i) the name of the proposed transferee of the Stock, (ii) the certificate number and number of shares of Stock proposed to be transferred or encumbered, (iii) the proposed price, (iv) all other terms of the proposed transfer, and (v) a written copy of the proposed offer. Within 60 days after receipt of such notice, the Company shall have the option to purchase all or part of such Stock at the price and on the terms described in the written notice; provided that the Company may pay such price in installments over a period not to exceed four years, at the discretion of the Committee.

10.2 Sale. In the event the Company (or a stockholder, as described below) does not exercise the option to purchase Stock, as provided above, the individual shall have the right to sell, encumber, or otherwise dispose of the shares of Stock described in subsection (a) at the price and on the terms of the transfer set forth in the written notice to the Company, provided such transfer is effected within 15 days after the expiration of the option period. If the transfer

is not effected within such period, the Company must again be given an option to purchase, as provided above.

10.3 Assignment of Rights. The Board, in its sole discretion, may waive the Company's right of first refusal and repurchase right under this Section 10. If the Company's right of first refusal or repurchase right is so waived, the Board may, in its sole discretion, assign such right to the remaining stockholders of the Company in the same proportion that each stockholder's stock ownership bears to the stock ownership of all the stockholders of the Company, as determined by the Board. To the extent that a stockholder has been given such right and does not purchase his or her allotment, the other stockholders shall have the right to purchase such allotment on the same basis.

10.4 Purchase by the Company. Prior to the consummation of a Public Offering, if a recipient of an Award ceases to be employed by, or provide service to, the Employer, the Company shall have the right to purchase all or part of any Stock distributed to such recipient under this Plan at its then current Market Value or at such other price as may be established in the Award Agreement; provided, however, that such repurchase shall be made in accordance with applicable law and shall be made in accordance with applicable accounting rules to avoid adverse accounting treatment.

10.5 Public Offering. On and after the consummation of a Public Offering, the Company shall have no further right to purchase shares of Stock under this Section 10. The requirements of this Section 10 shall lapse and cease to be effective upon a Public Offering.

10.6 Stockholders' Agreement. Notwithstanding the provisions of this Section 10, if the Committee requires that an Award recipient execute a Stockholders' Agreement, pursuant to Section 9.2 hereof, with respect to any Stock distributed pursuant to this Plan, which contains a right of first refusal or repurchase right, the provisions of this Section 10 shall not apply to such Stock.

11. Reservation of Stock

The Company shall at all times during the term of the Plan and any outstanding Options granted hereunder reserve or otherwise keep available such number of shares of Stock as will be sufficient to satisfy the requirements of the Plan (if then in effect) and the Options and shall pay all fees and expenses necessarily incurred by the Company in connection therewith.

12. No Special Employment or Other Rights

Nothing contained in the Plan or in any Award Agreement shall confer upon any recipient of an Award any right with respect to the continuation of his or her employment or other service with the Company (or any Affiliate), or interfere in any way with the right of the Company (or any Affiliate), subject to the terms of any separate employment or consulting

agreement or provision of law or charter, certificate or articles, or by-laws, to the contrary, at any time to terminate such employment or consulting agreement or to increase or decrease, or otherwise adjust, the other terms and conditions of the recipient's employment or other service with the Company and its Affiliates.

13. Awards in Connection with Corporate Transactions and Otherwise

Nothing contained in this Plan shall be construed to limit the right of the Committee to make Awards under this Plan in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business or assets of any corporation, firm or association, including Awards to employees thereof who become employees of the Company or an Affiliate, or for other proper corporate purposes. Neither the adoption of the Plan by the Board nor any action taken in connection with the adoption or operation of the Plan shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including without limitation, the granting of stock options and restricted stock other than under the Plan, and such arrangements may be either applicable generally or only in specific cases. Without limiting the foregoing, the Committee may make an Award to an employee, director or consultant of another corporation who becomes an employee, non-employee director or consultant by reason of a corporate merger, consolidation, acquisition of stock or property, reorganization or liquidation involving the Company or any of its Affiliates in substitution for a stock option or stock awards granted by such corporation. The terms and conditions of the substitute awards may vary from the terms and conditions required by the Plan and from those of the substituted stock incentives. The Committee shall prescribe the provisions of the substitute awards.

14. No Guarantee of Tax Consequences

Neither the Company nor any Affiliate, nor any director, officer, agent, representative or employee of either, guarantees to the Participant or any other person any particular tax consequences as a result of the grant of, exercise of rights under, or payment in respect of an Award, including but not limited to that an Option granted as an Incentive Option has or will qualify as an "incentive stock option" within the meaning of Section 422 of the Code or that the provisions and penalties of Section 409A of the Code, pertaining non-qualified plans of deferred compensation, will or will not apply.

15. Termination and Amendment of the Plan

The Plan shall terminate on August 21, 2026, unless the Plan is terminated earlier by the Board or extended by the Board with the approval of the stockholders. The Board may at any time terminate the Plan or make such modifications of the Plan as it shall deem advisable. Unless the Board otherwise expressly provides, no amendment of the Plan shall affect the terms of any Award outstanding on the date of such amendment.

The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, provided that the Award as amended is consistent with the terms of the Plan. Furthermore, the Committee may at any time (a) offer to buy out for a payment in cash or cash equivalents an Award previously granted or (b) authorize the recipient of an Award to elect to

cash out an Award previously granted, in either case at such time and based upon such terms and conditions as the Committee shall establish.

No amendment or modification of the Plan by the Board, or of an outstanding Award by the Committee, shall impair the rights of the recipient of any Award outstanding on the date of such amendment or modification or such Award, as the case may be, without the Participant's consent; *provided, however*, that no such consent shall be required if (i) the Board or Committee, as the case may be, determines in its sole discretion that such amendment or alteration either is required or advisable in order for the Company, the Plan or the Award to satisfy any law or regulation, including without limitation the provisions of Section 409A of the Code, or to meet the requirements of or avoid adverse financial accounting consequences under any accounting standard, or (ii) the Board or Committee, as the case may be, determines in its sole discretion that such amendment or alteration is not reasonably likely to significantly diminish the benefits provided under the Award, or that any such diminution has been adequately compensated.

The Plan shall be the controlling document. No other statements, representations, explanatory materials or examples, oral or written, may amend the Plan in any manner. The Plan shall be binding upon and enforceable against the Company and its successors and assigns.

16. Notices and Other Communications

Any notice, demand, request or other communication hereunder to any party shall be deemed to be sufficient if contained in a written instrument delivered in person or duly sent by first class registered, certified or overnight mail, postage prepaid, or telecopied with a confirmation copy by regular, certified or overnight mail, addressed or telecopied, as the case may be, (i) if to the recipient of an Award, at his or her residence address last filed with the Company and (ii) if to the Company, at its principal place of business, addressed to the attention of its Treasurer, or to such other address or telecopier number, as the case may be, as the addressee may have designated by notice to the addressor. All such notices, requests, demands and other communications shall be deemed to have been received: (i) in the case of personal delivery, on the date of such delivery; (ii) in the case of mailing, when received by the addressee; and (iii) in the case of facsimile transmission, when confirmed by facsimile machine report.

17. Administrative Provisions

Nothing contained in the Plan shall require the issuance or delivery of certificates for any period during which the Company has elected to maintain or caused to be maintained the evidence of ownership of its shares of Stock, either generally or in the case of Stock acquired pursuant to Awards, by book entry, and all references herein to such actions or to certificates shall be interpreted accordingly in light of the systems maintained for that purpose. Furthermore, any reference herein to actions to be taken or notices (including of grants of Awards) to be provided in writing or pursuant to specific procedures may be satisfied by means of and pursuant to any electronic or automated voice response systems the Company may elect to establish for such purposes, either by itself or through the services of a third party, for the period such systems are in effect.

18. Funding of the Plan

The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Awards under the Plan. In no event shall interest be paid or accrued on any Award, including unpaid installments of Awards.

19. Financial Statements

In the event there are at any time 2,000 or more holders of outstanding Options under the Plan or 500 or more holders of outstanding Options under the Plan who are not accredited investors, the Company shall provide to each such Optionee, at the time the outstanding Options first become held by 2,000 holders or 500 holders who are not accredited investors and at successive six month intervals thereafter, financial statements that meet the requirements of Rule 701(e)(4) under the Securities Act of 1933, as amended, and that are at the time of distribution not more than 180 days old. Such obligation shall continue until such time as the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or (if earlier) no longer relies on the exemption from such reporting requirements provided by Rule 12h-1(f) under the Exchange Act.

20. Section 409A of the Code and Governing Law

It is intended that all Awards shall be granted and maintained on a basis which ensures they are exempt from, or otherwise compliant with, the requirements of Section 409A of the Code and the Plan shall be governed, interpreted and enforced consistent with such intent. To the extent applicable, if on the date of a Participant's "separation from service" (as such term is defined under Section 409A of the Code), Stock (or stock of any other company required to be aggregated with the Company for purposes of Section 409A of the Code and its corresponding regulations) is publicly-traded on an established securities market or otherwise and the Participant is a "specified employee" (as such term is defined in Section 409A(a)(2)(B)(i) of the Code and its corresponding regulations) as determined by the Committee (or its delegate) in its discretion in accordance with the requirements of Sections 409A and 416 of the Code, then all Awards that are deemed to be deferred compensation subject to the requirements of Section 409A of the Code and payable within six months following such Participant's "separation from service" shall be postponed for a period of six months following the Participant's "separation from service" with the Company and its Affiliates.

Neither the Committee nor the Company, nor any of its Affiliates or its or their officers, employees, agents, or representatives, shall have any liability or responsibility for any adverse federal, state or local tax consequences and penalty taxes which may result the grant or settlement of any Award on a basis contrary to the provisions of Section 409A of the Code or comparable provisions of any applicable state or local income tax laws. The Plan and all Award

Agreements and actions taken thereunder otherwise shall be governed, interpreted and enforced in accordance with the laws of the Delaware, without regard to the conflict of laws principles thereof.

Attachment A

Provisions Applicable to Award Recipients
Resident in California

Until such time as the Company's Stock has been effectively registered under the Securities Act of 1933, as amended, and if required by any applicable law, the following additional terms shall apply to Awards, and Stock issued pursuant to such Awards, granted under the Plan to persons resident in California as of the date of grant of the Award (each such person, a "California Recipient"). Capitalized terms not defined in this Attachment shall have the respective meanings set forth in the Plan.

1. The following limitations shall apply to the early expiration of Options granted California Recipients on account of termination of employment (unless employment is terminated for cause as defined by applicable law or by the Committee):

(a) Subject to Section 2(b) below, in the event the employment or other service with the Company and its Affiliates of an Optionee who is a California Resident is terminated, whether voluntary or otherwise and including on account of an entity ceasing to be an Affiliate of the Company, such California Recipient shall have at least 30 days after the date of such termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement) to exercise such Option to the extent exercisable as of the date of such termination.

(b) In the event that the employment or service with the Company and its Affiliates of an Optionee who is a California Resident is terminated as a result of death or disability, as such disability is determined by the Committee, such California Recipient shall have at least 6 months after the date of such termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement) to exercise such Option to the extent exercisable as of the date of such termination.

2. The Plan must be approved by a majority of the outstanding securities entitled to vote by the later of (i) within 12 months before or after the date the Plan is adopted by the Company and (ii) prior to or within 12 months of the date on which any Option or other Award is granted to a California Recipient.

CARGURUS, INC.
AMENDED AND RESTATED 2015 EQUITY INCENTIVE PLAN

STOCK OPTION AGREEMENT

THIS AGREEMENT (the "Agreement") dated as of between CarGurus, Inc., a corporation organized under the laws of the State of Delaware (the "Company"), and the individual identified in paragraph 1 below, currently residing at the address set out at the end of this Agreement (the "Optionee"). Capitalized terms used but not defined herein shall have the meaning set forth for such terms in the Plan (as defined below).

1. Grant of Option. Pursuant and subject to the Company's Amended and Restated 2015 Equity Incentive Plan, which is available for your review in your Shareworks account, (as the same may be amended from time to time, the "Plan") the Company grants to you, the Optionee identified in the table below, an option (the "Option") to purchase from the Company all or any part of a total of the number of shares identified in the table below (the "Optioned Shares") of the Class A Common Stock, par value $0.001 per share, in the Company (the "Stock"), at the exercise price per share set out in the table below.

Optionee

Number of Shares

Exercise Price Per Share

Grant Date

Expiration Date

2. Character of Option. This Option is intended to be treated as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, to the maximum extent permitted by applicable law with any excess shares to be subject to the rules that apply to options that are not incentive stock options. Excess shares shall mean all shares exercisable hereunder for the first time by the Optionee during any calendar year where, after taking into account all other option grants first exercisable in such calendar year, result in a total exercise price for such calendar year in excess of $100,000.

3. Expiration of Option. This Option shall expire at 5:00 p.m. prevailing Eastern Time on the Expiration Date or, if earlier, the earliest of the dates specified in whichever of the following applies:

(a) If the termination of your employment or service is on account of your death or disability, the first anniversary of the date your employment or service ends.

(b) If the termination of your employment or service is due to any other reason, thirty (30) days after your employment or service ends.

(c) If the Company terminates your employment or service for cause (as determined by the Committee), or at the termination of your employment or service the Company had grounds to terminate your employment or service for cause (as determined by the Committee, whether then or thereafter determined, immediately upon the termination of your employment or service.

4. Exercise of Option. Until this Option expires, you may exercise it as to the number of Optioned Shares identified in the table below, in full or in part, at any time on or after the applicable exercise date or dates identified in the table. However, during any period that this Option remains outstanding after your employment or service with the Company and its Affiliates ends, you may exercise it only to the extent it was exercisable immediately prior to the end of your employment or service. The procedure for exercising this Option is described in Section 7.1(f) of the Plan. As a condition to exercise, you must execute and deliver an Instrument of Adherence to the Company's Stockholders' Agreement.

Number of Shares in Each Installment	Initial Exercise Date for Shares in Installment

5. Transfer of Option. You may not transfer this Option except by will or the laws of descent and distribution, and, during your lifetime, only you may exercise this Option.

6. Incorporation of Plan Terms. This Option is granted subject to all of the applicable terms and provisions of the Plan, including but not limited to the limitations on the Company's obligation to deliver Optioned Shares upon exercise set forth in Section 9 (Settlement of Awards).

7. Entire Agreement. This Agreement contains the entire understanding between the Company and Optionee with respect to the matter set forth herein, and shall supersede all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written.

8. Miscellaneous. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflict of laws principles thereof and shall be binding upon and inure to the benefit of any successor or assign of the Company and any executor, administrator, trustee, guardian, or other legal representative of you. Capitalized terms used but not defined herein shall have the meaning assigned under the Plan. This Agreement may be executed in one or more counterparts all of which together shall constitute but one instrument.

9. Tax Withholding and Tax Consequences. All obligations of the Company under this Agreement shall be subject to the rights of the Company as set forth in the Plan to withhold amounts required to be withheld for any withholding taxes, if applicable. The Company makes no representation or warranty as to the tax treatment to you of your receipt or exercise of this Option or upon your sale or other disposition of the Optioned Shares. You should rely on your own tax advisors for such advice.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as a sealed instrument effective as of the Grant Date.

CARGURUS, INC.

By: _____

Title:

I hereby accept the Option described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all the decisions and determinations of the Committe shall be final, binding and conclusive.

Signature of Optionee

Optionee's Address:

CARGURUS, INC.

AMENDED AND RESTATED 2015 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

THIS RESTRICTED STOCK UNIT AGREEMENT (the "Agreement") dated as of October [ ], 2015 (the "Grant Date"), between CarGurus, Inc., a corporation organized under the laws of the State of Delaware (the "Company"), and the individual identified in Section 1 below, currently residing at the address set out at the end of this Agreement (the "Grantee"). Capitalized terms used but not defined herein shall have the meaning set forth for such terms in the Plan (as defined below).

1. Grant of Restricted Stock Units. Pursuant and subject to the CarGurus, Inc. Amended and Restated 2015 Equity Incentive Plan as attached hereto on Exhibit A (as the same may be amended from time to time, the "Plan"), the Company grants to Grantee identified in the table below, the number of restricted stock units set forth in the table below (the "Restricted Stock Units") under the Plan on the Grant Date. This grant of Restricted Stock Units satisfies the Company's obligation to grant restricted stock units as described in the offer letter between the Company and Grantee (the "Offer Letter").

Grantee

Number of Restricted Stock Units

2. Restricted Stock Unit Account. Restricted Stock Units represent hypothetical shares of Stock on a one-for-one basis, and not actual shares of Stock. The Company shall establish and maintain a bookkeeping account on its records, and shall record in such account the number of Restricted Stock Units granted to Grantee ("Restricted Stock Unit Account"). No shares of Stock shall be issued to Grantee at the time the Restricted Stock Units are granted, and Grantee shall not be, nor have any of the rights or privileges of, a stockholder of the Company with respect to any Restricted Stock Units recorded in the account. Grantee shall not have any interest in any fund or specific assets of the Company by reason of this grant of Restricted Stock Units or the Restricted Stock Unit Account established. Grantee shall not have the right to receive any dividends or other distributions with respect to Restricted Stock Units.

3. Vesting of Restricted Stock Units.

(a) The Restricted Stock Units shall be subject to service-based vesting requirements ("Service-Based Vesting") and liquidity event-based vesting requirements ("Liquidity Event-Based Vesting"), as described below. The Restricted Stock Units shall not vest, in whole or in part, unless both the Service-Based Vesting and Liquidity Event-Based Vesting requirements are satisfied on or before the Expiration Date (defined in Section 4 below). If both the Service-Based Vesting requirement and the Liquidity Event-Based Vesting requirement are satisfied on or before the Expiration Date, the vesting date will be the first date upon which both of those requirements are satisfied (the "Vesting Date").

(i) Service-Based Vesting. Subject to Grantee's continued employment or service from the Start Date (as defined in the Offer Letter) through the applicable date, the Service-Based Vesting requirements will be satisfied as follows: 25% of the Restricted Stock Units shall vest on the first anniversary of the Start Date and 6.25% of the Restricted Stock Units shall vest on the last day of each three month period thereafter until the fourth anniversary of the Start Date, at which time 100% of the Restricted Stock Units shall be vested for purposes of the Service-Based Vesting requirement. Notwithstanding the foregoing, if a Transaction occurs during Grantee's employment or service and before the fourth anniversary of the Start Date, % of any portion of the Restricted Stock Units that are not vested as to the Service-Based Vesting requirements will accelerate and become fully vested.

(ii) Liquidity Event-Based Vesting. Subject to Grantee's continued employment or service from the Start Date through the applicable date, the Liquidity Event-Based Vesting requirements will be satisfied upon the first to occur of a Public Offering or the consummation of a Transaction (each of a Public Offering and a Transaction, shall be referred to herein as a "Liquidity Event"). For purposes the Liquidity Event-Based Vesting requirements, any Liquidity Event must occur prior to the Expiration Date.

(b) The vesting of the Restricted Stock Units shall be cumulative, but shall not exceed 100% of the Restricted Stock Units. If the foregoing schedule would produce fractional Restricted Stock Units, the number of Restricted Stock Units that vest shall be rounded down to the nearest whole Restricted Stock Unit. Except as otherwise set forth in Section 4 below, if Grantee's employment and service with the Company terminates for any reason before the Restricted Stock Units are fully vested, any unvested Restricted Stock Units shall automatically terminate and be forfeited as of the date on which Grantee's employment or service terminates.

4. Expiration Date; Effect of Termination of Employment or Service.

(a) Expiration Date. If both the Service-Based Vesting and Liquidity Event-Based Vesting requirements are not satisfied prior to the seventh anniversary of the Grant Date, the Restricted Stock Units shall expire at 5:00 p.m. Eastern Time on the seventh anniversary of the Grant Date (the "Expiration Date"), unless they are terminated earlier pursuant to the provisions of this Agreement or the Plan.

(b) Voluntary Termination or Termination without Cause. If Grantee's employment or service is terminated by the Company without Cause (as defined in the Offer Letter) or by Grantee for any reason prior to the Expiration Date and prior to the occurrence of a Liquidity Event, Grantee will retain any portion of the Restricted Stock Units that are vested as to the Service-Based Vesting requirements and any portion of the Restricted Stock Units that are not vested as to the Service-Based Vesting requirements will be forfeited on the date Grantee's employment or service terminates. The Restricted Stock Units not otherwise forfeited in accordance with the foregoing sentence in this Section 4(b) may vest to the extent the Liquidity Event-Based Vesting requirements are satisfied prior to the Expiration Date.

(c) Termination for Cause. If the Company terminates Grantee's employment or service for Cause, any portion of the Restricted Stock Units, whether vested or unvested, will be forfeited immediately upon such termination.

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5. Redemption of Restricted Stock Units.

(a) Redemption Date. Restricted Stock Units that vest as to both the Service-Based Vesting requirements and the Liquidity Event-Based Vesting requirements will be redeemed for shares of Stock within 60 days following the Vesting Date; provided, however, that if the first Liquidity Event to occur prior to the Expiration Date is a Public Offering, any vested Restricted Stock Units will be settled on the 180th day following the date of the Public Offering.

(b) Taxes. All obligations of the Company under this Agreement shall be subject to the rights of the Company as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. Subject to Committee approval, Grantee may elect to satisfy any tax withholding obligation of the Company with respect to the Restricted Stock Units by having shares withheld up to an amount that does not exceed the minimum applicable withholding tax rate for federal (including FICA), state, and local tax liabilities (or such other rate permitted by the Committee that will not cause an adverse accounting consequence or cost). The Company makes no representation or warranty as to the tax treatment to Grantee of Grantee's receipt of the Restricted Stock Units or upon Grantee's sale or other disposition of any Stock that may be received as a result of the Restricted Stock Units. Grantee should rely on Grantee's own tax advisors for such advice.

(c) Stock Issuance. The obligation of the Company to deliver Stock shall be subject to the condition that if at any time the Committee shall determine in its discretion that the listing, registration or qualification of the shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance of shares of Stock, the shares of Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee. The issuance of shares of Stock to Grantee pursuant to this Agreement is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

6. Incorporation of Plan Terms. The Restricted Stock Units are granted subject to all of the applicable terms and provisions of the Plan, which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant of, and issuance of shares of Stock with respect to, the Restricted Stock Units are subject to interpretations, regulations and determinations concerned the Plan established from time to time by the Committee in accordance with the provisions of the Plan. The Committee shall have the authority to interpret and construe the grant of Restricted Stock Units pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

7. No Employment or Other Rights. The grant of the Restricted Stock Units shall not confer upon Grantee any right to be retained by or in the employ or service of the Company and shall not interfere in any way with the right of the Company to terminate Grantee's employment or service at any time for any reason. The right of the Company to terminate at will Grantee's employment or service at any time for any reason is specifically reserved.

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8. No Stockholder Rights. Neither Grantee, nor any person entitled to receive payment in the event of Grantee's death, shall have any of the rights and privileges of a stockholder with respect to shares of Stock, until certificates for shares have been issued upon payment of Restricted Stock Units, if applicable.

9. Assignment and Transfers. The rights and interests of Grantee under this Agreement may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than in the event of the death of Grantee, by will or by the laws of descent and distribution. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries and affiliates. This Agreement may be assigned by the Company without Grantee's consent.

10. Section 409A. This Agreement is intended to be exempt from the requirements of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), under the "short-term deferral" exception set forth in the regulations under section 409A of the Code. If any payment under this Agreement is subject to the requirements of section 409A of the Code, the Agreement will be administered in accordance with section 409A of the Code and its corresponding regulations and applicable guidance to the extent section 409A of the Code applies to the such payment, and any such payment may only be made upon an event and in a manner permitted by section 409A of the Code. Notwithstanding any provision in this Agreement to the contrary, if at the time of the payment under this Agreement, the Company (or any company in the Company's controlled group, as determined under section 409A of the Code) has securities which are publicly-traded on an established securities market and Grantee is a "specified employee" (as defined in section 409A of the Code) and it is necessary to postpone the commencement of any payments otherwise payable under this Agreement to prevent any accelerated or additional tax under section 409A of the Code, then the Company will postpone the payment until 10 days after the end of the six-month period following the original payment date. If Grantee dies during the postponement period prior to the payment of the postponed amount, the amounts postponed on account of section 409A of the Code shall be paid to the personal representative of Grantee's estate within 60 days after the date of Grantee's death. The determination of who is a specified employee, including the number and identity of persons considered specified employees and the identification date, shall be made by the Committee or its delegate in accordance with the provisions of sections 416(i) and 409A of the Code. In no event shall Grantee, directly or indirectly, designate the calendar year of payment. To the extent that any provision of this Agreement would cause a conflict with the requirements of section 409A of the Code, or would cause the administration of the Agreement to fail to satisfy the requirements of section 409A of the Code, such provision shall be deemed null and void to the extent permitted by applicable law. This Agreement may be amended without the consent of Grantee in any respect deemed by the Committee to be necessary in order to preserve compliance with section 409A of the Code.

11. Entire Agreement. This Agreement contains the entire understanding between the Company and Grantee with respect to the matter set forth herein, and shall supersede all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written, including the Offer Letter.

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12. Miscellaneous. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflict of laws principles thereof and shall be binding upon and inure to the benefit of any successor or assign of the Company and any executor, administrator, trustee, guardian, or other legal representative of Grantee. This Agreement may be executed in one or more counterparts all of which together shall constitute but one instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as a sealed instrument effective as of the Grant Date.

CARGURUS, INC.

By: _____

Title: _____

I hereby accept the Restricted Stock Units described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all the decisions and determinations of the Committee shall be final, binding and conclusive.

_____
Signature of Grantee

Grantee's Address:

Exhibit 10.4

CARGURUS, INC.

OMNIBUS INCENTIVE COMPENSATION PLAN

Effective as of the Effective Date (as defined below), the CarGurus, Inc. Omnibus Incentive Compensation Plan (the "Plan") is hereby established as a successor to the CarGurus, Inc. Amended and Restated 2015 Equity Incentive Plan (the "Prior Plan"). No additional grants shall be made under the Prior Plan on and after the Effective Date. Outstanding grants under the Prior Plan shall continue in effect according to their terms, and the shares with respect to outstanding grants under the Prior Plan shall be issued or transferred under the Prior Plan.

The purpose of the Plan is to provide employees of CarGurus, Inc. (the "Company") and its subsidiaries, certain consultants and advisors who perform services for the Company or its subsidiaries, and non-employee members of the Board of Directors of the Company with the opportunity to receive grants of incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, stock units, other stock-based awards and cash awards.

The Company believes that the Plan will encourage the participants to contribute materially to the growth of the Company, thereby benefitting the Company's stockholders, and will align the economic interests of the participants with those of the stockholders.

Section 1. Definitions

The following terms shall have the meanings set forth below for purposes of the Plan:

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Cash Award" shall mean a cash incentive payment awarded under the Plan as described under Section 11.

(c) "Cause" shall have the meaning given to that term in any written employment agreement, offer letter or severance agreement between the Employer and the Participant, or if no such agreement exists or if such term is not defined therein, and unless otherwise defined in the Grant Instrument, Cause shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty, (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information, (iv) has breached any written non-competition, non-solicitation, invention assignment or confidentiality agreement between the Participant and the Employer or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

(d) "CEO" shall mean the Chief Executive Officer of the Company.

(e) Unless otherwise set forth in a Grant Instrument, a "Change of Control" shall be deemed to have occurred if:

(i) Any "person" (as such term is used in sections 13(d) and 14(d) of the Exchange Act) becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the voting power of the then outstanding securities of the Company; provided that a Change of Control shall not be deemed to occur as a result of a transaction in which the Company becomes a subsidiary of another corporation and in which the stockholders of the Company, immediately prior to the transaction, will beneficially own, immediately after the transaction, shares entitling such stockholders to more than 50% of all votes to which all stockholders of the parent corporation would be entitled in the election of directors.

(ii) The consummation of (A) a merger or consolidation of the Company with another corporation where, immediately after the merger or consolidation, the stockholders of the Company, immediately prior to the merger or consolidation, will not beneficially own, in substantially the same proportion as ownership immediately prior to the merger or consolidation, shares entitling such stockholders to more than 50% of all votes to which all stockholders of the surviving corporation would be entitled in the election of directors, or where the members of the Board, immediately prior to the merger or consolidation, will not, immediately after the merger or consolidation, constitute a majority of the board of directors of the surviving corporation or (B) a sale or other disposition of all or substantially all of the assets of the Company.

(iii) A change in the composition of the Board over a period of 12 consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections, or threatened election contests, for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

(iv) The approval by the stockholders of the Company of a plan of complete dissolution or liquidation of the Company.

Notwithstanding the foregoing, if a Grant constitutes deferred compensation subject to section 409A of the Code and the Grant provides for payment upon a Change of Control, then no Change of Control shall be deemed to have occurred upon an event described in items (i) — (iv) above unless the event would also constitute a change in ownership or effective control of, or a change in the ownership of a substantial portion of the assets of, the Company under section 409A of the Code.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(g) "Committee" shall mean the Compensation Committee of the Board or another committee appointed by the Board to administer the Plan.

(h) "Company" shall mean CarGurus, Inc. and shall include its successors.

(i) "Company Stock" shall mean Class A common stock of the Company.

(j) "Disability" or "Disabled" shall mean, unless otherwise set forth in the Grant Instrument, a Participant's becoming disabled within the meaning of the Employer's long-term disability plan applicable to the Participant.

(k) "Dividend Equivalent" shall mean an amount determined by multiplying the number of shares of Company Stock subject to a Stock Unit or Other Stock-Based Award by the per-share cash dividend paid by the Company on its outstanding Company Stock, or the per-share Fair Market Value of any dividend paid on its outstanding Company Stock in consideration other than cash. If interest is credited on accumulated divided equivalents, the term "Dividend Equivalent" shall include the accrued interest.

(l) "Effective Date" shall mean the business day immediately preceding the date at which the registration statement for the initial public offering of the Company Stock is declared effective by the Securities and Exchange Commission and the Company Stock is priced for the initial public offering of such Company Stock, subject to approval of the Plan by the stockholders of the Company.

(m) "Employee" shall mean an employee of the Employer (including an officer or director who is also an employee), but excluding any person who is classified by the Employer as a "contractor" or "consultant," no matter how characterized by the Internal Revenue Service, other governmental agency or a court. Any change of characterization of an individual by the Internal Revenue Service or any court or government agency shall have no effect upon the classification of an individual as an Employee for purposes of this Plan, unless the Committee determines otherwise.

(n) "Employed by, or providing service to, the Employer" shall mean employment or service as an Employee, Key Advisor or member of the Board (so that, for purposes of exercising Options and SARs and satisfying conditions with respect to Stock Awards, Stock Units, Other Stock-Based Awards and Cash Awards, a Participant shall not be considered to have terminated employment or service until the Participant ceases to be an Employee, Key Advisor and member of the Board), unless the Committee determines otherwise. If a Participant's relationship is with a subsidiary of the Company and that entity ceases to be a subsidiary of the Company, the Participant will be deemed to cease employment or service when the entity ceases to be a subsidiary of the Company, unless the Participant transfers employment or service to an Employer.

(o) "Employer" shall mean the Company and its direct or indirect subsidiaries.

(p) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(q) "Exercise Price" shall mean the per share price at which shares of Company Stock may be purchased under an Option, as designated by the Committee.

(r) "Fair Market Value" shall mean:

(i) If the Company Stock is publicly traded, the Fair Market Value per share shall be determined as follows: (A) if the principal trading market for the Company Stock is a national securities exchange, the closing sales price during regular trading hours on the relevant date or, if there were no trades on that date, the latest preceding date upon which a sale was reported, or (B) if the Company Stock is not principally traded on any such exchange, the last reported sale price of a share of Company Stock during regular trading hours on the relevant date, as reported by the OTC Bulletin Board.

(ii) If the Company Stock is not publicly traded or, if publicly traded, is not subject to reported transactions as set forth above, the Fair Market Value per share shall be determined by the Committee through any reasonable valuation method authorized under the Code.

(iii) If a Grant is made effective on the date that the registration statement for the initial public offering of the Company Stock is declared effective by the Securities and Exchange Commission and the Company Stock is priced for the initial public offering of such Company Stock, then the Fair Market Value per share shall be equal to the per share price of Company Stock offered to the public in such initial public offering.

(s) "GAAP" shall mean United States Generally Accepted Accounting Principles.

(t) "Grant" shall mean an Option, SAR, Stock Award, Stock Unit, Other Stock-Based Award or Cash Award granted under the Plan.

(u) "Grant Instrument" shall mean the written agreement that sets forth the terms and conditions of a Grant, including all amendments thereto.

(v) "Incentive Stock Option" shall mean an Option that is intended to meet the requirements of an incentive stock option under section 422 of the Code.

(w) "Key Advisor" shall mean a consultant or advisor of the Employer.

(x) "Non-Employee Director" shall mean a member of the Board who is not an Employee.

(y) "Nonqualified Stock Option" shall mean an Option that is not intended to be taxed as an incentive stock option under section 422 of the Code.

(z) "Option" shall mean an option to purchase shares of Company Stock, as described in Section 6.

(aa) "Other Stock-Based Award" shall mean any Grant based on, measured by or payable in Company Stock (other than an Option, Stock Unit, Stock Award, or SAR), as described in Section 10.

(bb) "Participant" shall mean an Employee, Key Advisor or Non-Employee Director designated by the Committee to participate in the Plan.

(cc) "Plan" shall mean this CarGurus, Inc. Omnibus Incentive Compensation Plan, as in effect from time to time.

(dd) "Prior Plan" shall mean CarGurus, Inc. Amended and Restated 2015 Equity Incentive Plan.

(ee) "Reliance Period" shall have the meaning given to that term in Section 18(b).

(ff) "Restriction Period" shall have the meaning given that term in Section 7(a).

(gg) "SAR" shall mean a stock appreciation right, as described in Section 9.

(hh) "Stock Award" shall mean an award of Company Stock, as described in Section 7.

(ii) "Stock Unit" shall mean an award of a phantom unit representing a share of Company Stock, as described in Section 8.

(jj) "Substitute Awards" shall have the meaning given that term in Section 4(b).

Section 2. Administration

(a) Committee. The Plan shall be administered and interpreted by the Committee. The Committee may delegate authority to one or more subcommittees, as it deems appropriate. The Committee, when making Grants to officers and directors of the Company, or the subcommittee to which it delegates authority to make Grants to officers and directors of the Company shall consist of entirely of directors who are "non-employee directors" as defined under Rule 16b-3 promulgated under the Exchange Act. In addition, the Committee or subcommittee to which it delegates authority shall consist of directors who are "independent directors," as determined in accordance with the independence standards established by the stock exchange on which the Company Stock is at the time primarily traded, to the extent required thereunder. Subject to compliance with applicable law and the applicable stock exchange rules, the Board, in its discretion, may perform any action of the Committee hereunder. To the extent that the Board, the Committee, a subcommittee or the CEO, as described below, administers the Plan, references in the Plan to the "Committee" shall be deemed to refer to the Board, the Committee, such subcommittee or the CEO.

(b) Delegation to CEO. Subject to compliance with applicable law and applicable stock exchange requirements, the Committee may delegate all or part of its authority and power to the CEO, as it deems appropriate, with respect to Grants to Employees or Key Advisors who are not executive officers or directors under section 16 of the Exchange Act.

(c) Committee Authority. The Committee shall have the sole authority to (i) determine the individuals to whom Grants shall be made under the Plan, (ii) determine the type, size, terms and conditions of the Grants to be made to each such individual, (iii) determine the time when the Grants will be made and the duration of any applicable exercise or restriction period, including the criteria for exercisability and the acceleration of exercisability, (v) amend the terms of any previously issued Grant, subject to the provisions of Section 18 below, and (vi) deal with any other matters arising under the Plan.

(d) Committee Determinations. The Committee shall have full power and express discretionary authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules, regulations, agreements and instruments for implementing the Plan and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Committee's interpretations of the Plan and all determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all persons having any interest in the Plan or in any awards granted hereunder. All powers of the Committee shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of the Plan and need not be uniform as to similarly situated individuals.

(e) Indemnification. No member of the Committee or the Board, and no employee of the Company shall be liable for any act or failure to act with respect to the Plan, except in circumstances involving his or her bad faith or willful misconduct, or for any act or failure to act hereunder by any other member of the Committee or employee or by any agent to whom duties in connection with the administration of this Plan have been delegated. The Company shall indemnify members of the Committee and the Board and any agent of the Committee or the Board who is an employee of the Company or a subsidiary against any and all liabilities or expenses to which they may be subjected by reason of any act or failure to act with respect to their duties on behalf of the Plan, to the fullest extent permissible under applicable law and in accordance with any applicable agreements with the Company.

Section 3. Grants

Grants under the Plan may consist of Options as described in Section 6, Stock Awards as described in Section 7, Stock Units as described in Section 8, SARs as described in Section 9, Other Stock-Based Awards as described in Section 10 and Cash Awards as described in Section 11. All Grants shall be subject to the terms and conditions set forth herein and to such other terms and conditions consistent with this Plan as the Committee deems appropriate and as are specified in writing by the Committee to the individual in the Grant Instrument. All Grants shall be made conditional upon the Participant's acknowledgement, in writing or by acceptance of the Grant, that all decisions and determinations of the Committee shall be final and binding on the

Participant, his or her beneficiaries and any other person having or claiming an interest under such Grant. Grants under a particular Section of the Plan need not be uniform as among the Participants.

Section 4. Shares Subject to the Plan

(a) Shares Authorized. Subject to adjustment as described below in Section 4(d), the aggregate number of shares of Company Stock that may be issued or transferred under the Plan shall be equal to the sum of the following: (i) 7,800,000 shares of Company Stock, plus (ii) the number of shares of Company Stock (up to 4,500,000 shares) equal to the sum of (x) the number of shares of Company Stock and Class B Common Stock of the Company subject to outstanding grants under the Prior Plan as of the Effective Date that terminate, expire or are cancelled, forfeited, exchanged or surrendered on or after the Effective Date without having been exercised, vested or paid prior to the Effective Date, including shares tendered or withheld to satisfy tax withholding obligations with respect to outstanding grants under the Prior Plan, plus (y) the number of shares of Company Stock reserved for issuance under the Prior Plan that remain available for grant under the Prior Plan as of the Effective Date. The aggregate number of shares of Company Stock that may be issued or transferred under the Plan pursuant to Incentive Stock Options shall not exceed 12,300,000 shares of Company Stock. In addition, as of the first trading day of January during the term of the Plan (excluding any extensions), beginning with calendar year 2019, an additional positive number of shares of Company Stock shall be added to the number of shares of Company Stock authorized to be issued or transferred under the Plan and the number of shares authorized to be issued or transferred pursuant to Incentive Stock Options, equal to 4% of the total number of shares of Company Stock outstanding on the last trading day in December of the immediately preceding calendar year or 6,000,000 shares, whichever is less, or such lesser amount as determined by the Board.

(b) Source of Shares; Share Counting. Shares issued or transferred under the Plan may be authorized but unissued shares of Company Stock or reacquired shares of Company Stock, including shares purchased by the Company on the open market for purposes of the Plan. If and to the extent Options or SARs granted under the Plan (including options granted under the Prior Plan) terminate, expire or are canceled, forfeited, exchanged or surrendered without having been exercised, or if any Stock Awards, Stock Units or Other Stock-Based Awards (including stock units granted under the Prior Plan) are forfeited, terminated or otherwise not paid in full, the shares subject to such Grants shall again be available for purposes of the Plan. If shares of Company Stock otherwise issuable under the Plan are surrendered in payment of the Exercise Price of an Option, then the number of shares of Company Stock available for issuance under the Plan shall be reduced only by the net number of shares actually issued by the Company upon such exercise and not by the gross number of shares as to which such Option is exercised. Upon the exercise of any SAR under the Plan, the number of shares of Company Stock available for issuance under the Plan shall be reduced by only by the net number of shares actually issued by the Company upon such exercise. If shares of Company Stock otherwise issuable under the Plan are withheld by the Company in satisfaction of the withholding taxes incurred in connection with the issuance, vesting or exercise of any Grant or the issuance of Company Stock thereunder, then the number of shares of Company Stock available for issuance under the Plan shall be reduced

by the net number of shares issued, vested or exercised under such Grant, calculated in each instance after payment of such share withholding. To the extent any Grants are paid in cash, and not in shares of Company Stock, any shares previously subject to such Grants shall again be available for issuance or transfer under the Plan.

(c) Substitute Awards. Shares issued or transferred under Grants made pursuant to an assumption, substitution or exchange for previously granted awards of a company acquired by the Company in a transaction ("Substitute Awards") shall not reduce the number of shares of Company Stock available under the Plan and available shares under a stockholder approved plan of an acquired company (as appropriately adjusted to reflect the transaction) may be used for Grants under the Plan and shall not reduce the Plan's share reserve (subject to applicable stock exchange listing and Code requirements).

(d) Adjustments. If there is any change in the number or kind of shares of Company Stock outstanding by reason of (i) a stock dividend, spinoff, recapitalization, stock split, or combination or exchange of shares, (ii) a merger, reorganization or consolidation, (iii) a reclassification or change in par value, or (iv) any other extraordinary or unusual event affecting the outstanding Company Stock as a class without the Company's receipt of consideration, or if the value of outstanding shares of Company Stock is substantially reduced as a result of a spinoff or the Company's payment of an extraordinary dividend or distribution, the maximum number and kind of shares of Company Stock available for issuance under the Plan, the kind and number of shares covered by outstanding Grants, the kind and number of shares issued and to be issued under the Plan, and the price per share or the applicable market value of such Grants shall be equitably adjusted by the Committee to reflect any increase or decrease in the number of, or change in the kind or value of, the issued shares of Company Stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under the Plan and such outstanding Grants; provided, however, that any fractional shares resulting from such adjustment shall be eliminated. In addition, in the event of a Change of Control, the provisions of Section 13 of the Plan shall apply. Any adjustments to outstanding Grants shall be consistent with section 409A or 424 of the Code, to the extent applicable. The adjustments of Grants under this Section 4(d) shall include adjustment of shares, Exercise Price of Stock Options, base amount of SARs, performance goals or other terms and conditions, as the Committee deems appropriate. The Committee shall have the sole discretion and authority to determine what appropriate adjustments shall be made and any adjustments determined by the Committee shall be final, binding and conclusive.

Section 5. Eligibility for Participation

(a) Eligible Persons. All Employees and Non-Employee Directors shall be eligible to participate in the Plan. Key Advisors shall be eligible to participate in the Plan if the Key Advisors render bona fide services to the Employer, the services are not in connection with the offer and sale of securities in a capital-raising transaction and the Key Advisors do not directly or indirectly promote or maintain a market for the Company's securities.

(b) Selection of Participants. The Committee shall select the Employees, Non-Employee Directors and Key Advisors to receive Grants and shall determine the number of shares of Company Stock subject to a particular Grant in such manner as the Committee determines.

Section 6. Options

The Committee may grant Options to an Employee, Non-Employee Director or Key Advisor upon such terms as the Committee deems appropriate. The following provisions are applicable to Options:

(a) Number of Shares. The Committee shall determine the number of shares of Company Stock that will be subject to each Grant of Options to Employees, Non-Employee Directors and Key Advisors.

(b) Type of Option and Exercise Price.

(i) The Committee may grant Incentive Stock Options or Nonqualified Stock Options or any combination of the two, all in accordance with the terms and conditions set forth herein. Incentive Stock Options may be granted only to employees of the Company or its parent or subsidiary corporations, as defined in section 424 of the Code. Nonqualified Stock Options may be granted to Employees, Non-Employee Directors and Key Advisors.

(ii) The Exercise Price of Company Stock subject to an Option shall be determined by the Committee and shall be equal to or greater than the Fair Market Value of a share of Company Stock on the date the Option is granted. However, an Incentive Stock Option may not be granted to an Employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, or any parent or subsidiary corporation of the Company, as defined in section 424 of the Code, unless the Exercise Price per share is not less than 110% of the Fair Market Value of a share of Company Stock on the date of grant.

(c) Option Term. The Committee shall determine the term of each Option. The term of any Option shall not exceed ten years from the date of grant. However, an Incentive Stock Option that is granted to an Employee who, at the time of grant, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, or any parent or subsidiary corporation of the Company, as defined in section 424 of the Code, may not have a term that exceeds five years from the date of grant. Notwithstanding the foregoing, in the event that on the last business day of the term of an Option (other than an Incentive Stock Option), the exercise of the Option is prohibited by applicable law, including a prohibition on purchases or sales of Company Stock under the Company's insider trading policy, the term of the Option shall be extended for a period of 30 days following the end of the legal prohibition, unless the Committee determines otherwise.

(d) Exercisability of Options. Options shall become exercisable in accordance with such terms and conditions, consistent with the Plan, as may be determined by the Committee and specified in the Grant Instrument. The Committee may accelerate the exercisability of any or all outstanding Options at any time for any reason.

(e) Grants to Non-Exempt Employees. Notwithstanding the foregoing, Options granted to persons who are non-exempt employees under the Fair Labor Standards Act of 1938, as amended, may not be exercisable for at least six months after the date of grant (except that such Options may become exercisable, as determined by the Committee, upon the Participant's death, Disability or retirement, or upon a Change of Control or other circumstances permitted by applicable regulations).

(f) Termination of Employment or Service. Except as provided in the Grant Instrument, an Option may only be exercised while the Participant is employed by, or providing services to, the Employer. The Committee shall determine in the Grant Instrument under what circumstances and during what time periods a Participant may exercise an Option after termination of employment or service.

(g) Exercise of Options. A Participant may exercise an Option that has become exercisable, in whole or in part, by delivering a notice of exercise to the Company or its delegate. The Participant shall pay the Exercise Price for an Option as specified by the Committee (i) in cash, (ii) unless the Committee determines otherwise, by delivering shares of Company Stock owned by the Participant and having a Fair Market Value on the date of exercise at least equal to the Exercise Price or by attestation (in accordance with procedures prescribed by the Company) to ownership of shares of Company Stock having a Fair Market Value on the date of exercise at least equal to the Exercise Price, (iii) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, or (iv) by such other method as the Committee may approve. In addition, to the extent an Option is at the time exercisable for vested shares of Company Stock, all or any part of that vested portion may be surrendered to the Company for an appreciation distribution payable in shares of Company Stock with a Fair Market Value at the time of the Option surrender equal to the dollar amount by which the then Fair Market Value of the shares of Company Stock subject to the surrendered portion exceeds the aggregate Exercise Price payable for those shares ("net exercise"). Shares of Company Stock used to exercise an Option shall have been held by the Participant for the requisite period of time necessary to avoid adverse accounting consequences to the Company with respect to the Option. Payment for the shares to be issued or transferred pursuant to the Option, and any required withholding taxes, must be received by the Company by the time specified by the Committee depending on the type of payment being made, but in all cases prior to the issuance or transfer of such shares.

(h) Limits on Incentive Stock Options. Each Incentive Stock Option shall provide that, if the aggregate Fair Market Value of the Company Stock on the date of the grant with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year, under the Plan or any other stock option plan of the Company or a

parent or subsidiary, exceeds $100,000, then the Option, as to the excess, shall be treated as a Nonqualified Stock Option.

Section 7. Stock Awards

The Committee may issue or transfer shares of Company Stock to an Employee, Non-Employee Director or Key Advisor under a Stock Award, upon such terms as the Committee deems appropriate. The following provisions are applicable to Stock Awards:

(a) General Requirements. Shares of Company Stock issued or transferred pursuant to Stock Awards may be issued or transferred for consideration or for no consideration, and subject to restrictions or no restrictions, as determined by the Committee. The Committee may, but shall not be required to, establish conditions under which restrictions on Stock Awards shall lapse over a period of time or according to such other criteria as the Committee deems appropriate, including, without limitation, restrictions based upon the achievement of specific performance goals. The period of time during which the Stock Awards will remain subject to restrictions will be designated in the Grant Instrument as the "Restriction Period."

(b) Number of Shares. The Committee shall determine the number of shares of Company Stock to be issued or transferred pursuant to a Stock Award and the restrictions applicable to such shares.

(c) Requirement of Employment or Service. If the Participant ceases to be employed by, or provide service to, the Employer during a period designated in the Grant Instrument as the Restriction Period, or if other specified conditions are not met, the Stock Award shall terminate as to all shares covered by the Grant as to which the restrictions have not lapsed, and those shares of Company Stock must be immediately returned to the Company. The Committee may, however, provide for complete or partial exceptions to this requirement as it deems appropriate.

(d) Restrictions on Transfer and Legend on Stock Certificate. During the Restriction Period, a Participant may not sell, assign, transfer, pledge or otherwise dispose of the shares of a Stock Award except under Section 16 below. Unless otherwise determined by the Committee, the Company will retain possession of certificates for shares of Stock Awards until all restrictions on such shares have lapsed. Each certificate for a Stock Award, unless held by the Company, shall contain a legend giving appropriate notice of the restrictions in the Grant. The Participant shall be entitled to have the legend removed from the stock certificate covering the shares subject to restrictions when all restrictions on such shares have lapsed. The Committee may determine that the Company will not issue certificates for Stock Awards until all restrictions on such shares have lapsed.

(e) Right to Vote and to Receive Dividends. Unless the Committee determines otherwise, during the Restriction Period, the Participant shall have the right to vote shares of Stock Awards and to receive any dividends or other distributions paid on such shares, subject to any restrictions deemed appropriate by the Committee, including, without limitation, the achievement of specific performance goals. Dividends with respect to Stock Awards that vest

based on performance shall vest if and to the extent that the underlying Stock Award vests, as determined by the Committee.

(f) Lapse of Restrictions. All restrictions imposed on Stock Awards shall lapse upon the expiration of the applicable Restriction Period and the satisfaction of all conditions, if any, imposed by the Committee. The Committee may determine, as to any or all Stock Awards, that the restrictions shall lapse without regard to any Restriction Period.

Section 8. Stock Units

The Committee may grant Stock Units, each of which shall represent one hypothetical share of Company Stock, to an Employee, Non-Employee Director or Key Advisor upon such terms and conditions as the Committee deems appropriate. The following provisions are applicable to Stock Units:

(a) Crediting of Units. Each Stock Unit shall represent the right of the Participant to receive a share of Company Stock or an amount of cash based on the value of a share of Company Stock, if and when specified conditions are met. All Stock Units shall be credited to bookkeeping accounts established on the Company's records for purposes of the Plan.

(b) Terms of Stock Units. The Committee may grant Stock Units that vest and are payable if specified performance goals or other conditions are met, or under other circumstances. Stock Units may be paid at the end of a specified performance period or other period, or payment may be deferred to a date authorized by the Committee. The Committee may accelerate vesting or payment, as to any or all Stock Units at any time for any reason, provided such acceleration complies with section 409A of the Code. The Committee shall determine the number of Stock Units to be granted and the requirements applicable to such Stock Units.

(c) Requirement of Employment or Service. If the Participant ceases to be employed by, or provide service to, the Employer prior to the vesting of Stock Units, or if other conditions established by the Committee are not met, the Participant's Stock Units shall be forfeited. The Committee may, however, provide for complete or partial exceptions to this requirement as it deems appropriate.

(d) Payment With Respect to Stock Units. Payments with respect to Stock Units shall be made in cash, Company Stock or any combination of the foregoing, as the Committee shall determine.

Section 9. Stock Appreciation Rights

The Committee may grant SARs to an Employee, Non-Employee Director or Key Advisor separately or in tandem with any Option. The following provisions are applicable to SARs:

(a) General Requirements. The Committee may grant SARs to an Employee, Non-Employee Director or Key Advisor separately or in tandem with any Option (for all or a

portion of the applicable Option). Tandem SARs may be granted either at the time the Option is granted or at any time thereafter while the Option remains outstanding; provided, however, that, in the case of an Incentive Stock Option, SARs may be granted only at the time of the grant of the Incentive Stock Option. The Committee shall establish the base amount of the SAR at the time the SAR is granted. The base amount of each SAR shall be equal to or greater than the Fair Market Value of a share of Company Stock as of the date of grant of the SAR. The term of any SAR shall not exceed ten years from the date of grant. Notwithstanding the foregoing, in the event that on the last business day of the term of a SAR, the exercise of the SAR is prohibited by applicable law, including a prohibition on purchases or sales of Company Stock under the Company's insider trading policy, the term shall be extended for a period of 30 days following the end of the legal prohibition, unless the Committee determines otherwise.

(b) Tandem SARs. In the case of tandem SARs, the number of SARs granted to a Participant that shall be exercisable during a specified period shall not exceed the number of shares of Company Stock that the Participant may purchase upon the exercise of the related Option during such period. Upon the exercise of an Option, the SARs relating to the Company Stock covered by such Option shall terminate. Upon the exercise of SARs, the related Option shall terminate to the extent of an equal number of shares of Company Stock.

(c) Exercisability. An SAR shall be exercisable during the period specified by the Committee in the Grant Instrument and shall be subject to such vesting and other restrictions as may be specified in the Grant Instrument. The Committee may accelerate the exercisability of any or all outstanding SARs at any time for any reason. SARs may only be exercised while the Participant is employed by, or providing service to, the Employer or during the applicable period after termination of employment or service as specified by the Committee. A tandem SAR shall be exercisable only during the period when the Option to which it is related is also exercisable.

(d) Grants to Non-Exempt Employees. Notwithstanding the foregoing, SARs granted to persons who are non-exempt employees under the Fair Labor Standards Act of 1938, as amended, may not be exercisable for at least six months after the date of grant (except that such SARs may become exercisable, as determined by the Committee, upon the Participant's death, Disability or retirement, or upon a Change of Control or other circumstances permitted by applicable regulations).

(e) Value of SARs. When a Participant exercises SARs, the Participant shall receive in settlement of such SARs an amount equal to the value of the stock appreciation for the number of SARs exercised. The stock appreciation for an SAR is the amount by which the Fair Market Value of the underlying Company Stock on the date of exercise of the SAR exceeds the base amount of the SAR as described in subsection (a).

(f) Form of Payment. The appreciation in an SAR shall be paid in shares of Company Stock, cash or any combination of the foregoing, as the Committee shall determine. For purposes of calculating the number of shares of Company Stock to be received, shares of Company Stock shall be valued at their Fair Market Value on the date of exercise of the SAR.

Section 10. Other Stock-Based Awards

The Committee may grant Other Stock-Based Awards, which are awards (other than those described in Sections 6, 7, 8 and 9 of the Plan) that are based on or measured by Company Stock, to any Employee, Non-Employee Director or Key Advisor, on such terms and conditions as the Committee shall determine. Other Stock-Based Awards may be awarded subject to the achievement of performance goals or other conditions and may be payable in cash, Company Stock or any combination of the foregoing, as the Committee shall determine.

Section 11. Cash Awards

The Committee may grant Cash Awards to Employees who are executive officers and other key employees of the Company. The Committee shall determine the terms and conditions applicable to Cash Awards, including the criteria for the vesting and payment of Cash Awards. Cash Awards shall be based on such measures as the Committee deems appropriate and need not relate to the value of shares of Company Stock.

Section 12. Dividend Equivalents

The Committee may grant Dividend Equivalents in connection with Stock Units or Other Stock-Based Awards. Dividend Equivalents may be paid currently or accrued as contingent cash obligations and may be payable in cash or shares of Company Stock, and upon such terms and conditions as the Committee shall determine. Dividend Equivalents with respect to Stock Units or Other Stock-Based Awards that vest based on performance shall vest and be paid only if and to the extent the underlying Stock Units or Other Stock-Based Awards vest and are paid, as determined by the Committee.

Section 13. Consequences of a Change of Control

(a) Assumption of Outstanding Grants. Upon a Change of Control where the Company is not the surviving corporation (or survives only as a subsidiary of another corporation), unless the Committee determines otherwise, all outstanding Grants that are not exercised or paid at the time of the Change of Control shall be assumed by, or replaced with grants that have comparable terms by, the surviving corporation (or a parent or subsidiary of the surviving corporation). After a Change of Control, references to the "Company" as they relate to employment matters shall include the successor employer in the transaction, subject to applicable law.

(b) Vesting Upon Certain Terminations of Employment. Unless the Grant Instrument provides otherwise, if a Participant's employment is terminated by the Employer without Cause upon or within 12 months following a Change of Control, the Participant's outstanding Grants shall become fully vested as of the date of such termination; provided that if the vesting of any such Grants is based, in whole or in part, on performance, the applicable Grant Instrument shall specify how the portion of the Grant that becomes vested pursuant to this Section 13(b) shall be calculated.

(c) Other Alternatives. In the event of a Change of Control, if any outstanding Grants are not assumed by, or replaced with grants that have comparable terms by, the surviving corporation (or a parent or subsidiary of the surviving corporation), the Committee may take any of the following actions with respect to any or all outstanding Grants, without the consent of any Participant: (i) the Committee may determine that outstanding Stock Options and SARs shall automatically accelerate and become fully exercisable and the restrictions and conditions on outstanding Stock Awards, Stock Units, Cash Awards and Dividend Equivalents shall immediately lapse; (ii) the Committee may determine that Participants shall receive a payment in settlement of outstanding Stock Units, Cash Awards or Dividend Equivalents, in such amount and form as may be determined by the Committee; (iii) the Committee may require that Participants surrender their outstanding Stock Options and SARs in exchange for a payment by the Company, in cash or Company Stock as determined by the Committee, in an amount equal to the amount, if any, by which the then Fair Market Value of the shares of Company Stock subject to the Participant's unexercised Stock Options and SARs exceeds the Stock Option Exercise Price or SAR base amount, and (iv) after giving Participants an opportunity to exercise all of their outstanding Stock Options and SARs, the Committee may terminate any or all unexercised Stock Options and SARs at such time as the Committee deems appropriate. Such surrender, termination or payment shall take place as of the date of the Change of Control or such other date as the Committee may specify. Without limiting the foregoing, if the per share Fair Market Value of the Company Stock does not exceed the per share Stock Option Exercise Price or SAR base amount, as applicable, the Company shall not be required to make any payment to the Participant upon surrender of the Stock Option or SAR.

Section 14. Deferrals

The Committee may permit or require a Participant to defer receipt of the payment of cash or the delivery of shares that would otherwise be due to such Participant in connection with any Grant. If any such deferral election is permitted or required, the Committee shall establish rules and procedures for such deferrals and may provide for interest or other earnings to be paid on such deferrals. The rules and procedures for any such deferrals shall be consistent with applicable requirements of section 409A of the Code.

Section 15. Withholding of Taxes

(a) Required Withholding. All Grants under the Plan shall be subject to applicable United States federal (including FICA), state and local, foreign country or other tax withholding requirements. The Employer may require that the Participant or other person receiving Grants or exercising Grants pay to the Employer an amount sufficient to satisfy such tax withholding requirements with respect to such Grants, or the Employer may deduct from other wages and compensation paid by the Employer the amount of any withholding taxes due with respect to such Grants.

(b) Share Withholding. The Committee may permit or require the Employer's tax withholding obligation with respect to Grants paid in Company Stock to be satisfied by having shares withheld up to an amount that does not exceed the Participant's applicable

withholding tax rate for United States federal (including FICA), state and local tax liabilities. The Committee may, in its discretion, and subject to such rules as the Committee may adopt, allow Participants to elect to have such share withholding applied to all or a portion of the tax withholding obligation arising in connection with any particular Grant. Unless the Committee determines otherwise, share withholding for taxes shall not exceed the participant's minimum applicable tax withholding amount.

Section 16. Transferability of Grants

(a) Nontransferability of Grants. Except as described in subsection (b) below, only the Participant may exercise rights under a Grant during the Participant's lifetime. A Participant may not transfer those rights except (i) by will or by the laws of descent and distribution or (ii) with respect to Grants other than Incentive Stock Options, pursuant to a domestic relations order. When a Participant dies, the personal representative or other person entitled to succeed to the rights of the Participant may exercise such rights. Any such successor must furnish proof satisfactory to the Company of his or her right to receive the Grant under the Participant's will or under the applicable laws of descent and distribution.

(b) Transfer of Nonqualified Stock Options. Notwithstanding the foregoing, the Committee may provide, in a Grant Instrument, that a Participant may transfer Nonqualified Stock Options to family members, or one or more trusts or other entities for the benefit of or owned by family members, consistent with the applicable securities laws, according to such terms as the Committee may determine; provided that the Participant receives no consideration for the transfer of an Option and the transferred Option shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer.

Section 17. Requirements for Issuance or Transfer of Shares

No Company Stock shall be issued or transferred in connection with any Grant hereunder unless and until all legal requirements applicable to the issuance or transfer of such Company Stock have been complied with to the satisfaction of the Committee. The Committee shall have the right to condition any Grant on the Participant's undertaking in writing to comply with such restrictions on his or her subsequent disposition of the shares of Company Stock as the Committee shall deem necessary or advisable, and certificates representing such shares may be legended to reflect any such restrictions. Certificates representing shares of Company Stock issued or transferred under the Plan may be subject to such stop-transfer orders and other restrictions as the Committee deems appropriate to comply with applicable laws, regulations and interpretations, including any requirement that a legend be placed thereon.

Section 18. Amendment and Termination of the Plan

(a) Amendment. The Board may amend or terminate the Plan at any time; provided, however, that the Board shall not amend the Plan without stockholder approval if such approval is required in order to comply with the Code or other applicable law, or to comply with applicable stock exchange requirements.

(b) Stockholder Approval Requirements.

(i) The Plan is intended to comply with the transition relief set forth at Treas. Reg. §1.162-27(f)(1) for companies that become publicly held in connection with an initial public offering, which applies until the first to occur of (A) the expiration of the Plan, (B) a material modification of the Plan within the meaning of section 162(m) of the Code and the regulations thereunder, (C) the issuance of all Company Stock authorized under the Plan, or (D) the first meeting of stockholders at which directors are to be elected that occurs after the close of the third calendar year following the calendar year in which the initial public offering occurs (the period commencing on the initial public offering and ending on the first to occur of the foregoing events shall be hereinafter referred to as the "Reliance Period").

(ii) Following the Reliance Period, if Grants are to be made as "qualified performance-based compensation" under section 162(m) of the Code, the Plan must be approved by the stockholders in accordance with section 162(m) of the Code, and the Plan must be reapproved by the stockholders no later than the first stockholders meeting that occurs in the fifth year following the year in which the stockholders previously approved the Plan, if required by section 162(m) of the Code or the regulations thereunder.

(c) Termination of Plan. The Plan shall terminate on the day immediately preceding the tenth anniversary of its Effective Date, unless the Plan is terminated earlier by the Board or is extended by the Board with the approval of the stockholders.

(d) Termination and Amendment of Outstanding Grants. A termination or amendment of the Plan that occurs after a Grant is made shall not materially impair the rights of a Participant unless the Participant consents or unless the Committee acts under Section 19(f) below. The termination of the Plan shall not impair the power and authority of the Committee with respect to an outstanding Grant. Whether or not the Plan has terminated, an outstanding Grant may be terminated or amended under Section 19(f) below or may be amended by agreement of the Company and the Participant consistent with the Plan.

Section 19. Miscellaneous

(a) Grants in Connection with Corporate Transactions and Otherwise. Nothing contained in the Plan shall be construed to (i) limit the right of the Committee to make Grants under the Plan in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business or assets of any corporation, firm or association, including Grants to employees thereof who become Employees, or (ii) limit the right of the Company to grant stock options or make other awards outside of the Plan. The Committee may make a Grant to an employee of another corporation who becomes an Employee by reason of a corporate merger, consolidation, acquisition of stock or property, reorganization or liquidation involving the Company, in substitution for a stock option or stock awards grant made by such corporation. Notwithstanding anything in the Plan to the contrary, the Committee may establish such terms and conditions of the new Grants as it deems appropriate, including setting the

Exercise Price of Options or the base price of SARs at a price necessary to retain for the Participant the same economic value as the prior options or rights.

(b) Governing Document. The Plan shall be the controlling document. No other statements, representations, explanatory materials or examples, oral or written, may amend the Plan in any manner. The Plan shall be binding upon and enforceable against the Company and its successors and assigns.

(c) Funding of the Plan. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Grants under the Plan.

(d) Rights of Participants. Nothing in the Plan shall entitle any Employee, Non-Employee Director, Key Advisor or other person to any claim or right to receive a Grant under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any individual any rights to be retained by or in the employ of the Employer or any other employment rights.

(e) No Fractional Shares. No fractional shares of Company Stock shall be issued or delivered pursuant to the Plan or any Grant. Except as otherwise provided under the Plan, the Committee shall determine whether cash, other awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(f) Compliance with Law.

(i) The Plan, the exercise of Options and SARs and the obligations of the Company to issue or transfer shares of Company Stock under Grants shall be subject to all applicable laws and regulations, and to approvals by any governmental or regulatory agency as may be required. With respect to persons subject to section 16 of the Exchange Act, it is the intent of the Company that the Plan and all transactions under the Plan comply with all applicable provisions of Rule 16b-3 or its successors under the Exchange Act. In addition, it is the intent of the Company that Incentive Stock Options comply with the applicable provisions of section 422 of the Code, and that, to the extent applicable, Grants comply with the requirements of section 409A of the Code. To the extent that any legal requirement of section 16 of the Exchange Act or section 422 or 409A of the Code as set forth in the Plan ceases to be required under section 16 of the Exchange Act or section 422 or 409A of the Code, that Plan provision shall cease to apply. The Committee may revoke any Grant if it is contrary to law or modify a Grant to bring it into compliance with any valid and mandatory government regulation. The Committee may also adopt rules regarding the withholding of taxes on payments to Participants. The Committee may, in its sole discretion, agree to limit its authority under this Section.

(ii) The Plan is intended to comply with the requirements of section 409A of the Code, to the extent applicable. Each Grant shall be construed and administered such that the Grant either (A) qualifies for an exemption from the requirements of section 409A of the

Code or (B) satisfies the requirements of section 409A of the Code. If a Grant is subject to section 409A of the Code, (I) distributions shall only be made in a manner and upon an event permitted under section 409A of the Code, (II) payments to be made upon a termination of employment or service shall only be made upon a "separation from service" under section 409A of the Code, (III) unless the Grant specifies otherwise, each installment payment shall be treated as a separate payment for purposes of section 409A of the Code, and (IV) in no event shall a Participant, directly or indirectly, designate the calendar year in which a distribution is made except in accordance with section 409A of the Code.

(iii) Any Grant that is subject to section 409A of the Code and that is to be distributed to a Key Employee (as defined below) upon separation from service shall be administered so that any distribution with respect to such Grant shall be postponed for six months following the date of the Participant's separation from service, if required by section 409A of the Code. If a distribution is delayed pursuant to section 409A of the Code, the distribution shall be paid within 15 days after the end of the six-month period. If the Participant dies during such six-month period, any postponed amounts shall be paid within 90 days of the Participant's death. The determination of Key Employees, including the number and identity of persons considered Key Employees and the identification date, shall be made by the Committee or its delegate each year in accordance with section 416(i) of the Code and the "specified employee" requirements of section 409A of the Code.

(iv) Notwithstanding anything in the Plan or any Grant agreement to the contrary, each Participant shall be solely responsible for the tax consequences of Grants under the Plan, and in no event shall the Company or any subsidiary or affiliate of the Company have any responsibility or liability if a Grant does not meet any applicable requirements of section 409A of the Code. Although the Company intends to administer the Plan to prevent taxation under section 409A of the Code, the Company does not represent or warrant that the Plan or any Grant complies with any provision of federal, state, local or other tax law.

(g) Establishment of Subplans. The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable blue sky, securities or tax laws of various jurisdictions. The Board shall establish such sub-plans by adopting supplements to the Plan setting forth (i) such limitations on the Committee's discretion under the Plan as the Board deems necessary or desirable and (ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement shall apply only to Participants within the affected jurisdiction and the Employer shall not be required to provide copies of any supplement to Participants in any jurisdiction that is not affected.

(h) Clawback Rights. Subject to the requirements of applicable law, the Committee may provide in any Grant Instrument that, if a Participant breaches any restrictive covenant agreement between the Participant and the Employer (which may be set forth in any Grant Instrument) or otherwise engages in activities that constitute Cause either while employed by, or providing service to, the Employer or within a specified period of time thereafter, all

Grants held by the Participant shall terminate, and the Company may rescind any exercise of an Option or SAR and the vesting of any other Grant and delivery of shares upon such exercise or vesting (including pursuant to dividends and Dividend Equivalents), as applicable on such terms as the Committee shall determine, including the right to require that in the event of any such rescission, (i) the Participant shall return to the Company the shares received upon the exercise of any Option or SAR and/or the vesting and payment of any other Grant (including pursuant to dividends and Dividend Equivalents) or, (ii) if the Participant no longer owns the shares, the Participant shall pay to the Company the amount of any gain realized or payment received as a result of any sale or other disposition of the shares (or, in the event the Participant transfers the shares by gift or otherwise without consideration, the Fair Market Value of the shares on the date of the breach of the restrictive covenant agreement (including a Participant's Grant Instrument containing restrictive covenants) or activity constituting Cause), net of the price originally paid by the Participant for the shares. Payment by the Participant shall be made in such manner and on such terms and conditions as may be required by the Committee. The Employer shall be entitled to set off against the amount of any such payment any amounts otherwise owed to the Participant by the Employer. In addition, all Grants under the Plan shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Board from time to time.

(i) Governing Law; Jurisdiction. The validity, construction, interpretation and effect of the Plan and Grant Instruments issued under the Plan shall be governed and construed by and determined in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of the Plan and Grants made hereunder shall be brought only in the United States District Court for the District of Massachusetts, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Boston Massachusetts, and the jurisdiction of such court in any such proceeding shall be exclusive. Notwithstanding the foregoing sentence, on and after the date a Participant receives shares of Company Stock hereunder, the Participant will be subject to the jurisdiction provision set forth in the Corporation's bylaws.

OMNIBUS INCENTIVE COMPENSATION PLAN
NONQUALIFIED STOCK OPTION GRANT AGREEMENT

This NONQUALIFIED STOCK OPTION GRANT AGREEMENT (the "Agreement"), dated as of (the "Date of Grant"), is delivered by CarGurus, Inc. (the "Company") to (the "Participant").

RECITALS

The CarGurus, Inc. Omnibus Incentive Compensation Plan (the "Plan") provides for the grant of stock options to purchase shares of Class A common stock of the Company ("Company Stock"). The Committee has decided to make this nonqualified stock option grant as an inducement for the Participant to promote the best interests of the Company and its stockholders. The Participant hereby acknowledges the receipt of a copy of the official prospectus for the Plan, which is available by accessing the Company's intranet at ***[Insert link]***. Paper copies of the Plan and the official Plan prospectus are available by contacting the Senior Vice President, General Counsel of the Company at 617.315.4900 or legal@cargurus.com. This Agreement is made pursuant to the Plan and is subject in its entirety to all applicable provisions of the Plan. Capitalized terms used herein and not otherwise defined will have the meanings set forth in the Plan.

1. Grant of Option. Subject to the terms and conditions set forth in this Agreement and in the Plan, the Company hereby grants to the Participant a nonqualified stock option (the "Option") to purchase shares of Company Stock ("Shares") at an Exercise Price of $ per Share. The Option shall become exercisable according to Section 2 below.

2. Exercisability of Option.

(a) The Option shall become vested and exercisable on the following dates (each, a "Vesting Date"), provided that the Participant continues to be employed by, or provide service to, the Employer from the Date of Grant until the applicable Vesting Date:

Vesting Date	Percentage of Shares for Which the Option is Exercisable as of the Vesting Date

(b) The vesting and exercisability of the Option is cumulative, but shall not exceed 100% of the Shares subject to the Option. If the foregoing schedule would produce fractional Shares, the number of Shares for which the Option becomes vested and exercisable shall be rounded down to the nearest whole Share and the fractional Shares will be accumulated so that the resulting whole Shares will be included in the number of Shares for which the Option becomes vested and exercisable on the last Vesting Date.

(c) Except as otherwise provided in a written employment agreement or severance agreement entered into by and between the Participant and the Employer, in the event of a Change of Control before the Option is fully vested and exercisable, the provisions of the Plan applicable to a Change of Control shall apply to the Option, and, in the event of a Change of Control, the Committee may take such actions with respect to the vesting and exercisability of the Option as it deems appropriate pursuant to the Plan.

Notwithstanding the foregoing, if the Company is not the surviving corporation (or survives only as a subsidiary of another corporation) as a result of the Change of Control and the Option is assumed by, or replaced with an award with comparable terms by, the surviving corporation (or parent or subsidiary of the surviving corporation) and the Participant's employment is terminated by the Employer without Cause upon or within 12 months following a Change of Control and before the Option is fully vested and exercisable in accordance with the vesting schedule set forth in Section 2(a) above, any unvested and unexercisable portion of the Option shall become fully vested and exercisable upon such termination of employment.

3. Term of Option.

(a) The Option shall have a term of ten years from the Date of Grant and shall terminate at the expiration of that period, unless it is terminated at an earlier date pursuant to the provisions of this Agreement or the Plan. Notwithstanding the foregoing, in the event that on the last business day of the term of the Option, the exercise of the Option is prohibited by applicable law, including a prohibition on purchases or sales of Company Stock under the Company's insider trading policy, the term of the Option shall be extended for a period of 30 days following the end of the legal prohibition, unless the Committee determines otherwise.

(b) The Option shall automatically terminate upon the happening of the first of the following events:

(i) The expiration of the 90-day period after the Participant ceases to be employed by, or provide service to, the Employer, if the termination is for any reason other than Disability, death or Cause.

(ii) The expiration of the one-year period after the Participant ceases to be employed by, or provide service to, the Employer on account of the Participant's Disability.

(iii) The expiration of the one-year period after the Participant ceases to be employed by, or provide service to, the Employer, if the Participant dies while employed by, or providing service to, the Employer or the Participant dies within 90 days after the Participant ceases to be so employed or to provide services to the Employer for any reason other than Disability, death or Cause.

(iv) The date on which the Participant ceases to be employed by, or provide service to, the Employer for Cause. In addition, notwithstanding the prior provisions of this Section 3, if the Participant engages in conduct that constitutes Cause after the Participant's employment or service terminates, the Option shall immediately terminate.

Notwithstanding the foregoing, in no event may the Option be exercised after the date that is immediately before the tenth anniversary of the Date of Grant, except as provided under Section 3(a) above. Any portion of the Option that is not exercisable at the time the Participant ceases to be employed by, or provide service to, the Employer shall immediately terminate.

4. Exercise Procedures.

(a) Subject to the provisions of Sections 2 and 3 above, the Participant may exercise part or all of the exercisable Option by giving the Company or its delegate written notice of intent to exercise, specifying the number of shares of Company Stock as to which the Option is to be exercised and such other information as the Company or its delegate may require.

At such time as the Committee shall determine, the Participant shall pay the Exercise Price (i) in cash, (ii) unless the Committee determines otherwise, by delivering shares of Company Stock owned by the Participant, which shall be valued at their Fair Market Value on the date of exercise, or by attestation (in accordance with procedures prescribed by the Company) to ownership of shares of Company Stock having a Fair Market Value on the date of exercise at least equal to the Exercise Price, (iii) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, (iv) by surrendering shares of Company Stock subject to the exercisable Option for an appreciation distribution payable in Shares with a Fair Market Value on the date of exercise equal to the dollar amount by which the then Fair Market Value of the Shares subject to the surrendered portion exceeds the aggregate Exercise Price payable for the Shares ("net exercise"), or (v) by such other method as the Committee may approve, to the extent permitted by applicable law. The Committee may impose from time to time such limitations as it deems appropriate on the use of shares of Company Stock to exercise the Option.

(b) The obligation of the Company to deliver Shares upon exercise of the Option shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriate by the Committee, including such actions as Company counsel shall deem necessary or appropriate to comply with relevant securities laws and regulations.

(c) All obligations of the Company under this Agreement shall be subject to the rights of the Employer as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the Option. The Participant may elect to satisfy any tax withholding obligation of the Employer with respect to the Option by having Shares withheld to satisfy the applicable withholding tax rate for federal (including FICA), state, local and other tax liabilities. Unless the Committee determines otherwise, share withholding for taxes shall not exceed the Participant's minimum applicable tax withholding amount.

(d) Upon exercise of the Option (or portion thereof), the Option (or portion thereof) will terminate and cease to be outstanding.

5. Restrictions on Exercise. Except as the Committee may otherwise permit pursuant to the Plan, only the Participant may exercise the Option during the Participant's lifetime and, after the Participant's death, the Option shall be exercisable (subject to the limitations specified in the Plan) solely by the legal representatives of the Participant, or by the person who acquires the right to exercise the Option by will or by the laws of descent and distribution, to the extent that the Option is exercisable pursuant to this Agreement.

6. Grant Subject to Plan Provisions. This grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and exercise of the Option are subject to the provisions of the Plan and to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the Shares, (c) changes in capitalization of the Company and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe the Option pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

7. No Employment or Other Rights. The grant of the Option shall not confer upon the Participant any right to be retained by or in the employ or service of any Employer and shall not interfere in any way with the right of any Employer to terminate the Participant's employment or service at any time. The right of any Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

8. No Stockholder Rights. Neither the Participant, nor any person entitled to exercise the Participant's rights in the event of the Participant's death, shall have any of the rights and privileges of a stockholder with respect to the Shares subject to the Option, until certificates for Shares have been issued upon the exercise of the Option.

9. Assignment and Transfers. Except as the Committee may otherwise permit pursuant to the Plan, the rights and interests of the Participant under this Agreement may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. In the event of any attempt by the Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of the Option or any right hereunder, except as provided for in this Agreement, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Option by notice to the Participant, and the Option and all rights hereunder shall thereupon become null and void. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates. This Agreement may be assigned by the Company without the Participant's consent.

10. Applicable Law; Jurisdiction. The validity, construction, interpretation and effect of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of this Agreement shall be brought only in the United States District Court for the District of Massachusetts, or if such court does not have jurisdiction

or will not accept jurisdiction, in any court of general jurisdiction in Boston, Massachusetts, and the jurisdiction of such court in any such proceeding shall be exclusive. Notwithstanding the foregoing sentence, on and after the date a Participant receives shares of Company Stock hereunder, the Participant will be subject to the jurisdiction provision set forth in the Corporation's bylaws.

11. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the Senior Vice President, General Counsel, with copy to the Chief Financial Officer at the corporate headquarters of the Company, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be delivered by hand or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service or by the postal authority of the country in which the Participant resides or to an internationally recognized expedited mail courier.

12. Recoupment Policy. The Participant agrees that, subject to the requirements of applicable law, if the Participant breaches any restrictive covenant agreement between the Participant and the Employer or otherwise engages in activities that constitute Cause either while employed by, or providing service to, the Employer or within 12 months thereafter, the Option shall terminate, and the Company may rescind any exercise of the Option and delivery of Shares upon such exercise, as applicable on such terms as the Committee shall determine, including the right to require that in the event of any such rescission (a) the Participant shall return to the Company the Shares received upon the exercise of the Option or, (b) if the Participant no longer owns the Shares, the Participant shall pay to the Company the amount of any gain realized or payment received as a result of any sale or other disposition of the Shares (or, in the event the Participant transfers the Shares by gift or otherwise without consideration, the Fair Market Value of the Shares on the date of the breach of any restrictive covenant agreement or activity constituting Cause), net of the price originally paid by the Participant for the Shares. The Participant agrees that payment by the Participant shall be made in such manner and on such terms and conditions as may be required by the Committee and the Employer shall be entitled to set off against the amount of any such payment any amounts otherwise owed to the Participant by the Employer. In addition, the Participant agrees that the Option shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Board or imposed under applicable rule or regulation from time to time.

13. Application of Section 409A of the Code. This Agreement is intended to be exempt from section 409A of the Code and to the extent this Agreement is subject to section 409A of the Code, it will in all respects be administered in accordance with section 409A of the Code.

[***Signature Page Follows***]

IN WITNESS WHEREOF, the Company has caused an officer to execute this Agreement, and the Participant has executed this Agreement, effective as of the Date of Grant.

CARGURUS, INC.

_____

Name:
Title:

I hereby accept the Option described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all decisions and determinations of the Committee shall be final and binding.

Participant: _____
Date: _____

OMNIBUS INCENTIVE COMPENSATION PLAN
INCENTIVE STOCK OPTION GRANT AGREEMENT

This INCENTIVE STOCK OPTION GRANT AGREEMENT (the "Agreement"), dated as of (the "Date of Grant"), is delivered by CarGurus, Inc. (the "Company") to (the "Participant").

RECITALS

The CarGurus, Inc. Omnibus Incentive Compensation Plan (the "Plan") provides for the grant of stock options to purchase shares of Class A common stock of the Company ("Company Stock"). The Committee has decided to make this incentive stock option grant as an inducement for the Participant to promote the best interests of the Company and its stockholders. The Participant hereby acknowledges the receipt of a copy of the official prospectus for the Plan, which is available by accessing the Company's intranet at ***[Insert link]***. Paper copies of the Plan and the official Plan prospectus are available by contacting the Senior Vice President, General Counsel of the Company at 617.315.4900 or legal@cargurus.com. This Agreement is made pursuant to the Plan and is subject in its entirety to all applicable provisions of the Plan. Capitalized terms used herein and not otherwise defined will have the meanings set forth in the Plan.

1. Grant of Option.

(a) Subject to the terms and conditions set forth in this Agreement and in the Plan, the Company hereby grants to the Participant an incentive stock option (the "Option") to purchase shares of Company Stock ("Shares") at an Exercise Price of $ per Share. The Option shall become exercisable according to Section 2 below.

(b) The Option is designated as an incentive stock option, as described in Section 5 below. However, if and to the extent the Option exceeds the limits for an incentive stock option, as described in Section 5, the Option shall be a nonqualified stock option.

2. Exercisability of Option.

(a) The Option shall become vested and exercisable on the following dates (each, a "Vesting Date"), provided that the Participant continues to be employed by, or provide service to, the Employer from the Date of Grant until the applicable Vesting Date:

Vesting Date	Percentage of Shares for Which the Option is Exercisable as of the Vesting Date

(b) The vesting and exercisability of the Option is cumulative, but shall not exceed 100% of the Shares subject to the Option. If the foregoing schedule would produce fractional Shares, the number of Shares for which the Option becomes vested and exercisable shall be rounded down to the nearest whole Share and the fractional Shares will be accumulated so that the resulting whole Shares will be included in the number of Shares for which the Option becomes vested and exercisable on the last Vesting Date.

(c) Except as otherwise provided in a written employment agreement or severance agreement entered into by and between the Participant and the Employer, in the event of a Change of Control before the Option is fully vested and exercisable, the provisions of the Plan applicable to a Change of Control shall apply to the Option, and, in the event of a Change of Control, the Committee may take such actions with respect to the vesting and exercisability of the Option as it deems appropriate pursuant to the Plan.

Notwithstanding the foregoing, if the Company is not the surviving corporation (or survives only as a subsidiary of another corporation) as a result of the Change of Control and the Option is assumed by, or replaced with an award with comparable terms by, the surviving corporation (or parent or subsidiary of the surviving corporation) and the Participant's employment is terminated by the Employer without Cause upon or within 12 months following a Change of Control and before the Option is fully vested and exercisable in accordance with the vesting schedule set forth in Section 2(a) above, any unvested and unexercisable portion of the Option shall become fully vested and exercisable upon such termination of employment.

3. Term of Option.

(a) The Option shall have a term of ten years from the Date of Grant and shall terminate at the expiration of that period, unless it is terminated at an earlier date pursuant to the provisions of this Agreement or the Plan. Notwithstanding the foregoing, in the event that on the last business day of the term of the Option, the exercise of the Option is prohibited by applicable law, including a prohibition on purchases or sales of Company Stock under the Company's insider trading policy, the term of the Option shall be extended for a period of 30 days following the end of the legal prohibition, unless the Committee determines otherwise.

(b) The Option shall automatically terminate upon the happening of the first of the following events:

(i) The expiration of the 90-day period after the Participant ceases to be employed by, or provide service to, the Employer, if the termination is for any reason other than Disability, death or Cause.

(ii) The expiration of the one-year period after the Participant ceases to be employed by, or provide service to, the Employer on account of the Participant's Disability.

(iii) The expiration of the one-year period after the Participant ceases to be employed by, or provide service to, the Employer, if the Participant dies while employed by, or providing service to, the Employer or the Participant dies within 90 days after the

Participant ceases to be so employed or to provide services to the Employer for any reason other than Disability, death or Cause.

(iv) The date on which the Participant ceases to be employed by, or provide service to, the Employer for Cause. In addition, notwithstanding the prior provisions of this Section 3, if the Participant engages in conduct that constitutes Cause after the Participant's employment or service terminates, the Option shall immediately terminate.

Notwithstanding the foregoing, in no event may the Option be exercised after the date that is immediately before the tenth anniversary of the Date of Grant, except as provided under Section 3(a) above. Any portion of the Option that is not exercisable at the time the Participant ceases to be employed by, or provide service to, the Employer shall immediately terminate.

4. Exercise Procedures.

(a) Subject to the provisions of Sections 2 and 3 above, the Participant may exercise part or all of the exercisable Option by giving the Company or its delegate written notice of intent to exercise, specifying the number of shares of Company Stock as to which the Option is to be exercised and such other information as the Company or its delegate may require.

At such time as the Committee shall determine, the Participant shall pay the Exercise Price (i) in cash, (ii) unless the Committee determines otherwise, by delivering shares of Company Stock owned by the Participant, which shall be valued at their Fair Market Value on the date of exercise, or by attestation (in accordance with procedures prescribed by the Company) to ownership of shares of Company Stock having a Fair Market Value on the date of exercise at least equal to the Exercise Price, (iii) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, (iv) by surrendering shares of Company Stock subject to the exercisable Option for an appreciation distribution payable in Shares with a Fair Market Value on the date of exercise equal to the dollar amount by which the then Fair Market Value of the Shares subject to the surrendered portion exceeds the aggregate Exercise Price payable for the Shares ("net exercise"), or (v) by such other method as the Committee may approve, to the extent permitted by applicable law. The Committee may impose from time to time such limitations as it deems appropriate on the use of shares of Company Stock to exercise the Option.

(b) The obligation of the Company to deliver Shares upon exercise of the Option shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriate by the Committee, including such actions as Company counsel shall deem necessary or appropriate to comply with relevant securities laws and regulations.

(c) All obligations of the Company under this Agreement shall be subject to the rights of the Employer as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the Option. The Participant may elect to satisfy any tax withholding obligation of the Employer with respect to

the Option by having Shares withheld to satisfy the applicable withholding tax rate for federal (including FICA), state, local and other tax liabilities. Unless the Committee determines otherwise, share withholding for taxes shall not exceed the Participant's minimum applicable tax withholding amount.

(d) Upon exercise of the Option (or portion thereof), the Option (or portion thereof) will terminate and cease to be outstanding.

5. Designation as Incentive Stock Option.

(a) This Option is designated an incentive stock option under Section 422 of the Code. If the aggregate fair market value of the stock on the date of the grant with respect to which incentive stock options are exercisable for the first time by the Participant during any calendar year, under the Plan or any other stock option plan of the Company or a parent or subsidiary, exceeds $100,000, then the Option, as to the excess, shall be treated as a nonqualified stock option that does not meet the requirements of Section 422. If and to the extent that the Option fails to qualify as an incentive stock option under the Code, the Option shall remain outstanding according to its terms as a nonqualified stock option.

(b) The Participant understands that favorable incentive stock option tax treatment is available only if the Option is exercised while the Participant is an employee of the Company or a parent or subsidiary of the Company or within a period of time specified in the Code after the Participant ceases to be an employee. The Participant understands that the Participant is responsible for the income tax consequences of the Option, and, among other tax consequences, the Participant understands that he or she may be subject to the alternative minimum tax under the Code in the year in which the Option is exercised. The Participant will consult with his or her tax adviser regarding the tax consequences of the Option.

6. Restrictions on Exercise. Only the Participant may exercise the Option during the Participant's lifetime. After the Participant's death, the Option shall be exercisable (subject to the limitations specified in the Plan) solely by the legal representatives of the Participant, or by the person who acquires the right to exercise the Option by will or by the laws of descent and distribution, to the extent that the Option is exercisable pursuant to this Agreement.

7. Grant Subject to Plan Provisions. This grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and exercise of the Option are subject to the provisions of the Plan and to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the Shares, (c) changes in capitalization of the Company and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe the Option pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

8. No Employment or Other Rights. The grant of the Option shall not confer upon the Participant any right to be retained by or in the employ or service of any Employer and shall not

interfere in any way with the right of any Employer to terminate the Participant's employment or service at any time. The right of any Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

9. No Stockholder Rights. Neither the Participant, nor any person entitled to exercise the Participant's rights in the event of the Participant's death, shall have any of the rights and privileges of a stockholder with respect to the Shares subject to the Option, until certificates for Shares have been issued upon the exercise of the Option.

10. Assignment and Transfers. The rights and interests of the Participant under this Agreement may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. In the event of any attempt by the Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of the Option or any right hereunder, except as provided for in this Agreement, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Option by notice to the Participant, and the Option and all rights hereunder shall thereupon become null and void. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates. This Agreement may be assigned by the Company without the Participant's consent.

11. Applicable Law; Jurisdiction. The validity, construction, interpretation and effect of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of this Agreement shall be brought only in the United States District Court for the District of Massachusetts, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Boston, Massachusetts, and the jurisdiction of such court in any such proceeding shall be exclusive. Notwithstanding the foregoing sentence, on and after the date a Participant receives shares of Company Stock hereunder, the Participant will be subject to the jurisdiction provision set forth in the Corporation's bylaws.

12. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the Senior Vice President, General Counsel, with copy to the Chief Financial Officer at the corporate headquarters of the Company, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be delivered by hand or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service or by the postal authority of the country in which the Participant resides or to an internationally recognized expedited mail courier.

13. Recoupment Policy. The Participant agrees that, subject to the requirements of applicable law, if the Participant breaches any restrictive covenant agreement between the Participant and the Employer or otherwise engages in activities that constitute Cause either while employed by, or providing service to, the Employer or within 12 months thereafter, the Option shall terminate, and the Company may rescind any exercise of the Option and delivery of Shares

upon such exercise, as applicable on such terms as the Committee shall determine, including the right to require that in the event of any such rescission (a) the Participant shall return to the Company the Shares received upon the exercise of the Option or, (b) if the Participant no longer owns the Shares, the Participant shall pay to the Company the amount of any gain realized or payment received as a result of any sale or other disposition of the Shares (or, in the event the Participant transfers the Shares by gift or otherwise without consideration, the Fair Market Value of the Shares on the date of the breach of any restrictive covenant agreement or activity constituting Cause), net of the price originally paid by the Participant for the Shares. The Participant agrees that payment by the Participant shall be made in such manner and on such terms and conditions as may be required by the Committee and the Employer shall be entitled to set off against the amount of any such payment any amounts otherwise owed to the Participant by the Employer. In addition, the Participant agrees that the Option shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Board or imposed under applicable rule or regulation from time to time.

14. Application of Section 409A of the Code. This Agreement is intended to be exempt from section 409A of the Code and to the extent this Agreement is subject to section 409A of the Code, it will in all respects be administered in accordance with section 409A of the Code.

[***Signature Page Follows***]

IN WITNESS WHEREOF, the Company has caused an officer to execute this Agreement, and the Participant has executed this Agreement, effective as of the Date of Grant.

CARGURUS, INC.

_____

Name:
Title:

I hereby accept the Option described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all decisions and determinations of the Committee shall be final and binding.

Participant: _____
Date: _____

OMNIBUS INCENTIVE COMPENSATION PLAN
RESTRICTED STOCK UNIT AGREEMENT

This RESTRICTED STOCK UNIT AGREEMENT (the "Agreement"), dated as of (the "Date of Grant"), is delivered by CarGurus, Inc. (the "Company") to (the "Participant").

RECITALS

The CarGurus, Inc. Omnibus Incentive Compensation Plan (the "Plan") provides for the grant of restricted stock units. The Committee has decided to make this grant of restricted stock units as an inducement for the Participant to promote the best interests of the Company and its stockholders. The Participant hereby acknowledges the receipt of a copy of the official prospectus for the Plan, which is available by accessing the Company's intranet at ***[Insert link]***. Paper copies of the Plan and the official Plan prospectus are available by contacting the Senior Vice President, General Counsel of the Company at 617.315.4900 or legal@cargurus.com. This Agreement is made pursuant to the Plan and is subject in its entirety to all applicable provisions of the Plan. Capitalized terms used herein and not otherwise defined will have the meanings set forth in the Plan.

1. Grant of Stock Units. Subject to the terms and conditions set forth in this Agreement and in the Plan, the Company hereby grants the Participant restricted stock units, subject to the restrictions set forth below and in the Plan (the "Stock Units"). Each Stock Unit represents the right of the Participant to receive a share of Class A common stock of the Company ("Company Stock") on the applicable payment date set forth in Section 5 below.

2. Stock Unit Account. Stock Units represent hypothetical shares of Company Stock, and not actual shares of stock. The Company shall establish and maintain a Stock Unit account, as a bookkeeping account on its records, for the Participant and shall record in such account the number of Stock Units granted to the Participant. No shares of Company Stock shall be issued to the Participant at the time the grant is made, and the Participant shall not be, and shall not have any of the rights or privileges of, a stockholder of the Company with respect to any Stock Units recorded in the Stock Unit account. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this award or the Stock Unit account established for the Participant.

3. Vesting.

(a) The Stock Units shall become vested according to the following schedule (each, a "Vesting Date"), provided that the Participant continues to be employed by, or provide service to, the Employer from the Date of Grant until the applicable Vesting Date:

Vesting Date	Vested Stock Units

(b) The vesting of the Stock Units shall be cumulative, but shall not exceed 100% of the Stock Units. If the foregoing schedule would produce fractional Stock Units, the number of Stock Units that vest shall be rounded down to the nearest whole Stock Unit and the fractional Stock Units will be accumulated so that the resulting whole Stock Units will be included in the number of Stock Units that become vested on the last Vesting Date.

(c) Except as otherwise provided in a written employment agreement or severance agreement entered into by and between the Participant and the Employer, in the event of a Change of Control before all of the Stock Units vest in accordance with Section 3(a) above, the provisions of the Plan applicable to a Change of Control shall apply to the Stock Units, and, in the event of a Change of Control, the Committee may take such actions with respect to the vesting of the Stock Units as it deems appropriate pursuant to the Plan.

Notwithstanding the foregoing, if the Company is not the surviving corporation (or survives only as a subsidiary of another corporation) as a result of the Change of Control and the Stock Units are assumed by, or replaced with an award with comparable terms by, the surviving corporation (or parent or subsidiary of the surviving corporation) and the Participant's employment is terminated by the Employer without Cause upon or within 12 months following a Change of Control and before the Stock Units are fully vested in accordance with the vesting schedule set forth in Section 3(a) above, any unvested Stock Units shall become fully vested upon such termination of employment.

4. Termination of Stock Units. If the Participant ceases to be employed by, or provide service to, the Employer for any reason before all of the Stock Units vest, any unvested Stock Units shall automatically terminate and shall be forfeited as of the date of the Participant's termination of employment or service. No payment shall be made with respect to any unvested Stock Units that terminate as described in this Section 4.

5. Payment of Stock Units.

(a) If and when the Stock Units vest, the Company shall issue to the Participant one share of Company Stock for each vested Stock Unit, subject to applicable tax withholding obligations. Payment shall be made within 30 days after the applicable Vesting Date.

(b) All obligations of the Company under this Agreement shall be subject to the rights of the Employer as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. At the time of payment in accordance with Section 5(a) above, the number of shares issued to the Participant shall be reduced by a number of shares of Company Stock with a Fair Market Value (measured as of the Vesting Date) equal to an amount of the federal (including FICA), state, local and other tax liabilities required by law to be withheld with respect

to the payment of the Stock Units. To the extent not withheld in accordance with the immediately preceding sentence, the Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the Stock Units. Unless the Committee determines otherwise, share withholding for taxes shall not exceed the Participant's minimum applicable tax withholding amount.

(c) The obligation of the Company to deliver Company Stock shall also be subject to the condition that if at any time the Board shall determine in its discretion that the listing, registration or qualification of the shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance of shares, the shares may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of shares to Participant pursuant to this Agreement is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

6. No Stockholder Rights; Dividend Equivalents. Neither the Participant, nor any person entitled to receive payment in the event of the Participant's death, shall have any of the rights and privileges of a stockholder with respect to shares of Company Stock, including voting or dividend rights, until certificates for shares have been issued upon payment of Stock Units. The Participant acknowledges that no election under Section 83(b) of the Code is available with respect to Stock Units. Notwithstanding the foregoing, the Participant shall be entitled to accrue Dividend Equivalents on the shares underlying the Stock Units prior to the Vesting Date, which shall be credited to the Stock Unit account for the Participant and will be paid or distributed in the form of shares Company Stock when the shares underlying the Stock Units vest and are issued in accordance with this Agreement.

7. Grant Subject to Plan Provisions. This grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and payment of the Stock Units are subject to the provisions of the Plan and to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but

not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe the Stock Units pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

8. No Employment or Other Rights. The grant of the Stock Units shall not confer upon the Participant any right to be retained by or in the employ or service of any Employer and shall not interfere in any way with the right of any Employer to terminate the Participant's employment or service at any time. The right of any Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

9. Assignment and Transfers. Except as the Committee may otherwise permit pursuant to the Plan, the rights and interests of the Participant under this Agreement may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. In the event of any attempt by the Participant to alienate, assign, pledge, hypothecate, or otherwise dispose of the Stock Units or any right hereunder, except as provided for in this Agreement, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Stock Units by notice to the Participant, and the Stock Units and all rights hereunder shall thereupon become null and void. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates. This Agreement may be assigned by the Company without the Participant's consent.

10. Applicable Law; Jurisdiction. The validity, construction, interpretation and effect of this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof. Any action arising out of, or relating to, any of the provisions of this Agreement shall be brought only in the United States District Court for the District of Massachusetts, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Boston, Massachusetts, and the jurisdiction of such court in any such proceeding shall be exclusive. Notwithstanding the foregoing sentence, on and after the date a Participant receives shares of Company Stock hereunder, the Participant will be subject to the jurisdiction provision set forth in the Corporation's bylaws.

11. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the Senior Vice President, General Counsel, with copy to the Chief Financial Officer, at the corporate headquarters of the Company, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be delivered by hand, or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service or by the postal authority of the country in which the Participant resides or to an internationally recognized expedited mail courier.

12. Recoupment Policy. The Participant agrees that, subject to the requirements of applicable law, if the Participant breaches any restrictive covenant agreement between the Participant and the Employer or otherwise engages in activities that constitute Cause either while employed by, or providing service to, the Employer or within 12 months thereafter, the Stock Units shall terminate, and the Company may rescind delivery of Shares upon payment of the Stock Units, as applicable on such terms as the Committee shall determine, including the right to require that in the event of any such rescission, (a) the Participant shall return to the Company the shares received upon payment of the Stock Units or, (b) if the Participant no longer owns the shares, the Participant shall pay to the Company the amount of any gain realized or payment received as a result of any sale or other disposition of the shares (or, in the event the Participant transfers the Shares by gift or otherwise without consideration, the Fair Market Value of the shares on the date of the breach of any restrictive covenant agreement or activity constituting Cause), net of the

price originally paid by the Participant for the Shares, if applicable. The Participant agrees that payment by the Participant shall be made in such manner and on such terms and conditions as may be required by the Committee and the Employer shall be entitled to set off against the amount of any such payment any amounts otherwise owed to the Participant by the Employer. In addition, the Participant agrees that the Stock Units shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Board or imposed under applicable rule or regulation from time to time.

13. Application of Section 409A of the Code. This Agreement is intended to be exempt from section 409A of the Code under the "short-term deferral" exception and to the extent this Agreement is subject to section 409A of the Code, it will in all respects be administered in accordance with section 409A of the Code.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused an officer to execute this Agreement, and the Participant has executed this Agreement, effective as of the Date of Grant.

CARGURUS, INC.

_____

Name:
Title:

I hereby accept the award of Stock Units described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby agree that all decisions and determinations of the Committee with respect to the Stock Units shall be final and binding.

_____ _____

Date Participant

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated June 21, 2017, in Amendment No. 1 to the Registration Statement (Form S-1 No. 333-220495) and related Prospectus of CarGurus, Inc. for the registration of 10,810,000 shares of its Class A common stock.

/s/ Ernst & Young LLP

Boston, Massachusetts
September 29, 2017

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