UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

OR

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

Commission File Number: 333-178030

YELP INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**20-1854266**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
706 Mission Street , San Francisco, CA	**94103**
(Address of Principal Executive Offices)	(Zip Code)

(415) 908-3801
(Registrant's Telephone Number, Including Area Code)

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

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

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

As of April 30, 2012, there were 8,222,500 shares of the Registrant's Class A common stock outstanding and 52,917,957 shares of the Registrant's Class B common stock outstanding.

Yelp Inc.
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

YELP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(Unaudited)

	March 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 130,737	$ 21,736
Accounts receivable (net of allowance for doubtful accounts of $200 and $210 at March 31, 2012 and December 31, 2011, respectively)	7,179	8,257
Prepaid expenses and other current assets	2,508	1,733
Total current assets	140,424	31,726
Property, equipment and software, net	10,649	9,881
Restricted cash	1,497	365
Other assets	517	1,849
Total assets	$ 153,087	$ 43,821
Liabilities, redeemable convertible preferred stock and stockholders’ equity (deficit)		
Current liabilities:		
Accounts payable	$ 3,441	$ 2,973
Accrued liabilities	8,030	7,685
Deferred revenue	999	2,072
Total current liabilities	12,470	12,730
Long term liabilities	3	3
Total liabilities	$ 12,473	$ 12,733
Commitments and contingencies (Note 7)		
Redeemable convertible preferred stock (Note 8)	—	55,435
Stockholders’ equity (deficit)		
Common stock, $0.000001 par value—500,000,000 shares authorized; 61,131,598 and 16,956,409 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	—	—
Additional paid-in capital	191,448	16,625
Accumulated other comprehensive income (loss)	242	271
Accumulated deficit	(51,076)	(41,243)
Total stockholders’ equity (deficit)	140,614	(24,347)
Total liabilities, redeemable convertible preferred stock and stockholders’ equity (deficit)	$ 153,087	$ 43,821

See notes to condensed consolidated financial statements

YELP INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for per share data)
(Unaudited)

	Three Months Ended March 31,	
	2012	**2011**
Net revenue	$ 27,385	$ 16,500
Costs and expenses:		
Cost of revenue (exclusive of depreciation and amortization shown separately below)	2,126	1,276
Sales and marketing	18,770	11,271
Product development	4,140	2,319
General and administrative	10,729	3,617
Depreciation and amortization	1,361	819
Total costs and expenses	37,126	19,302
Loss from operations	(9,741)	(2,802)
Other income (expense), net	(30)	108
Loss before income taxes	(9,771)	(2,694)
Provision for income taxes	(31)	(12)
Net loss	(9,802)	(2,706)
Accretion of redeemable convertible preferred stock	(31)	(47)
Net loss attributable to common stockholders (Class A and B)	$ (9,833)	$ (2,753)
Net loss per share attributable to common stockholders		
Basic	$ (0.31)	$ (0.19)
Diluted	$ (0.31)	$ (0.19)
Weighted-average shares used to compute net loss per share attributable to common stockholders (Class A and B)		
Basic	31,263	14,553
Diluted	31,263	14,553

See notes to condensed consolidated financial statements.

YELP INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2012	**2011**
Net loss	$ (9,802)	$ (2,706)
Other comprehensive income (loss):		
Foreign currency translation adjustments	(30)	(124)
Other comprehensive income (loss)	(30)	(124)
Comprehensive loss	$ (9,832)	$ (2,830)

See notes to condensed consolidated financial statements.

YELP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Three Months Ended March 31, 2012	2011
OPERATING ACTIVITIES:		
Net loss	$ (9,802)	$ (2,706)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,361	819
Provision for doubtful accounts	(10)	(65)
Stock-based compensation	7,429	1,103
Loss on disposal of assets and web-site development costs	1	5
Changes in operating assets and liabilities:		
Accounts receivable	1,090	577
Prepaid expenses and other assets	(552)	129
Accounts payable and accrued expenses	(1,217)	750
Deferred revenue	(1,073)	384
Net cash provided by (used in) operating activities	(2,773)	996
INVESTING ACTIVITIES:		
Purchases of property, equipment, and software	(367)	(813)
Capitalized website and software development costs	(612)	(537)
Change in restricted cash	(1,112)	—
Net cash used in investing activities	(2,091)	(1,350)
FINANCING ACTIVITIES:		
Proceeds from initial public offering, net of offering costs	113,407	—
Proceeds from issuance of common stock	511	161
Net cash provided by financing activities	113,918	161
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(53)	(116)
CHANGE IN CASH AND CASH EQUIVALENTS	109,001	(309)
CASH AND CASH EQUIVALENTS—Beginning of period	21,736	27,074
CASH AND CASH EQUIVALENTS—End of period	$ 130,737	$ 26,765

See notes to condensed consolidated financial statements.

YELP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Unaudited)

	Three Months Ended March 31,	
	2012	2011
SUPPLEMENTAL DISCLOSURES OF OTHER CASH FLOW INFORMATION:		
Cash paid for income taxes, net of refunds	$ 17	$ 13
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Purchases of property and equipment recorded in accounts payable and accruals	$ 779	$ 285
Capitalized website and software development costs recorded in accounts payable and accruals	$ 97	$ —
Offering costs not yet paid	$ 1,150	$ —
Accretion of redeemable convertible preferred stock	$ 31	$ 47
Vesting of early exercised options	$ 15	$ 21

See notes to condensed consolidated financial statements.

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Yelp Inc. (the “Company,” “we” or “our”) was incorporated in Delaware on September 3, 2004. Yelp connects people with great local businesses. Our users have contributed millions of reviews of almost every type of local business, giving a voice to consumers and bringing “word of mouth” online. Businesses, both large and small, use our platform to engage with consumers at the critical moment when they are deciding where to spend their money.

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited. These unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements contained in the Company’s Prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended (the “Securities Act”) with the SEC on March 2, 2012 (the “Prospectus”). The condensed consolidated balance sheet as of December 31, 2011, included herein was derived from the audited consolidated financial statements as of that date but does not include all disclosures required by GAAP, including notes to the financial statements.

The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, include all adjustments (consisting primarily of normal recurring adjustments) necessary for the fair presentation of the interim periods presented.

Significant Accounting Policies

There have been no material changes to our significant accounting policies, as compared to the significant accounting policies described in the Prospectus as filed on March 2, 2012.

Principles of Consolidation

These condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. These estimates are based on information available as of the date of the financial statements; therefore, actual results could differ from management's estimates.

Recently Issued Accounting Standards

In May 2011, the Financial Accounting Standards Board (“FASB”) issued Topic 820—Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (“Topic 820”). Topic 820 changes the wording used to describe many of the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements to ensure consistency between GAAP and International Financial Reporting Standards (“IFRS”). Topic 820 also expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. Topic 820 is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, Comprehensive Income (Topic 220)—Presentation of Comprehensive Income (“ASU 2011-05”), to require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of stockholders' equity. This standard only affected the way the Company presents the components of comprehensive income and did not affect the Company's financial position, results of operations or cash flows. In December 2011, the FASB further amended its guidance to defer changes related to the presentation of reclassification adjustments indefinitely as a result of concerns raised by stakeholders that the new presentation requirements would be difficult for preparers and add unnecessary complexity to financial statements.

2. FAIR VALUE OF FINANCIAL INSTRUMENTS

The accounting guidance for fair value measurements prioritizes the inputs used in measuring fair value in the following hierarchy:

Level 1 —Observable inputs, such as quoted prices in active markets,

Level 2 —Inputs other than the quoted prices in active markets that are observable either directly or indirectly, or

Level 3 —Unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. On a recurring basis, the Company measures its financial assets at fair value. The Company's investment instruments are classified within Level 1 of the fair value hierarchy because they are valued using quoted prices in active markets.

The following table represents the Company's financial instruments measured at fair value as of March 31, 2012 and December 31, 2011, (in thousands):

	March 31, 2012				December 31, 2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Money market funds(1)	$ 124,629	—	—	$ 124,629	$ 19,126	—	—	$ 19,126

(1) Included in cash and cash equivalents on the condensed consolidated balance sheets.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of March 31, 2012 and December 31, 2011 consist of the following (in thousands):

	March 31, 2012	December 31, 2011
Cash and cash equivalents		
Cash	$ 6,108	$ 2,610
Money market funds	124,629	19,126
Total cash and cash equivalents	$ 130,737	$ 21,736

The lease agreements for the Company’s New York and London, England offices require the Company to maintain a letter of credit issued to the landlords of each facility. The letters of credit are subject to renewal annually until the lease expires. At March 31, 2012 and December 31, 2011, the Company had a letter of credit of $1.5 million and $0.4 million, respectively, related to such leases.

4. PROPERTY, EQUIPMENT AND SOFTWARE

Property, equipment and software as of March 31, 2012 and December 31, 2011 consist of the following (in thousands):

	March 31, 2012	December 31, 2011
Computer equipment	$ 4,962	$ 4,519
Software	323	382
Capitalized website and internal-use software development costs	6,349	5,612
Furniture and fixtures	1,918	1,842
Leasehold improvements	3,088	2,702
Telecommunication	1,222	1,187
Total	17,862	16,244
Less accumulated depreciation	(7,213)	(6,363)
Net property, equipment and software	$ 10,649	$ 9,881

Depreciation expense for the three months ended March 31, 2012 and 2011 was approximately $0.8 million and $0.5 million, respectively.

5. ACCRUED LIABILITIES

Accrued liabilities as of March 31, 2012 and December 31, 2011 consist of the following (in thousands):

	March 31, 2012	December 31, 2011
Accrued vacation and employee related expenses	$ 2,191	$ 1,905
Exercise of unvested stock options	46	61
Accrued bonus and commissions	1,113	947
Deferred rent	1,439	1,198
Merchant revenue share liability	203	314
Legal settlement accrual	1,250	1,250
Other accrued expenses	1,788	2,010
Total	$ 8,030	$ 7,685

6. OTHER INCOME (EXPENSE), NET

Other income (expense), net for the three months ended March 31, 2012 and 2011 consist of the following (in thousands):

	Three Months Ended March 31,	
	2012	2011
Interest income	$ 5	$ 5
Transaction gain (loss) on foreign exchange	(21)	108
Other non-operating income (loss), net	(14)	(5)
Other income (expense), net	$ 30	$ 108

7. COMMITMENTS AND CONTINGENCIES

Office Facility Lease —The Company leases its office facilities under operating lease agreements that expire from 2012-2017. The terms of the lease agreements provides for rental payments on a graduated basis. The Company recognizes rent expense on a straight-line basis over the lease period. In March 2012, the Company entered into a non-cancelable operating lease agreement to lease office space located in London, England. The future minimum lease payments under the lease totaled approximately $5.3 million as of March 31, 2012.

Rental expense was $0.8 million and $0.5 million for the three months ended March 31, 2012 and 2011, respectively.

Legal Proceedings —The Company is subject to legal proceedings arising in the ordinary course of business. Although occasional adverse decisions or settlements may occur, management believes that the final disposition of such matters will not have a material adverse effect on the Company's business, financial position, results of operations or cash flows.

In February and March 2010, the Company was sued in two putative class actions on behalf of local businesses asserting various causes of action based on claims that the Company manipulated the ratings and reviews on its platform to coerce local businesses to buy its advertising products. These cases were subsequently consolidated in an action asserting claims for violation of the California Business & Professions Code, extortion and attempted extortion based on the conduct they allege and seeking monetary relief in an unspecified amount and injunctive relief. In October 2011, the court dismissed this action with prejudice. The plaintiffs have appealed to the U.S. Court of Appeals for the Ninth Circuit, but the appeal has not yet been heard. Due to the preliminary nature of this potential appeal, the Company is unable to reasonably estimate either the probability of incurring a loss or an estimated range of such loss, if any, from an appeal.

In March 2011, the Company was sued in an action on behalf of certain current and former employees asserting claims for violations of the federal Fair Labor Standards Act, the California Labor Code and the California Business & Professions Code and seeking monetary relief in an unspecified amount. In September 2011, the Company agreed to settle this matter for payments in an aggregate amount of up to $1.3 million. The settlement is currently awaiting court approval. Under the applicable authoritative literature, this amount, which represents management's best estimate of the amount that will ultimately be paid, was accrued for as a loss contingency in the three month period ended March 31, 2010, as the alleged violations occurred prior to the 2010 fiscal year.

Indemnification Agreements —In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners, and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, services to be provided by the Company or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with directors and certain officers and employees that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees.

8. STOCKHOLDERS' EQUITY (DEFICIT)

Initial Public Offering

In March 2012, the Company completed its initial public offering of its Class A common stock to the public ("IPO") whereby 8,172,500 shares of Class A common stock sold by the Company (inclusive of 1,072,500 shares of common stock from the full exercise of the overallotment option of shares granted to the underwriters) and 50,000 shares of Class A common stock sold by the selling shareholder, The Yelp Foundation. The public offering price of the shares sold in the offering was $15.00 per share. The Company did not receive any proceeds from the sales of shares by the selling stockholder. The total gross proceeds from the offering to the Company were $122.6 million. After deducting underwriters' discounts and commissions and offering expenses, the aggregate net proceeds received by the Company totaled approximately $111.4 million. Immediately prior to the closing of the IPO, all shares of the Company's outstanding redeemable convertible preferred stock automatically converted into 35,816,772 shares of Class B common stock. As a result, following the IPO, the Company has two classes of authorized common stock: Class A common stock and Class B common stock.

The following table presents the shares authorized and issued and outstanding as of the periods presented (in thousands, except share data):

	March 31, 2012		December 31, 2011		
	Shares Authorized	**Shares Issued and Outstanding**	**Shares Authorized**	**Shares Issued and Outstanding**	**Liquidation Preference**
Redeemable convertible preferred stock:					
Redeemable convertible preferred stock, Series A, $0.000001 par value	—	—	40,000,000	40,000,000	$ 1,000
Redeemable convertible preferred stock, Series B, $0.000001 par value	—	—	44,802,870	44,802,870	$ 5,000
Redeemable convertible preferred stock, Series C, $0.000001 par value	—	—	32,288,630	32,288,630	$ 10,042
Redeemable convertible preferred stock, Series D, $0.000001 par value	—	—	14,531,460	14,531,460	$ 14,996
Redeemable convertible preferred stock, Series E, $0.000001 par value	—	—	11,644,155	11,644,155	$ 25,000
Stockholders' equity:					
Class A common stock, $0.000001 par value	200,000,000	8,222,500	—	—	—
Class B common stock, $0.000001 par value	100,000,000	52,909,098	—	—	—
Common stock, $0.000001 par value	200,000,000	—	280,000,000	16,956,409	—
Undesignated Preferred Stock	10,000,000	—	—	—	—

Equity Incentive Plans

The Company has three equity incentive plans: the Amended and Restated 2005 Equity Incentive Plan (the "2005 Plan"), the 2011 Equity Incentive Plan (the "2011 Plan") and the 2012 Equity Incentive Plan (the "2012 Plan"). In July 2011, the Company terminated the 2005 Plan and provided that no further stock awards were to be granted under the 2005 Plan and adapted the 2011 Plan as a continuation of and successor to the 2005 Plan. Upon the IPO, all shares that were reserved under the 2011 Plan but not issued were assumed by the 2012 Plan and no further shares will be granted pursuant to the 2011 Plan. All outstanding stock awards under the 2005 and 2011 Plans will continue to be governed by their existing terms. Under the 2012 Plan, the Company has the ability to issue incentive stock options ("ISOs"), nonstatutory stock options ("NSOs"), stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance units and/or performance shares. Additionally, the 2012 Plan provides for the grant of performance cash awards to employees, directors and consultants. The ISOs and NSOs will be granted at a price per share not less than the fair value at date of grant. Options granted to date generally vest over a four-year period with 25% vesting at the end of one year and the remaining vest monthly thereafter. Options granted generally are exercisable up to 10 years. Restricted stock awards generally vest over a four-year period with 25% vesting at the end of one year and the remaining vest quarterly thereafter.

Restricted Stock Awards

The Company began granting restricted stock awards ("RSAs") to its employees in July 2011. In March 2012, the Company began granting restricted stock units ("RSUs"). The cost of the RSAs and RSUs is determined using the fair value of the Company's common stock on the date of grant. RSAs and RSUs typically vest and become exercisable annually, based on a four year total vesting term. Stock-based compensation expense is amortized on a straight-line basis over the requisite service period.

The Company granted 1,250 RSAs and 2,500 RSUs during the three months ended March 31, 2012. The Company recorded stock-based compensation expense related to RSAs and RSUs of approximately $94,000 for the three months ended March 31, 2012. As of March 31, 2012, the Company had approximately $1.3 million of unrecognized stock-based compensation expense, net of estimated forfeitures, related to restricted stock awards which will be recognized over the remaining weighted average vesting period of approximately 3.35 years.

A summary of stock option activity for the three months ended March 31, 2012, is as follows:

	Options Outstanding			
	Number of Shares	**Weight-Average Exercise Price**	**Weighted-Average Remaining Contractual Term (in years)**	**Aggregate Intrinsic Value**
Outstanding – December 2011	9,303,989	$ 5.48	7.76	$ 55,043,295
Granted	828,162	14.06		
Exercised	(184,657)	2.77		
Canceled	(120,467)	9.53		
Outstanding – March 31, 2012	9,827,027	$ 6.21	7.70	$ 203,239,623
Options vested and expected to vest as of March 31, 2012	9,467,094	$ 6.11	7.65	$ 196,756,578
Options vested and exercisable as of March 31, 2012	4,705,606	$ 3.99	6.59	$ 107,781,473

Aggregate intrinsic value represents the difference between the Company's closing stock price of $26.89 on March 30, 2012 and the exercise price of outstanding, in-the-money options. The total intrinsic value of options exercised was approximately $1.7 million and $1.0 million for the three months ended March 31, 2012 and 2011, respectively. The weighted-average grant date fair value of options granted was $8.24 and $4.14 for the three months ended March 31, 2012 and 2011, respectively.

As of March 31, 2012, total unrecognized compensation costs, adjusted for estimated forfeitures, related to nonvested stock options was approximately $23.4 million, which is expected to be recognized over the next 2.99 years

Employee Stock Purchase Plan

Concurrent with the effectiveness of the Company's registration statement on Form S-1 on March 2, 2012, the Company's 2012 Employee Stock Purchase Plan (the "ESPP") became effective. The ESPP allows eligible employees to purchase shares of the Company's Class A common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to any plan limitations. At the end of each offering period, employees are able to purchase shares at 85% of the lower of the fair market value of the Company's Class A common stock on the first trading day of the offering period or on the last day of the offering period. There were no shares purchased by employees under the Company's ESPP for the three months ended March 31, 2012 and 2011, respectively.

Stock-Based Compensation

The following table summarizes the effects of stock-based compensation related to stock-based awards to employees in the condensed consolidated statements of operations during the periods presented (in thousands):

	Three Months Ended March 31,	
	2012	**2011**
Stock-based compensation effects in loss before income taxes:		
Cost of revenue	$ 23	$ 9
Sales and marketing	1,124	271
Product development	243	147
General and administrative	6,039	676
Total stock-based compensation	$ 7,429	$ 1,103

During the three months ended March 31, 2012, the Company recognized $5.5 million of stock-based compensation related to the accelerated vesting of stock options held by two executive officers related to the completion of the IPO, included in general and administrative expense. During the three months ended March 31, 2012 and 2011, the Company capitalized $52,000 and $26,000, respectively, of stock-based compensation as website development costs.

9. NET LOSS PER SHARE

Basic and diluted net income (loss) per share attributable to common stockholders are presented in conformity with the “two-class method” required for participating securities. Immediately prior to the consummation of the Company’s initial public offering of its Class A common stock in March 2012, all outstanding shares of preferred stock and common stock were converted to Class B common stock. As a result, Class A and Class B common stock are the only outstanding equity in the Company. 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 class of Class B common stock is entitled to 10 votes per share. Shares of Class B common stock may be converted into Class A common stock at any time at the option of the stockholder, and are automatically converted to Class A common stock upon sale or transfer, subject to certain limited exceptions.

The Company’s weighted-average unvested shares subject to repurchase and settlement in shares of common stock upon vesting have the non-forfeitable right to receive dividends on an equal basis with common stock and therefore are considered participating securities that must be included in the calculation of net income per share using the two-class method in all presented periods.

The following table presents the calculation of basic and diluted net loss per share (in thousands, except per share data):

	Three Months Ended March 31,		
	2012		**2011**
	Class A	Class B	
Net loss	$ (850)	$ (8,952)	$ (2,706)
Add: accretion of redeemable convertible preferred stock	(3)	(28)	(47)
Net loss attributable to common stockholders	$ (853)	$ (8,980)	$ (2,753)
Basic shares:			
Weighted-average common shares outstanding	2,711	28,552	14,553
Diluted shares:			
Weighted-average shares used to compute diluted net loss per share	2,711	28,552	14,553
Net loss per share attributable to common stockholders:			
Basic	$ (0.31)	$ (0.31)	$ (0.19)
Diluted	$ (0.31)	$ (0.31)	$ (0.19)

The following weighted-average employee stock options were excluded from the calculation of diluted net income (loss) per share because their effect would have been anti-dilutive for the periods presented (in thousands):

	Three Months Ended March 31,	
	2012	2011
Stock options	9,827	9,723
Restricted stock units	3	—
Restricted stock awards	170	—

10. INCOME TAXES

The Company is subject to income tax in the United States as well as other tax jurisdictions in which it conducts business. Earnings from non-U.S. activities are subject to local country income tax. The Company does not provide for federal income taxes on the undistributed earnings of its foreign subsidiaries as such earnings are to be reinvested indefinitely.

The Company recorded an income tax provision of $31,000 and $12,000 for the three months ended March 31, 2012 and 2011, respectively, related to foreign income taxes and state minimum taxes. The primary difference between the effective tax rate and the federal statutory tax rate relates to the valuation allowances on the Company’s net operating losses, foreign tax rate differences, and non-deductible stock-based compensation expense. As of March 31, 2012, the Company had a nominal amount of total unrecognized tax benefits and related interest and penalties .

11. INFORMATION ABOUT REVENUE AND GEOGRAPHIC AREAS

The Company considers operating segments to be components of the Company in which separate financial information is available that is evaluated regularly by the Company's chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker for the Company is the Chief Executive Officer. The Chief Executive Officer reviews financial information presented on a consolidated basis, accompanied by information about revenue by product line and geographic region for purposes of allocating resources and evaluating financial performance.

The Company has one business activity and there are no segment managers who are held accountable for operations, operating results or plans for levels or components below the consolidated unit level. Accordingly, the Company has determined that it has a single operating and reporting segment.

Revenue by geography is based on the billing address of the customer. The following tables present the Company's revenue by product line, as well as revenue and long-lived assets by geographic region for the periods presented (in thousands):

Net revenue

	Three Months Ended March 31,	
	2012	2011
Net revenue by product:		
Local advertising	$ 21,473	$ 11,222
Brand advertising	3,994	3,583
Other services	1,918	1,695
Total	$ 27,385	$ 16,500

During the three months ended March 31, 2012 and 2011, a substantial majority of the Company's revenue was generated in the United States. No individual customer accounted for 10% or more of consolidated net revenue in either period.

Long-Lived Assets (in thousands)

	March 31, 2012	December 31, 2011
United States	$ 10,658	$ 11,675
All Other Countries	507	54

Total long-lived assets	$ 11,165	$ 11,729

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our Prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended (the "Securities Act") with the Securities and Exchange Commission (the "SEC") on March 2, 2012 (the "Prospectus").

Forward Looking Information

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The statements contained in this Quarterly Report on Form 10-Q that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are often identified by the use of words such as, but not limited to, "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "seek," "should," "target," "will," "would" and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included under Part II, Item 1A below. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Company Overview

Yelp connects people with great local businesses. Our users have contributed a total of approximately 27.6 million reviews of almost every type of local business, from restaurants, boutiques and salons to dentists, mechanics, plumbers and more. These reviews are written by people using Yelp to share their everyday local business experiences, giving voice to consumers and bringing "word of mouth" online. The information these reviews provide is valuable for consumers and businesses alike. Approximately 71.4 million unique visitors used our website, on a monthly average basis, and our mobile application was used on approximately 6.3 million unique mobile devices, on a monthly average basis, during the quarter ended March 31, 2012. Businesses, both small and large, use our platform to engage with consumers at the critical moment when they are deciding where to spend their money. Our business revolves around three key constituencies: the contributors who write reviews, the consumers who read them and the local businesses that they describe.

As of March 31, 2012, we are active in 49 Yelp markets in the United States and 33 Yelp markets internationally. This footprint represents a fraction of the potential domestic and international markets that we are currently targeting for expansion. Our domestic expansion plans include growth in our existing markets as well as expansion into new markets, many of which are smaller than our current markets, as we look to expand our breadth of coverage. Internationally, as we are in the early stages of establishing our footprint, we are targeting a mix of both large and small markets. We have not yet made any substantive effort to monetize our international markets and have not generated significant revenue from these markets to date.

Our overall philosophy is to invest for long-term growth as we continue to see growth in our key metrics. We expect to continue to invest heavily in our sales and marketing efforts to grow domestically and internationally and in product development to expand our platform by innovating and introducing new products to our website and mobile applications. As of March 31 2012, we had 997 employees, which represented an increase of 49% compared to the same period last year. As a result of our investment philosophy, we do not expect to be profitable on a U.S. generally accepted accounting principles ("GAAP") basis in 2012.

Critical Accounting Policies and 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 the assumptions and estimates associated with revenue recognition, website and internal-use software development costs, income taxes and stock-based compensation have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in the Prospectus.

Key Metrics

We regularly review a number of metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions.

- *Reviews.* Number of reviews represents the cumulative number of reviews submitted to Yelp since inception, as of the period end, including reviews that were then being filtered or that had been removed from our platform. In addition to the text of the review, each review includes a rating of one to five stars. We include filtered and removed reviews because all of them are either currently accessible on our platform or were accessible at some point in time, providing information that may be useful for users to evaluate businesses and individual reviewers. Because our filtering technology continually reassesses which reviews to filter based on new information, the "filtered" or "unfiltered" status of reviews may change over time. Reviews that are being filtered or have been removed do not factor into a business's overall star rating. By clicking a link on a reviewed business's page on our website, users can access the filtered reviews for the business, as well as the star rating and other information about reviews that we removed for violation of our terms of service. As of March 31, 2012, approximately 19.9 million reviews were available on business profile pages, approximately 5.6 million reviews were being filtered and approximately 2 million reviews had been removed from our platform, either by us for violation of our terms of service or by the users who contributed them.

  The following table presents the number of cumulative reviews as of the periods presented:

	March 31,	
	2012	**2011**
	(in thousands)	
Reviews	27,569	17,339

- *Unique Visitors.* Unique visitors represent the average number of monthly unique visitors over a given three-month period. We define monthly unique visitors as the total number of unique visitors who have visited our website at least once in a given month, and we average the number of monthly unique visitors in each month of a given three-month period to calculate average monthly unique visitors. We track unique visitors based on the number of visitors with unique cookies who have visited our website using either a computer or mobile browser, as measured by Google Analytics, a product that provides digital marketing intelligence. Unique visitors do not include visitors who access our platform through our mobile app. For the quarter ended March 31, 2012, our mobile app was used on approximately 6.3 million unique mobile devices on a monthly average basis. Because the number of unique visitors is based on visitors with unique cookies, an individual who accesses our website from multiple devices with different cookies will be counted as multiple unique visitors, and multiple individuals who access our website from a shared device with a single cookie will be counted as a single unique visitor.

  The following table presents the number of unique visitors (average monthly number) during the periods presented:

	Three Months Ended March 31,	
	2012	**2011**
	(in thousands)	
Unique Visitors	71,448	46,817

- *Claimed Local Business Locations.* The number of claimed local business locations represents the cumulative number of business locations that have been claimed on Yelp worldwide since 2008, as of a given date. We define a claimed local business location as each business address for which a business representative visits our website and claims the free business listing page for the business located at that address.

  The following table presents the number of cumulative claimed local business locations as of the periods presented:

	March 31,	
	2012	**2011**
	(in thousands)	
Claimed Local Business Locations	700	380

- *Active Local Business Accounts.* The number of active local business accounts represents the number of active local business accounts from which we recognized revenue in a given three-month period. We treat business accounts that have the same payment and/or user information as a single business account.

  The following table presents the number of active local business accounts from which we recognized revenue in the given three month periods presented:

	Three Months Ended March 31,	
	2012	**2011**
	(in thousands)	
Active Local Business Accounts	27	13

- *Adjusted EBITDA.* Adjusted EBITDA is a non-GAAP financial measure that we calculate as net income (loss), adjusted to exclude: provision (benefit) for income taxes, other income (expense), net, interest income, depreciation and amortization and stock-based compensation. We believe that adjusted EBITDA provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and board of directors. This non-GAAP information is not necessarily comparable to non-GAAP information of other companies. Non-GAAP information should not be viewed as a substitute for, or superior to, net income (loss) prepared in accordance with GAAP as a measure of our profitability or liquidity. Users of this financial information should consider the types of events and transactions for which adjustments have been made. The following is a reconciliation of adjusted EBITDA to net income (loss) below for the periods indicated.

	Three Months Ended March 31,	
	2012	**2011**
	(in thousands)	
Reconciliation of Adjusted EBITDA:		
Net loss	(9,802)	(2,706)
Provision for income taxes	31	12
Other income (expense), net	30	(108)
Depreciation and amortization	1,361	819
Stock-based compensation	7,429	1,103
Adjusted EBITDA	(951)	(880)

Adjusted EBITDA

To provide investors with additional information regarding our financial results, we have disclosed in the table above and elsewhere in this Quarterly Report on Form 10-Q adjusted EBITDA, a non-GAAP financial measure. We have provided a reconciliation above of adjusted EBITDA to net loss, the most directly comparable GAAP financial measure.

We have included adjusted EBITDA in this Quarterly Report on Form 10-Q because it is a key measure used by our management and board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the exclusion of certain expenses in calculating adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Accordingly, we believe that adjusted EBITDA provides useful information in understanding and evaluating our operating results in the same manner as our management and board of directors.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- adjusted EBITDA does not consider the potentially dilutive impact of equity-based compensation;
- adjusted EBITDA does not reflect tax payments that may represent a reduction in 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, you should consider adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net income (loss) and our other GAAP results.

Results of Operations

The following tables set forth our results of operations for the periods presented as a percentage of net revenue for those periods (certain items may not foot due to rounding). The period-to-period comparison of financial results is not necessarily indicative of future results.

	Three Months Ended March 31,	
	2012	**2011**
	(as a percentage of net revenue)	
Consolidated Statements of Operations Data:		
Net revenue by product		
Local advertising	78%	68%
Brand advertising	15	22
Other services	7	10
Total net revenue	100%	100%
Costs and expenses:		
Cost of revenue (exclusive of depreciation and amortization shown separately below)	8%	8%
Sales and marketing	69	68
Product development	15	14
General and administrative	39	22
Depreciation and amortization	5	5
Total costs and expenses	136	117
Loss from operations	(36)	(17)

Other income (expense), net	—	1
Loss before income taxes	(36)	(16)
Provision for income taxes	—	—
Net loss	(36)%	(16)%

Three Months Ended March 31, 2012 and 2011

Net Revenue

We generate revenue from local advertising, brand advertising and other services, including Yelp Deals and partner arrangements. The following provides a description of our revenue by product.

Local Advertising . We generate revenue from local advertising programs, including enhanced profile pages and performance and impression-based advertising in search results and elsewhere on our website.

Brand Advertising . We generate revenue from brand advertising through the sale of display advertisements (both graphic and text) on our website, including advertisements from leading national brands in the automobile, financial services, logistics, consumer goods and health and fitness industries.

Other Services. We generate other revenue through the sale of Yelp Deals, monetization of remnant advertising inventory through third-party ad networks and various partner arrangements related to reservations. Yelp Deals allow merchants to promote themselves and offer discounted goods and services on a real-time basis to consumers directly on our website and mobile app and via email. Recently, we have focused on Yelp Deals displayed on our website and mobile app to target intent-driven consumers who are searching for a specific product or service on our platform. We have seen an increase in revenue from Yelp Deals based on this approach and expect that trend to continue as we develop Yelp Deals that focus on direct fulfillment and scale our service offerings. Accordingly, we have deemphasized and expect to continue to deemphasize Yelp Deals that are emailed to our users in favor of Yelp Deals that are displayed on our website and mobile app. We do not expect this de-emphasis to have a material impact on our financial condition or growth. We earn a fee on Yelp Deals for acting as an agent in these transactions, which we record on a net basis and include in revenue upon a consumer's purchase of the deal. We also generate a small portion of our revenue through revenue-sharing arrangements with partner companies. Currently, our revenue-sharing partner arrangements provide for the ability for consumers to make reservations on OpenTable and Orbitz through Yelp.

	Three Months Ended March 31,		2011 to 2012 % Change
	2012	2011	
	(dollars in thousands)		
Net revenue by product:			
Local advertising	$ 21,473	$ 11,222	91%
Brand advertising	3,994	3,583	11
Other services	1,918	1,695	13
Total	$ 27,385	$ 16,500	66%
Percentage of net revenue by product:			
Local advertising	78%	68%	
Brand advertising	15	22	
Other services	7	10	
Total	100%	100%	

Total net revenue increased $10.9 million, or 66%, in the three months ended March 31, 2012, compared to the three months ended March 31, 2011. Our local advertising revenue increased $10.3 million, or 91%, primarily due to a significant increase in the number of customers purchasing local advertising plans as we expanded our sales force to reach more local businesses. Our brand advertising revenue increased $0.4 million, or 11%, primarily due to an increase in the average spend per brand advertiser driven primarily by increased advertising impressions per brand advertiser. In addition, our other services revenue increased $0.2 million, or 13%, primarily due to an increase in revenue from the sale of Yelp Deals and remnant advertising inventory and from added partnership arrangements, offset by a decrease in the emphasis of email deals.

Cost of Revenue

Our cost of revenue consists primarily of credit card processing fees, web hosting, internet services costs, and salaries, benefits and stock-based compensation for our infrastructure teams related to operating our website, as well as creative design for brand advertising and video production expenses. We currently expect cost of revenue to increase on an absolute basis and remain relatively flat as a percentage of revenue in the near term as, consistent with our investment philosophy we continue to expand data center capacity and headcount associated with supporting our website and mobile.

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011	2011 to 2012 % Change
	(dollars in thousands)		
Cost of revenue	$ 2,126	$ 1,276	67%
Percentage of net revenue	8%	8%	

In the three months ended March 31, 2012, cost of revenue increased $0.9 million, or 67%, compared to the three months ended March 31, 2011. This increase was primarily attributable to an increase of $0.4 million in outside hosting and internet service fees, which are necessary to support the increase in visitors to our website and transactions completed on our website. In addition, expenses related to creative design for brand advertising customers, increased $0.1 million and video expenses related to slide shows for local customers increased by $0.1 million. Merchant fees related to credit card transactions for local advertising also increased $0.1 million, and we added personnel to support our website infrastructure resulting in an increase of $0.1 million.

Sales and Marketing

Our sales and marketing expenses primarily consist of salaries, benefits, stock-based compensation, travel expense and incentive compensation for our sales and marketing employees. In addition, sales and marketing expenses include business acquisition marketing, community management, branding and advertising costs, as well as allocated facilities and other supporting overhead costs. We spend almost no sales and marketing expenses to acquire traffic to our website or mobile app. Our Community Managers are responsible for growing and fostering local communities, and coordinating events to raise awareness of our brand. We expect our sales and marketing costs, including community management costs, to increase as we continue to expand into new domestic and international markets and within existing markets. For the three months ended March 31, 2012, we spent $2.4 million related to our international sales and marketing operations compared to $0.9 million for the three months ended March 31, 2011.

	Three Months Ended March 31,		2011 to 2012 % Change
	2012	2011	
	(dollars in thousands)		
Sales and marketing	$ 18,770	$ 11,271	67%
Percentage of net revenue	69%	68%	

In the three months ended March 31, 2012, sales and marketing expenses increased $7.5 million, or 67%, compared to the three months ended March 31, 2011. The increase was primarily attributable to an increase in headcount and related expenses of $6.4 million, including an increase in stock-based compensation of $0.9 million, as we expanded our sales organization to take advantage of the market opportunity created by increased recognition of the value of our platform and increased use of our free online business accounts. As a result of our increase in net revenue, our commission expenses also increased $1.1 million. In addition, we experienced an increase in facilities and related allocations of $0.6 million and domestic and international marketing and advertising costs of $0.4 million.

Product Development

Our product development expenses primarily consist of salaries, benefits and stock-based compensation for our engineers and product management and information technology personnel. In addition, product development expenses include outside services and consulting, allocated facilities and other supporting overhead costs. We believe that continued investment in features, software development tools and code modification is important to attaining our strategic objectives, and, as such, we expect product development expense to increase on an absolute basis but not necessarily increase as a percentage of revenue in the near term, consistent with our investment philosophy.

	Three Months Ended March 31,		2011 to 2012 % Change
	2012	2011	
	(dollars in thousands)		
Product development	$ 4,140	$ 2,319	79%
Percentage of net revenue	15%	14%	

In the three months ended March 31, 2012, product development expenses increased $1.8 million, or 79%, compared to the three months ended March 31, 2011. The increase was primarily attributable to an increase in headcount and related expenses of $1.6 million, including an increase in stock-based compensation of $0.1 million, as we continued to invest in adding features and functionality to our website and mobile app. In addition, we experienced an increase in facilities and related allocations of $0.1 million.

General and Administrative

Our general and administrative expenses primarily consist of salaries, benefits and stock-based compensation for our executive, finance, user operations, legal, human resources and other administrative employees. In addition, general and administrative expenses include outside consulting, legal and accounting services, and facilities and other supporting overhead costs not allocated to other departments. We expect that our general and administrative expenses will increase on an absolute basis but not necessarily increase as a percentage of revenue in the near term, as we continue to expand our business and incur additional expenses associated with being a publicly traded company.

	Year Ended March 31,		2011 to 2012 % Change
	2012	2011	
	(dollars in thousands)		
General and administrative	$ 10,729	$ 3,617	197%
Percentage of net revenue	39%	22%	

In the three months ended March 31, 2012, general and administrative expenses increased $7.1 million, or 197%, compared to the three months ended March 31, 2011. The increase was primarily attributable to an increase in headcount and related expenses of $6.5 million, including an increase in stock-based compensation expense of $5.5 million related to primarily the acceleration in connection with the closing of the IPO of stock options held by two executives, as well as grants made during the quarter. Additionally, we invested in our systems and support for the growth of the business through the use of outside consultants, which contributed to the increase by $0.5 million. These increases were offset by a decrease in legal fees of $0.3 million.

Depreciation and Amortization

Depreciation and amortization expenses primarily consist of depreciation on computer equipment, software, leasehold improvements, capitalized website and internal software development costs and amortization of purchased intangibles. We expect that depreciation and amortization expenses will increase on an absolute basis as we continue to expand our technology infrastructure and will remain relatively flat as a percentage of revenue in the near term.

	Three Months Ended March 31,		2011 to 2012 % Change
	2012	2011	
	(dollars in thousands)		
Depreciation and amortization	$ 1,361	$ 819	66%
Percentage of net revenue	5%	5%	

In the three months ended March 31, 2012, depreciation and amortization expense increased $0.5 million, or 66%, compared to the three months ended March 31, 2011. The increase was primarily the result of our investments in expanding our technology infrastructure and capital assets to support our increase in headcount across the organization. Depreciation and amortization related to our fixed assets and capitalized website and internal use software development costs increased $0.3 million and $0.2 million, respectively.

Other Income (Expense), Net

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

	Three Months Ended March 31,	
	2012	2011
	(dollars in thousands)	
Interest income	$ 5	$ 5
Transaction gains (losses) on foreign exchange	(21)	108
Other non-operating income (loss), net	(14)	(5)
Total other income (expense), net	$ (30)	$ 108

In the three months ended March 31, 2012, other income (expense), net decreased $0.1 million compared to the three months ended March 31, 2011. The decrease was largely driven by an unfavorable change in foreign currency exchange rates, primarily the British Pound, which contributed to transaction losses on foreign exchange in the three months ended March 31, 2012 compared to a gain in 2011.

Provision for Income Taxes

Provision for income taxes consists of federal and state income taxes in the United States and income taxes in certain foreign jurisdictions, deferred income taxes reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and the realization of net operating loss carryforwards.

	Three Months Ended March 31,	
	2012	**2011**
	(in thousands)	
Provision for income taxes	$ 31	$ 12

Liquidity and Capital Resources

The following table summarizes our cash flows for the periods presented.

	Three Months Ended March 31,	
	2012	**2011**
	(in thousands)	
Condensed Consolidated Statements of Cash Flows Data:		
Purchases of property and equipment	$ 367	$ 813
Depreciation and amortization	1,361	819
Cash flows provided by (used in) operating activities	(2,773)	996
Cash flows used in investing activities	(2,091)	(1,350)
Cash flows provided by financing activities	113,918	161

As of March 31, 2012, we had cash and cash equivalents of $130.7 million. Cash and cash equivalents consist of cash and money market accounts. Cash held internationally as of March 31, 2012 was immaterial. We did not have any short-term or long-term investments. Additionally, we do not have any outstanding bank loans or credit facilities in place.

Amounts deposited with third party financial institutions exceed the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation ("SIPC"), insurance limits, as applicable. These cash, cash equivalents and short-term investment balances could be impacted if the underlying financial institutions fail or are subjected to other adverse conditions in the financial markets. To date we have experienced no loss or lack of access to our cash, cash equivalents or short-term investments; however, we can provide no assurances that access to our invested cash, cash equivalents and short-term investments will not be impacted by adverse conditions in the financial markets.

Operating Activities

We used $2.8 million of cash in operating activities in the three months ended March 31, 2012, primarily resulting from our net loss of $9.8 million, offset by non-cash depreciation and amortization of $1.4 million and non-cash stock-based compensation of $7.4 million. In addition, operating assets and liabilities changed by $1.8 million, primarily due to the timing of payments to vendors and an increase in collections on our accounts receivable during the quarter.

We generated $1.0 million of cash in operating activities in the three months ended March 31, 2011, primarily resulting from our net loss of $2.7 million, offset by non-cash depreciation and amortization of $0.8 million and non-cash stock-based compensation of $1.1 million. In addition, operating assets and liabilities changed by $1.8 million, primarily due to the timing of payments to vendors and an increase in billings and collections.

Investing Activities

Our primary investing activities have consisted of purchases of property and equipment to support the build out of our data centers, and the purchase of technology hardware to support our growth in headcount and software to support website development, website operations and our corporate infrastructure. Purchases of property and equipment may vary from period to period due to the timing of the expansion of our operations and website and internal-use software and development.

We used $2.1 million of cash in investing activities during the three months ended March 31, 2012. Cash used in investing activities primarily related to an increase in restricted cash of $1.1 million in connection with a new lease executed during the quarter, as well as expenditures related to website development of $0.6 million and purchases of property, equipment and software of $0.4 million to support our growth in the business. We expect to continue to invest in property and equipment and development of software for the remainder of 2012 and thereafter.

We used $1.4 million of cash in investing activities in the three months ended March 31, 2011. Cash used in investing activities primarily related to expenditures for property and equipment of $0.8 million support our growth in headcount and expenditures for website development of $0.5 million.

Financing Activities

In March 2012, we received $122.6 million in proceeds from our IPO. During the quarter ended March 31, 2012, we incurred $9.2 million related to offering costs in connection with the IPO, including underwriter commission and discounts associated with the transaction. With the exception of the IPO, our recent financing activities have consisted primarily of net proceeds from the issuance of common stock related to the exercise of stock options.

Off Balance Sheet Arrangements

We did not have any off balance sheet arrangements in 2011 or the first three months of 2012.

Contractual Obligations

We lease our facilities in San Francisco, California under operating leases that expire in 2013. We lease other facilities around the world, the longest of which expires in 2017. In March 2012, we entered into a non-cancelable operating lease agreement to lease office space located in London, England. The future minimum lease payments under the lease totaled approximately $5.3 million as of March 31, 2012. We do not have any debt or material capital lease obligations, 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. Our future minimum payments under non-cancelable operating leases for equipment and office facilities are as follows as of March 31, 2012:

	Payments Due by Period				
	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
			(in thousands)		
Operating lease obligations	$ 18,693	$ 4,901	$ 7,962	$ 5,549	$ 281

The contractual commitment amounts in the table above are associated with agreements that are enforceable and legally binding. Obligations under contracts that we can cancel without a significant penalty are not included in the table above.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business. These risks include primarily interest rate, foreign exchange risks and inflation.

Interest Rate Fluctuation Risk

Our cash and cash equivalents consist of cash and money market funds. We do not have any long-term borrowings.

The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. Because our cash and cash equivalents have a relatively short maturity, our portfolio's fair value is relatively insensitive to interest rate changes. During the three months ending March 31, 2012, we determined that the nominal difference in basis points for investing our cash and cash equivalents in longer-term investments did not warrant a change in our investment strategy. In future periods, we will continue to evaluate our investment policy in order to ensure that we continue to meet our overall objectives. We believe a hypothetical 10% increase in interest rates as of March 31, 2012 would have an immaterial impact on our investment portfolio.

Foreign Currency Exchange Risk

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar, principally the British pound sterling and the euro. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. Although we have experienced and will continue to experience fluctuations in our net income (loss) as a result of transaction gains (losses) related to revaluing certain cash balances, trade accounts receivable balances and intercompany balances that are denominated in currencies other than the U.S. dollar, we believe such a change will not have a material impact on our results of operations. In the event our foreign sales and expenses increase, our operating results may be more greatly affected by fluctuations in the exchange rates of the currencies in which we do business. At this time we do not, but we may in the future, enter into derivatives or other financial instruments in an attempt to hedge our foreign currency exchange risk. It is difficult to predict the impact hedging activities would have on our results of operations.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. 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, financial condition and results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2012. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures as of March 31, 2012, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

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

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In February and March 2010, the Company was sued in two putative class actions on behalf of local businesses asserting various causes of action based on claims that the Company manipulated the ratings and reviews on its platform to coerce local businesses to buy its advertising products. These cases were subsequently consolidated in an action asserting claims for violation of the California Business & Professions Code, extortion and attempted extortion based on the conduct they allege and seeking monetary relief in an unspecified amount and injunctive relief. In October 2011, the court dismissed this action with prejudice. The plaintiffs have appealed to the U.S. court of Appeals for the Ninth Circuit, but the appeal has not yet been heard. Due to the preliminary nature of this potential appeal, the Company is unable to reasonably estimate either the probability of incurring a loss or an estimated range of such loss, if any, from an appeal.

In March 2011, the Company was sued in an action on behalf of certain current and former employees asserting claims for violations of the federal Fair Labor Standards Act, the California Labor Code and the California Business & Professions Code and seeking monetary relief in an unspecified amount. In September 2011, the Company agreed to settle this matter for payments in an aggregate amount of up to $1.3 million. The settlement is currently awaiting court approval.

The Company is subject to legal proceedings arising in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these matters will not have a material adverse effect on the Company's business, financial position, results of operations or cash flows.

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including those described below, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our Class A common stock. You should carefully consider the risks and uncertainties described below before making an investment decision. Additional risks not presently known to us or that we currently believe are immaterial may also significantly impair our business operations.

Risks Related to Our Business and Industry

We have a short operating history in an evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

We have a short operating history in an evolving industry that may not develop as expected, if at all. This short operating history makes it difficult to assess our future prospects. You should consider our business and prospects in light of the risks and difficulties we may encounter in this rapidly evolving industry. These risks and difficulties include our ability to, among other things:

- increase the number of users of our website and mobile app, the number of reviews and other content on our platform and our revenue;
- continue to earn and preserve a reputation for providing meaningful and reliable reviews of local businesses;
- effectively monetize our mobile app as usage continues to migrate toward mobile devices;
- manage, measure and demonstrate the effectiveness of our advertising solutions and attract and retain new advertising clients, many of which may only have limited or no online advertising experience;
- successfully compete with existing and future providers of other forms of offline and online advertising;
- successfully compete with other companies that are currently in, or may in the future enter, the business of providing information regarding local businesses;
- successfully expand our business in new and existing markets, both domestic and international;
- successfully develop and deploy new features and products;
- avoid interruptions or disruptions in our service or slower than expected load times;
- develop a scalable, high-performance technology infrastructure that can efficiently and reliably handle increased usage globally, as well as the deployment of new features and products;
- hire, integrate and retain talented sales and other personnel;
- effectively manage rapid growth in our sales force, personnel and operations; and

- effectively partner with other companies.

If the demand for information regarding local businesses does not develop as we expect, or if we fail to address the needs of this demand, our business will be harmed. We may not be able to successfully address these risks and difficulties or others, including those described elsewhere in these risk factors. Failure to adequately address these risks and difficulties could harm our business and cause our operating results to suffer.

We have incurred significant operating losses in the past, and we may not be able to generate sufficient revenue to achieve or maintain profitability, particularly given our significant ongoing sales and marketing expenses. Our recent growth rate will likely not be sustainable, and a failure to maintain an adequate growth rate will adversely affect our results of operations and business.

Since our inception, we have incurred significant operating losses, and, as of March 31, 2012, we had an accumulated deficit of approximately $51.1 million. Although our revenues have grown rapidly, increasing from $12.1 million in 2008, to $83.3 million in 2011, we expect that our revenue growth rate will decline in the future as a result of a variety of factors, including the maturation of our business and the gradual decline in the number of major geographic markets, especially within the United States, to which we have not already expanded, and you should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future performance. We also expect our costs to increase in future periods as we continue to expend substantial financial resources on:

- sales and marketing;
- product and feature development;
- our technology infrastructure;
- domestic and international expansion efforts;
- strategic opportunities, including commercial relationships and acquisitions; and
- general administration, including legal and accounting expenses related to being a public company.

These investments may not result in increased revenue or growth in our business. If we are unable to maintain adequate revenue growth and to manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or maintain profitability.

We rely on traffic to our website from search engines like Google, Yahoo! and Bing, some of which offer products and services that compete directly with our solutions. If our website fails to rank prominently in unpaid search results, traffic to our website could decline and our business would be adversely affected.

Our success depends in part on our ability to attract users through unpaid Internet search results on search engines like Google, Yahoo! and Bing. The number of users we attract to our website from search engines is due in large part to how and where our website ranks in unpaid search results. These rankings can be affected by a number of factors, many of which are not in our direct control, and they may change frequently. For example, a search engine may change its ranking algorithms, methodologies or design layouts. As a result, links to our website may not be prominent enough to drive traffic to our website, and we may not know how or otherwise be in a position to influence the results. In some instances, search engine companies may change these rankings in order to promote their own competing products or services or the products or services of one or more of our competitors. Our website has experienced fluctuations in search result rankings in the past, and we anticipate fluctuations in the future. Any reduction in the number of users directed to our website could adversely impact our business and results of operations.

Google in particular is the most significant source of traffic to our website accounting for more than half of the visits to our website from Internet searches during the quarter ended March 31, 2012. Our success depends on our ability to maintain a prominent presence in search results for queries regarding local businesses on Google. Google has removed links to our website from portions of its web search product and has promoted its own competing products, including Google's local products, in its search results. Given the large volume of traffic to our website and the importance of the placement and display of results of a user's search, similar actions in the future could have a substantial negative effect on our business and results of operations.

If we fail to generate and maintain sufficient high quality content from our users, we will be unable to provide consumers with the information they are looking for, which could negatively impact our traffic and revenue.

Our success depends on our ability to provide consumers with the information they seek, which in turn depends on the quantity and quality of the content provided by our users. For example, we may be unable to provide consumers with the information they seek if our users do not contribute content that is helpful and reliable, or if they remove content they previously submitted. Similarly, we may be unable to provide consumers with the information they seek if our users are unwilling to contribute content because of concerns that they may be harassed or sued by the businesses they review, instances of which have occurred in the past and may occur again in the future. In addition, we may not be able to provide users the information they seek if the information on our platform is not up-to-date. We do not phase out or remove dated reviews, and consumers may view older reviews as less relevant, helpful or reliable. If our platform does not provide current information about local businesses or users perceive reviews on our platform as less relevant, our brand and our business could be harmed.

If we are unable to provide consumers with the information they seek, or if they can find equivalent content on other services, they may stop or reduce their use of our platform, and traffic to our website and on our mobile app will decline. If our user traffic declines, our advertisers may stop or reduce the amount of advertising on our platform and our business could be harmed.

Our business may be harmed if users view our platform as primarily limited to reviews of restaurants and shopping experiences.

Our user traffic could be adversely affected if consumers perceive the utility of our platform to be limited to finding businesses in the restaurant and shopping categories, which together accounted for approximately 45% of the businesses that have been reviewed on our platform and 62% of our cumulative reviews through March 31, 2012. We believe that this concentration of reviews is primarily due to the frequency with which individuals visit specific businesses or engage in certain activities versus others. For example, an individual may eat at a restaurant three times in one week or go shopping once a week, but the same individual is unlikely to visit a mechanic, get a haircut or use a home or local service with the same frequency. However, if the high concentration of reviews in the restaurant and shopping categories generates a perception that our platform is primarily limited to these categories, traffic may decline and advertising customers may be less likely to perceive value from using our services, which could harm our business.

If our technology filters helpful content or fails to filter unhelpful content, consumers and businesses alike may stop or reduce their use of our platform and products, and our business could suffer.

While we have designed our technology to filter content that we believe may be offensive, biased, unreliable or otherwise unhelpful, we cannot guarantee that our efforts will be effective or adequate. In addition, some consumers and businesses have expressed concern that our technology inappropriately filters legitimate reviews, which may cause them to stop or reduce their use of our platform or our advertising solutions. If the performance of our filter proves inadequate or ineffective, our reputation and brand may be harmed, users may stop using our products and our business and results of operations could be adversely affected.

Our business depends on a strong brand, and any failure to maintain, protect and enhance our brand would hurt our ability to retain or expand our base of users and advertisers, or our ability to increase the frequency with which they use our solutions.

We have developed a strong brand that we believe has contributed significantly to the success of our business. Maintaining, protecting and enhancing the “Yelp” brand is critical to expanding our base of users and advertisers and increasing the frequency with which they use our solutions, and will depend largely on our ability to maintain consumer trust in our solutions and in the quality and integrity of the user content and other information found on our website and mobile app, which we may not do successfully. If we do not successfully maintain a strong brand, our business could be harmed.

For example, consumers may believe that the reviews, photos and other content contributed by our Community Managers or other employees are influenced by our advertising relationships or are otherwise biased. Although we take steps to prevent this from occurring by, for example, displaying an “ambassador” badge on the account profile pages for each of our Community Managers identifying them as Yelp employees and explaining their role on our platform, the designation does not appear on the page for each review contributed by the Community Manager and we may not be successful in our efforts to maintain consumer trust. As a result, our brand and our business could be harmed.

Our trademarks are an important element of our brand. We have faced in the past, and may face in the future, oppositions from third parties to our applications to register key trademarks in foreign jurisdictions in which we expect to expand our presence. If we are unsuccessful in defending against these oppositions, our trademark applications may be denied. Whether or not our trademark registration applications are denied, third parties may claim that our trademarks infringe their rights. As a result, we could be forced to pay significant settlement costs or cease the use of these trademarks and associated elements of our brand in those or other jurisdictions. Doing so could harm our brand or brand recognition and adversely affect our business, financial condition and results of operation.

Negative publicity could adversely affect our reputation and brand.

Negative publicity about our company, including our technology, sales practices, personnel or customer service, could diminish confidence in and the use of our products. The media has previously reported allegations that we manipulate our reviews, rankings and ratings in favor of our advertisers and against non-advertisers. In order to demonstrate that our filtering process applies in a nondiscriminatory manner to both advertisers and non-advertisers, we have made all filtered reviews accessible on our platform. We have also allowed businesses to publicly comment on negative reviews so that they can provide their response. Nevertheless, our reputation and brand, the traffic to our website and mobile app and our business may suffer if negative publicity about our company persists or if users otherwise perceive that content on our website and mobile app is manipulated or biased. In addition, our website and mobile app serve as a platform for expression by our users, and third parties or the public at large may attribute the political or other sentiments expressed by users on our platform to us, which could harm our reputation.

If we fail to maintain and expand our base of advertisers, our revenue and our business will be harmed.

For the quarter ended March 31, 2012, substantially all of our revenue was generated by the sale of advertising products. Our ability to grow our business depends on our ability to maintain and expand our advertiser base. To do so, we must convince prospective advertisers of the benefits of our products, including those who may not be familiar with our products (such as those in new markets). In addition, we have incurred significant costs to attract current and future advertisers and expect to incur significant additional costs for the foreseeable future. We may face greater challenges as we continue to expand our advertiser base in businesses outside the restaurant and shopping categories, which together accounted for approximately 45% of the businesses that have been reviewed on our platform and 62% of our cumulative reviews through March 31, 2012, especially if these businesses believe that consumers perceive the utility of our platform to be limited to finding businesses in the restaurant and shopping categories. We must also convince existing and prospective advertisers alike that our advertising products work to their benefit. Many of these businesses are more accustomed to using more traditional methods of advertising, such as newspapers or print yellow pages directories. Failure to maintain and expand the advertiser base could harm our business.

Our advertisers do not typically have long-term obligations to purchase our products. In addition, we rely heavily on advertising spend by small and medium-sized local businesses, which have historically experienced high failure rates and often have limited advertising budgets. As a result, we may experience attrition in our advertisers in the ordinary course of business resulting from several factors, including losses to competitors, lower priced competitors, perceptions that our advertising solutions are unnecessary or ineffective, declining advertising budgets, closures and bankruptcies. We must continually add new advertisers both to replace advertisers who choose not to renew their advertising or who go out of business, or otherwise fail to fulfill their advertising contracts with us, and to grow our business. Our advertisers' decisions to renew depend on a number of factors, including the degree of satisfaction with our products and their ability to continue their operations and spending levels. The ratings and reviews that businesses receive from our users may also affect advertising decisions by current and prospective advertisers. For instance, favorable ratings and reviews, on the one hand, could be perceived as obviating the need to advertise, and unfavorable ratings and reviews, on the other, could discourage businesses from advertising to an audience they perceive as hostile or cause them to form a negative opinion of our products and user base which could discourage them from doing business with us. If our advertisers increase their rates of non-renewal or if we experience significant advertiser attrition or contract breach, or if we are unable to attract new advertisers in numbers greater than the number of advertisers that we lose, our client base will decrease and our business, financial condition and results of operations would be harmed.

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

We intend to expand our operations into new markets, both domestically and abroad. We may incur losses or otherwise fail to enter new markets successfully. Our expansion into new markets places us in competitive environments with which we are unfamiliar and involves various risks, including the need to invest significant resources and the possibility that returns on such investments will not be achieved for several years, or at all. In attempting to establish a presence in new markets, we expect, as we have in the past, to incur significant expenses and face various other challenges, such as expanding our sales force and community management personnel to cover those new markets. Our current and any future expansion plans will require significant resources and management attention. Furthermore, we have already entered many of the largest markets in the United States and further expansion in smaller markets may not yield similar results or sustain our growth.

Our international operations involve additional risks, and our exposure to these risks will increase as we expand internationally.

We have started to expand our operations internationally. We expect to expand our international operations significantly by accessing new markets abroad and expanding our offerings in new languages. Our platform is now available in English and several other languages. However, 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 systems, regulatory systems and commercial infrastructures. Furthermore, in most international markets, we would not be the first entrant, and our competitors may be better positioned than we are to succeed. Expanding internationally may subject us to risks that we have either not faced before or increase our exposure to risks that we currently face, including risks associated with:

- recruiting and retaining qualified, multi-lingual 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 to ensure that 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.

Many people use smartphones and other mobile devices to access information about local businesses. If we are not successful in developing solutions that generate revenue from our mobile application, or those solutions are not widely adopted, our results of operations and business could be adversely affected.

The number of people who access information about local businesses through mobile devices, including smartphones and handheld tablets or computers, has increased dramatically in the past few years and is expected to increase. Because we do not currently deliver advertising on our mobile app, we have not materially monetized our mobile app to date. As a result, we may not be able to generate meaningful revenue from our mobile app for the foreseeable future. If consumers use our mobile app at the expense of our website, our advertisers may stop or reduce advertising on our website, and they may be unable to advertise on our mobile app unless we develop effective mobile advertising solutions that are compelling to them. Similarly, we may be unable to attract new advertisers unless we develop effective mobile advertising solutions. At the same time, it is important that any mobile advertising solutions that we develop do not adversely affect our users' experience, even if they might result in increased short-term monetization. We have limited experience with mobile advertising. If we fail to develop effective advertising solutions, if our solutions alienate our user base, or if our solutions are not widely adopted or are insufficiently profitable, our business may suffer.

Additionally, as new mobile devices and platforms are released, it is difficult to predict the problems we may encounter in developing products for these alternative devices and platforms, and we may need to devote significant resources to the creation, support, and maintenance of such products. In addition, if we experience difficulties in the future in integrating our mobile app into mobile devices or if problems arise with our relationships with providers of mobile operating systems or mobile application download stores, such as those of Apple or Google, if our applications receive unfavorable treatment compared to the promotion and placement of competing applications, such as the order of our products in the Apple AppStore, or if we face increased costs to distribute our mobile app, our future growth and our results of operations could suffer.

We expect to face increased competition in the market.

The market for information regarding local businesses and advertising is intensely competitive and rapidly changing. With the emergence of new technologies and market entrants, competition is likely to intensify in the future. Our competitors include, among others, offline media companies and service providers; newspaper, television, and other media companies, Internet search engines, such as Google, Yahoo! and Bing; and various other online service providers. Our competitors may enjoy competitive advantages, such as greater name recognition, longer operating histories, substantially greater market share, large existing user bases and substantially greater financial, technical and other resources. These companies may use these advantages to offer products similar to ours at a lower price, develop different products to compete with our current solutions and respond more quickly and effectively than we do to new or changing opportunities, technologies, standards or client requirements. In particular, major Internet companies, such as Google, Facebook, Yahoo! and Microsoft may be more successful than us in developing and marketing online advertising offerings directly to local businesses and many of our advertisers and potential advertisers may choose to purchase online advertising services from these competitors and may reduce their purchases of our products. In addition, many of our current and potential competitors have established marketing relationships with and access to larger client bases. As the market for local online advertising increases, new competitors, business models and solutions are likely to emerge. We also compete with these companies for the attention of contributors and consumers, and may experience decreases in both if our competitors offer more compelling environments. For all of these reasons, we may be unable to maintain or grow the number of people who use our website and mobile app and the number of businesses that use our advertising solutions and we may face pressure to reduce the price of our advertising solutions, in which case our business, results of operations and financial condition will be harmed.

The traffic to our website and mobile application may decline and our business may suffer if other companies copy information from our platform and publish or aggregate it with other information for their own benefit.

From time to time, other companies copy information from our platform, through website scraping, robots or other means, and publish or aggregate it with other information for their own benefit. For example, in parts of 2010 and 2011, Google incorporated content from our website into its own local product without our permission. Google's users, as a result, may not have visited our website because they found the information they sought on Google. In September 2011, our Chief Executive Officer testified before the U.S. Senate Committee on the Judiciary, Subcommittee on Antitrust, Competition Policy and Consumer Rights regarding Google's practices in this regard. While we do not believe that Google is still incorporating our content within its local products, we have no assurance that Google or other companies will not copy, publish or aggregate content from our platform in the future.

When third parties copy, publish, or aggregate content from our platform, it makes them more competitive and decreases the likelihood that consumers will visit our website or use our mobile app to find the information they seek, which could negatively affect our business, results of operations and financial condition. We may not be able to detect such third-party conduct in a timely manner and, even if we could, we may not be able to prevent it. In some cases, particularly in the case of websites operating outside of the United States, our available remedies may be inadequate to protect us against such practices. In addition, we may be required to expend significant financial or other resources to successfully enforce our rights.

The impact of worldwide economic conditions, including the resulting effect on advertising spending by local businesses, may adversely affect our business, operating results and financial condition.

Our performance is subject to worldwide economic conditions and their impact on levels of advertising spend by small and medium-sized businesses, which may be disproportionately affected by economic downturns. To the extent that the current economic slowdown continues, or worldwide economic conditions materially deteriorate, our existing and potential advertising clients may no longer consider investment in our advertising solutions a necessity, or may elect to reduce advertising budgets. Historically, economic downturns have resulted in overall reductions in advertising spending. In particular, web-based advertising solutions may be viewed by some of our existing and potential advertising clients as a lower priority and could cause advertisers to reduce the amounts they spend on advertising, terminate their use of our solutions or default on their payment obligations to us. In addition, economic conditions may adversely impact levels of consumer spending, which could adversely impact the numbers of consumers visiting our website and mobile app. Consumer purchases of discretionary items generally decline during recessionary periods and other periods in which disposable income is adversely affected. If spending at many of the local businesses reviewed on our website or mobile app declines, businesses may be less likely to use our advertising products, which could have a material adverse effect on our financial condition and results of operations.

We face potential liability and expense for legal claims based on the content on our platform.

We face potential liability and expense for legal claims relating to the information that we publish on our website and mobile app, including claims for defamation, libel, negligence and copyright or trademark infringement, among others. For example, businesses in the past have claimed, and may in the future claim, that we are responsible for defamatory reviews posted by our users. We expect claims like these to continue, and potentially increase in proportion to the amount of content on our platform. These claims could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merits of the claims. In some instances, we may elect or be compelled to remove content or may be forced to pay substantial damages if we are unsuccessful in our efforts to defend against these claims. If we elect or are compelled to remove valuable content from our website or mobile app, our platform may become less useful to consumers and our traffic may decline, which could have a negative impact on our business and financial performance.

Our business could suffer if the jurisdictions in which we operate change the way in which they regulate the Internet, including regulations relating to user-generated content and privacy.

Our business, including our ability to operate and expand internationally, could be adversely affected if legislation or regulations are adopted, interpreted or implemented in a manner that is inconsistent with our current business practices and that requires changes to these practices or the design of our platform, products or features. For example, if legislation is passed that limits the immunities afforded to websites that publish user-generated content, we may be compelled to remove content from our platform that we would otherwise publish, restrict the types of businesses that our users can review or further verify the identity of our users, among other changes. Similarly, legislation could be passed that limits our ability to use or store information about our users. The Federal Trade Commission ("FTC") already expects companies like ours to comply with guidelines issued under the Federal Trade Commission Act that govern the collection, use and storage of consumer information, establishing principles relating to notice, consent, access and data integrity and security. Our practices are designed to comply with these guidelines as described in our published privacy policy. For example, we disclose that we collect a range of information about our users, such as their names, email addresses, search histories and activity on our platform. We also use and store such information primarily to personalize the experience on our platform, provide customer support and display relevant advertising. While we do not sell or share personally identifiable information with third parties for direct marketing purposes, we do have relationships with third parties that may allow them access to user information for other purposes. For example, when we outsource functions such as technical and customer support, tracking and reporting, quality assurance and payment processing to other companies, we make user information available to those companies to the extent necessary for them to provide the outsourced services. We believe our policies and practices comply with the FTC privacy guidelines and other applicable laws and regulations. However, if our belief proves incorrect, or if these guidelines, laws or regulations or their interpretation change or new legislation or regulations are enacted, we may be compelled to provide additional disclosures to our users, obtain additional consents from our users before collecting or using their information or implement new safeguards to help our users manage our use of their information, among other changes.

Legislative changes such as the examples above have already been proposed both domestically and abroad, including recent proposals by the European Commission. Changes like these could increase our administrative costs and make it more difficult for consumers to use our platform, resulting in less traffic and revenue. Similarly, changes like these could make it more difficult for us to provide effective advertising tools to businesses on our platform, resulting in fewer advertisers and less revenue. In any of the cases above, our business could suffer.

If we fail to manage our growth effectively, our brand, results of operations and business could be harmed.

We have experienced rapid growth in our headcount and operations, which places substantial demands on management and our operational infrastructure. Most of our employees have been with us for fewer than two years. We intend to make substantial investments in our technology, sales and marketing and community management organizations. As we continue to grow, we must effectively integrate, develop and motivate a large number of new employees, including employees in international markets, 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 platform and efficiency of our operations could suffer, which could harm our brand, results of operations and business.

We may not timely and effectively scale and adapt our existing technology and network infrastructure to ensure that our platform is accessible.

It is important to our success that users in all geographies be able to access our platform at all times. We have previously experienced, and may experience in the future, service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, capacity constraints due to an overwhelming number of users accessing our platform simultaneously, and denial of service or fraud or security attacks. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve the availability of our platform, especially during peak usage times and as our solutions become more complex and our user traffic increases. If our platform is unavailable when users attempt to access it or it does not load as quickly as they expect, users may seek other services to obtain the information for which they are looking, and may not return to our platform as often in the future, or at all. This would negatively impact our ability to attract users and advertisers and increase the frequency with which they use our website and mobile app. We expect to continue to make significant investments to maintain and improve the availability of our platform and to enable rapid releases of new features and products. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and operating results may be harmed.

Our disaster recovery program contemplates transitioning our platform and data to a backup center in the event of a catastrophe, but we have not yet tested the procedure in full, and the transition procedure may take several days or more to complete. During this time, our platform may be unavailable in whole or in part to our users.

We are, and may in the future be, subject to disputes and assertions by third parties that we violate their rights. These disputes may be costly to defend and could harm our business and operating results.

We currently face, and we expect to face from time to time in the future, allegations that we have violated the rights of third parties, including patent, trademark, copyright and other intellectual property rights [and the rights of current and former employees and business owners?]. For example, third parties have sued us for allegedly violating their patent rights (we are currently a defendant in seven such suits, all of which involve plaintiffs targeting multiple defendants in the same or similar suits), an action was filed against us on behalf of current and former employees claiming that we violated labor and other laws (we have agreed in principle, subject to court approval, to settle the suit for up to $1.3 million) and various businesses have sued us alleging that we manipulate Yelp reviews in order to coerce them and other businesses to pay for Yelp advertising (one such suit was voluntarily dismissed, and two others were consolidated and recently dismissed with prejudice, although the plaintiffs are seeking an appeal).

Other claims against us can be expected to be made in the future. Even if the claims are without merit, the costs associated with defending these types of claims may be substantial, both in terms of time, money, and management distraction. In particular, 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 certain features, purchase licenses or modify our products and features while we develop non-infringing substitutes or may result in significant settlement costs. We do not own any patents, and, therefore, may be unable to deter competitors or others from pursuing patent or other intellectual property infringement claims against us.

The results of litigation and claims to which we may be subject cannot be predicted with certainty. 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, results of operations and reputation.

Some of our solutions contain open source software, which may pose particular risks to our proprietary software and solutions.

We use open source software in our solutions and will use open source software in the future. From time to time, we may face claims from third parties claiming ownership of, or demanding release of, the open source software and/or derivative works that we developed using such software (which could include our proprietary source code), or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to purchase a costly license or cease offering the implicated solutions unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources. In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a negative effect on our business and operating results.

We make the consumer experience our highest priority. Our dedication to making decisions based primarily on the best interests of consumers may cause us to forgo short-term gains and advertising revenue.

We base many of our decisions upon the best interests of the consumers who use our platform. We believe that this approach has been essential to our success in increasing our user growth rate and the frequency with which consumers use our platform and has served the long-term interests of our company and our stockholders. In the past, we have forgone, and we may in the future forgo, certain expansion or revenue opportunities that we do not believe are in the best interests of consumers, even if such decisions negatively impact our results of operations in the short term, and we believe that continued adherence to this principle will, in the long term, benefit our stockholders. In particular, our approach of putting our consumers first may negatively impact our relationships with our existing or prospective advertisers. For example, unless we believe that a review violates our terms of service, such as reviews that contain hate speech or bigotry, we allow the review to remain on the platform, even if the business disputes its accuracy. Certain advertisers may therefore perceive us as an impediment to their success as a result of negative reviews and ratings. This practice could result in a loss of advertisers, which in turn could harm our results of operations.

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

We rely on data about local businesses from third parties, including various yellow pages and other third parties that license such information to us. We also rely on third parties for other aspects of our business, such as mapping functionality and administrative software solutions. If these third parties experience difficulty meeting our requirements or standards, or our licenses are revoked or not renewed, it could make it difficult for us to operate some aspects of our business, which could damage our reputation. In addition, if such third-party service providers were to cease operations, temporarily or permanently, face financial distress or other business disruption, increase their fees or if our relationships with these providers deteriorate, we could suffer increased costs and delays in our ability to provide consumers and advertisers 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 choosing 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 performance.

We expect a number of factors to cause our operating results to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance.

Our operating results could vary significantly from quarter to quarter and year to year because of a variety of factors, many of which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful. In addition to other risk factors discussed in this section, factors that may contribute to the variability of our quarterly and annual results include:

- our ability to attract new local business advertisers and retain existing advertisers;
- our ability to accurately forecast revenue and appropriately plan our expenses;
- the effects of changes in search engine placement and prominence;
- the effects of increased competition in our business;
- our ability to successfully expand in existing markets, enter new markets and manage our international expansion;
- the impact of worldwide economic conditions, including the resulting effect on consumer spending at local businesses and the level of advertising spending by local businesses;
- our ability to protect our intellectual property;
- our ability to maintain an adequate rate of growth and effectively manage that growth;
- our ability to maintain and increase traffic to our website and mobile app;
- our ability to keep pace with changes in technology;
- the success of our sales and marketing efforts;
- costs associated with defending intellectual property infringement and other claims and related judgments or settlements;
- changes in government regulation affecting our business;
- interruptions in service and any related impact on our reputation;
- the attraction and retention of qualified employees and key personnel;
- our ability to choose and effectively manage third-party service providers;
- the impact of fluctuations in currency exchange rates;
- our ability to successfully manage any acquisitions of businesses, solutions or technologies;
- the effects of natural or man-made catastrophic events;
- changes in consumer behavior with respect to local businesses;
- the effectiveness of our internal controls; and
- changes in our tax rates or exposure to additional tax liabilities.

Because we recognize most of the revenue from our advertising products over the term of an agreement, a significant downturn in our business may not be immediately reflected in our results of operations.

We recognize revenue from sales of our advertising products over the terms of the applicable agreements, which are generally three, six or 12 months. As a result, a significant portion of the revenue we report in each quarter is generated from agreements entered into during previous quarters. Consequently, a decline in new or renewed agreements in any one quarter may not significantly impact our revenue in that quarter but will negatively affect our revenue in future quarters. In addition, we may be unable to adjust our fixed costs in response to reduced revenue. Accordingly, the effect of significant declines in advertising sales may not be reflected in our short-term results of operations.

We rely on the performance of highly skilled personnel, and if we are unable to attract, retain and motivate well-qualified employees, our business could be harmed.

We believe our success has depended, and continues to depend, on the efforts and talents of our employees, including Jeremy Stoppelman, our Chief Executive Officer, Geoff Donaker, our Chief Operating Officer, and our software engineers, marketing professionals and advertising sales staff. 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 them. In addition, the loss of any of our senior management or key employees could materially adversely affect our ability to execute our business plan, and we may not be able to find adequate replacements. All of our officers and other U.S. employees are at-will employees, which mean they may terminate their employment relationship 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 harmed.

Failure to protect or enforce our intellectual property rights could harm our business and results of operations.

We regard the protection of our trade secrets, copyrights, trademarks and domain names as critical to our success. In particular, we must maintain, protect and enhance the “Yelp” brand. We pursue the registration of our domain names, trademarks, and service marks in the United States and in certain jurisdictions abroad. We strive to protect our intellectual property rights by relying on federal, state and common law rights, as well as contractual restrictions. We typically enter into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with parties with whom we conduct business in order to limit access to, and disclosure and use of, our proprietary information. However, these contractual arrangements and the other steps we have taken to protect our intellectual property may not prevent the misappropriation or disclosure of our proprietary information nor deter independent development of similar technologies by others.

Effective trade secret, copyright, trademark and domain name protection is expensive to develop and maintain, both in terms of initial and ongoing registration requirements and expenses and the costs of defending our rights. We are seeking to protect our trademarks and domain names in an increasing number of jurisdictions, a process that is expensive and may not be successful or which we may not pursue in every location. Litigation may be necessary to enforce our intellectual property rights, protect our respective trade secrets or determine the validity and scope of proprietary rights claimed by others. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could adversely affect our business and operating results. We may incur significant costs in enforcing our trademarks against those who attempt to imitate our “Yelp” brand. If we fail to maintain, protect and enhance our intellectual property rights, our business and operating results may be harmed.

We may be unable to continue to use the domain names that we use in our business, or prevent third parties from acquiring and using domain names that infringe on, are similar to, or otherwise decrease the value of our brand or our trademarks or service marks.

We have registered domain names for our website that we use in our business, such as Yelp.com. If we lose the ability to use a domain name, whether due to trademark claims, failure to renew the applicable registration, or any other cause, we may be forced to market our products under a new domain name, which could cause us substantial harm, or to incur significant expense in order to purchase rights to the domain name in question. In addition, our competitors and others could attempt to capitalize on our brand recognition by using domain names similar to ours. Domain names similar to ours have been registered in the United States and elsewhere. We may be unable to prevent third parties from acquiring and using domain names that infringe on, are similar to, or otherwise decrease the value of our brand or our trademarks or service marks. Protecting and enforcing our rights in our domain names may require litigation, which could result in substantial costs and diversion of management’s attention.

If our security measures are compromised, or if our platform is subject to attacks that degrade or deny the ability of users to access our content, users may curtail or stop use of our platform.

Like all online services, our platform is vulnerable to computer viruses, break-ins, phishing attacks, attempts to overload our servers with denial-of-service or other attacks and similar disruptions from unauthorized use of our computer systems, any of which could lead to interruptions, delays, or website shutdowns, causing loss of critical data or the unauthorized disclosure or use of personally identifiable or other confidential information. If we experience compromises to our security that result in performance or availability problems, the complete shutdown of our website or the loss or unauthorized disclosure of confidential information, our users or advertisers may lose trust and confidence in us and decrease their use of our platform or stop using our platform entirely. 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. In addition, user and business owner accounts and profile pages could be hacked, hijacked, altered or otherwise claimed or controlled by unauthorized persons. For example, we enable businesses to create free online business accounts and claim the business profile pages for each of their business locations. We verify these claims through an automated telephone verification process, which is designed to confirm that the person setting up the account is affiliated with the business by confirming that the person has access to the business’s telephone. Our verification system could fail to confirm that the recipient of the call is an authorized representative of the business, or mistakenly allow an unauthorized representative to claim the business’s profile page. Any or all of these issues could negatively impact our ability to attract new users or could deter current users from returning or reduce the frequency with which consumers and advertisers use our solutions, cause existing or potential advertisers to cancel their contracts or subject us to third-party lawsuits, regulatory fines or other action or liability, thereby harming our results of operations.

We process, store and use personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy. Our actual or perceived failure to comply with such obligations could harm our business.

We receive, store and process personal information and other user data, including credit card information for certain users. There are numerous federal, state and local laws around the world regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal Information and other user data, the scope of which are changing, subject to differing interpretations, and may be inconsistent between countries or conflict with other rules. We generally comply with industry standards and are subject to the terms of our privacy policies and privacy-related obligations to third parties (including, in certain instances, voluntary third-party certification bodies such as TRUSTe). It is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to users or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other user data, may result in governmental enforcement actions, litigation or negative publicity and could cause our users and advertisers to lose trust in us, which could have an adverse effect on our business. Additionally, if third parties with whom we work, such as advertisers, vendors or developers, violate applicable laws or our policies, such violations may also put our users' information at risk and could have an adverse effect on our business.

Our business is subject to a variety of U.S. and foreign laws, many of which are unsettled and still developing and which could subject us to claims or otherwise harm our business.

We are subject to a variety of laws in the United States and abroad, including laws regarding data retention, privacy, distribution of user-generated content and consumer protection, that are frequently evolving and developing. The scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting, particularly outside the United States. For example, laws relating to the liability of providers of online services for activities of their users and other third parties are currently being tested by a number of claims, including actions based on invasion of privacy and other torts, unfair competition, copyright and trademark infringement, and other theories based on the nature and content of the materials searched, the ads posted, or the content provided by users. In addition, regulatory authorities around the world are considering a number of legislative and regulatory proposals concerning data protection and other matters that may be applicable to our business. It is also likely that if our business grows and evolves and our solutions are used in a greater number of countries, we will become subject to laws and regulations in additional jurisdictions. It is difficult to predict how existing laws will be applied to our business and the new laws to which we may become subject.

If we are not able to comply with these laws or regulations or if we become liable under these laws or regulations, we could be directly harmed, and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to discontinue certain products or features, which would negatively affect our business. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could harm our reputation or otherwise impact the growth of our business. Any costs incurred to prevent or mitigate this potential liability could also harm our business and operating results.

Domestic and foreign laws may be interpreted and enforced in ways that impose new obligations on us with respect to Yelp Deals, which may harm our business and results of operations.

Our Yelp Deals products may be deemed gift certificates, store gift cards, general-use prepaid cards or other vouchers, or “gift cards”, subject to, among other laws, the federal Credit Card Accountability Responsibility and Disclosure Act of 2009 (“Credit CARD Act of 2009”) and similar federal, state and foreign laws. Many of these laws include specific disclosure requirements and prohibitions or limitations on the use of expiration dates and the imposition of certain fees. For example, the Credit CARD Act of 2009 requires that gift cards expire no earlier than five years after their issue. Yelp Deals are comprised of two components: (i) the purchase value, which is the amount paid by the purchaser and which does not expire, and (ii) the promotional value, which is the remaining value for which the Yelp Deal can be redeemed during a limited period, which typically ends one year after the date of purchase. If, contrary to our belief, the Credit CARD Act of 2009 and similar state laws were held to apply to the promotional value component of Yelp Deals, consumers would be entitled to redeem the promotional value component of their Yelp Deals for up to five years after their issue, and we could face liability for redemption periods that are less than five years. Various companies that provide deal products similar to ours are currently defendants in purported class action lawsuits that have been filed in federal and state court claiming that their deal products are subject to the Credit CARD Act of 2009 and various state laws governing gift cards and that the defendants have violated these laws as a result of expiration dates and other restrictions they have placed on their deals. Similar lawsuits have been filed in other locations in which we plan to sell our Yelp Deals, such as the Canadian province of Ontario, alleging similar violations of provincial legislation governing gift cards.

The application of various other laws and regulations to our products, and particularly our Yelp Deals, is uncertain. These include laws and regulations pertaining to unclaimed and abandoned property, partial redemption, refunds, revenue-sharing restrictions on certain trade groups and professions, sales and other local taxes and the sale of alcoholic beverages. For example, although it is the responsibility of merchants to redeem or refund unexpired Yelp Deals that they offer through our platform, the law might be interpreted to require that we redeem or refund them. Because merchants alone, and not Yelp, are in a position to track the redemption of Yelp Deals, we may not be able to comply with such a requirement without substantial and potentially costly changes to our infrastructure and business practices. In addition, we may become, or be determined to be, subject to federal, state or foreign laws regulating money transmitters or aimed at preventing money laundering or terrorist financing, including the Bank Secrecy Act, the USA PATRIOT Act and other similar future laws or regulations.

If we become subject to claims or are required to alter our business practices as a result of current or future laws and regulations, our revenue could decrease, our costs could increase and our business could otherwise be harmed. In addition, the costs and expenses associated with defending any actions related to such additional laws and regulations and any payments of related penalties, fines, judgments or settlements could harm our business.

We may require additional capital to support business growth, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new features and products or enhance our existing services, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future 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. Any debt financing we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business may be harmed.

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 expand our product offerings and grow our business in response to changing technologies, user and advertiser demands and competitive pressures. In some circumstances, we may determine to do so through the acquisition of complementary businesses or technologies rather than through internal development. We do not have experience acquiring other businesses and technologies. The pursuit of potential acquisitions may divert the attention of management and cause us to incur expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated. Furthermore, even if we successfully acquire additional businesses or technologies, we may not be able to integrate the acquired personnel, operations and technologies successfully, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business or technology. In addition, we may unknowingly inherit liabilities from future acquisitions that arise after the acquisition and are not adequately covered by indemnities. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our results of operations. If an acquired business or technology fails to meet our expectations, our business, results of operations and financial condition may suffer.

Our business is subject to the risks of earthquakes, fires, floods and other natural catastrophic events and to interruption by man-made problems such as computer viruses or terrorism.

Our systems and operations are vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins and similar events. For example, a significant natural disaster, such as an earthquake, fire or flood, could have a material adverse impact on our business, operating results and financial condition, and our insurance coverage may be insufficient to compensate us for losses that may occur. Our U.S. corporate offices and one of the facilities we lease to house our computer and telecommunications equipment are located in the San Francisco Bay Area, a region known for seismic activity. In addition, acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could cause disruptions in our or our local business advertisers' businesses or the economy as a whole. Our servers may also be vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with our computer systems, which could lead to interruptions, delays, loss of critical data or the unauthorized disclosure of confidential client data. We may not have sufficient protection or recovery plans in certain circumstances, such as natural disasters affecting the San Francisco Bay Area, and our business interruption insurance may be insufficient to compensate us for losses that may occur. As we rely heavily on our servers, computer and communications systems and the Internet to conduct our business and provide high quality customer service, such disruptions could negatively impact our ability to run our business and either directly or indirectly disrupt our local business advertisers' businesses, which could have an adverse affect on our business, operating results and financial condition.

The intended tax benefits of our corporate structure and intercompany arrangements depend on the application of the tax laws of various jurisdictions and on how we operate our business.

Our corporate structure and intercompany arrangements, including the manner in which we develop and use our intellectual property and the transfer pricing of our intercompany transactions, are intended to reduce our worldwide effective tax rate. The application of the tax laws of various jurisdictions, including the United States, to our international business activities is subject to interpretation and depends on our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements, including our transfer pricing, or determine that the manner in which we operate our business does not achieve the intended tax consequences, which could increase our worldwide effective tax rate and harm our financial position and results of operations.

Our corporate structure includes legal entities located in jurisdictions with income tax rates lower than the U.S. statutory tax rate. Our intercompany arrangements allocate income to such entities in accordance with arm's-length principles and commensurate with functions performed, risks assumed and ownership of valuable corporate assets. We believe that income taxed in certain foreign jurisdictions at a lower rate relative to the U.S. statutory rate will have a beneficial impact on our worldwide effective tax rate.

Significant judgment is required in evaluating our tax positions and determining our provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. For example, our effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and higher than anticipated in countries where we have higher statutory rates, by changes in foreign currency exchange rates or by changes in the relevant tax, accounting and other laws, regulations, principles and interpretations. As we operate in numerous taxing jurisdictions, the application of tax laws can be subject to diverging and sometimes conflicting interpretations by tax authorities of these jurisdictions. It is not uncommon for taxing authorities in different countries to have conflicting views, for instance, with respect to, among other things, the manner in which the arm's length standard is applied for transfer pricing purposes, or with respect to the valuation of intellectual property. In addition, tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. In particular, there is uncertainty in relation to the U.S. tax legislation in terms of the future corporate tax rate but also in terms of the U.S. tax consequences of income derived from income related to intellectual property earned overseas in low tax jurisdictions.

Our existing corporate structure and intercompany arrangements have been implemented in a manner we believe is in compliance with current prevailing tax laws. However, the tax benefits which we intend to eventually derive could be undermined if we are unable to adapt the manner in which we operate our business and due to changing tax laws.

The enactment of legislation implementing changes in the U.S. taxation of international business activities or the adoption of other tax reform policies could materially impact our financial condition and results of operations.

The current administration has made public statements indicating that it has made international tax reform a priority, and key members of the U.S. Congress have conducted hearings and proposed new legislation. Recent changes to U.S. tax laws, including limitations on the ability of taxpayers to claim and utilize foreign tax credits and the deferral of certain tax deductions until earnings outside of the United States are repatriated to the United States, as well as changes to U.S. tax laws that may be enacted in the future, could impact the tax treatment of our foreign earnings. Due to the expanding scale of our international business activities, any changes in the U.S. taxation of such activities may increase our worldwide effective tax rate and harm our financial condition and results of operations.

Risks Related to Ownership of Our Class A Common Stock

The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our stock prior to our initial public offering, including our founders, directors, executive officers and employees and their affiliates, and limiting your ability to influence corporate matters.

Our Class B common stock has 10 votes per share, and our Class A common stock has one vote per share. Stockholders who hold shares of Class B common stock, including our founders, directors, executive officers and employees and their affiliates, together beneficially own shares representing approximately 98.5% of the voting power of our outstanding capital stock as of March 31, 2012. Consequently, the holders of Class B common stock collectively will continue to be able to control all matters submitted to our stockholders for approval even if their stock holdings represent less than 50% of the outstanding shares of our common stock. Because of the 10-to-1 voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock even when the shares of Class B common stock represent a small minority of all outstanding shares of our Class A and Class B common stock. This concentrated control will limit your ability to influence corporate matters for the foreseeable future, and, as a result, the market price of our Class A common stock could be adversely affected. Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, which 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, which may include existing founders, officers and directors and their affiliates.

Our share price has been and will likely continue to be volatile.

The trading price of our Class A common stock has been, and is likely to continue to be, highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. Since shares of our common stock were sold in our initial public offering in March 2012 at a price of $15.00 per share, our stock price has ranged from $19.36 to $31.96 through April 30, 2012. In addition to the factors discussed in this “Risk Factors” section and elsewhere in this Quarterly Report on Form 10-Q, factors that may cause volatility in our share price include:

- actual or anticipated fluctuations in our financial condition and operating results;
- changes in projected operating and financial results;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements of technological innovations or new offerings by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- additions or departures of key personnel;
- issuance of research or reports by securities analysts;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- sales of our Class A or Class B common stock;
- changes in laws or regulations applicable to our solutions;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- the expiration of contractual lock-up agreements; and
- general economic and market conditions.

Furthermore, the stock markets recently have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our Class A common stock. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management’s attention from other business concerns, which could harm our business.

We do not intend to pay dividends for the foreseeable future, and as a result your ability to achieve a return on your investment will depend on appreciation in the price of our Class A common stock.

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our Class A common stock.

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change in control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, up to 10,000,000 shares of undesignated preferred stock;

- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;

- specify that special meetings of our stockholders can be called only by our board of directors, the Chair of our board of directors, or our Chief Executive Officer;

- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;

- establish that our board of directors is divided into three classes, with directors in each class serving three-year staggered terms;

- prohibit cumulative voting in the election of directors;

- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;

- require the approval of our board of directors or the holders of a supermajority of our outstanding shares of capital stock to amend our bylaws and certain provisions of our certificate of incorporation; and

- reflect two classes of common stock, as discussed above.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.

The trading market for our Class A common stock, to some extent, depends on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Future sales of our Class A common stock in the public market could cause our share price to decline.

We have a small public float relative to the total number of shares of our Class A and Class B common stock that are issued and outstanding and a substantial majority of our issued and outstanding shares are currently restricted as a result of securities laws, lock-up agreements or other contractual restrictions that restrict transfers.

Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. Based on the total number of outstanding shares of our common stock as of March 31, 2012, we have 8,222,500 shares of Class A common stock and 52,909,098 shares of Class B common stock outstanding, assuming no exercise of our outstanding options.

Upon completion of the release of the underwriters' lockup from our IPO, currently expected to occur late August or early September 2012, approximately 53 million shares will be eligible for sale upon the expiration of lock-up agreements, subject in some cases to volume and other restrictions of Rule 144 and Rule 701 under the Securities Act. Sales of substantial amounts of our Class A common stock in the public market following the release of the lock-up or otherwise, or the perception that these sales could occur, could cause the market price of our Class A common stock to decline.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of the New York Stock Exchange and other applicable securities rules and regulations. Compliance with these rules and regulations has increased and will continue to increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly, and increase demand on our systems and resources. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business and operating results. Although we have hired additional employees to comply with these requirements, we may need to hire more employees in the future, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

We also expect that being a public company that is subject to these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors and qualified executive officers.

As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our Class A common stock.

We may be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the fiscal year ending 2013. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our auditors have issued an attestation report on our management's assessment of our internal controls. We are in the early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective. If we are unable to assert that our internal control over financial reporting is effective, or if our auditors are unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our Class A common stock to decline.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

a) Sale of Unregistered Securities

From January 1, 2012 through March 31, 2012, we granted to employees options to purchase an aggregate of 698,374 shares of common stock under our 2011 Equity Incentive Plan (the "2011 Plan"), at an exercise price of $11.68 per share.

From January 1, 2012 through March 31, 2012, we issued and sold to employees, consultants and other service providers an aggregate of 183,694 shares of common stock upon the exercise of options under the 2005 and 2011 Plan at exercise prices ranging from $0.20 to $11.68 per share, for an aggregate exercise price of approximately $0.5 million.

From January 1, 2012 through March 31, 2012, we issued to employees an aggregate of 1,250 shares of common stock pursuant to restricted stock awards under the 2011 Plan.

The offers, sales and issuances of the securities described in Item 15(a) were deemed to be exempt from registration under the Securities Act under Rule 701 promulgated under the Securities Act as offers and sale of securities pursuant to certain compensatory benefit plans and contracts relating to compensation in compliance with Rule 701.

b) Use of Proceeds from Public Offering of Common Stock

On March 2, 2012, we closed our IPO, in which we sold 8,172,500 shares of common stock at a price to the public of $15.00 per share. The aggregate offering price for shares sold in the offering was approximately $122.6 million. The offer and sale of all of the shares in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-178030), which was declared effective by the SEC on February 16, 2012. The offering commenced as of February 16, 2012 and did not terminate before all of the securities registered in the registration statement were sold. Goldman, Sachs & Co., Citigroup Global Markets Incorporated, Jefferies & Company, Incorporated, Allen & Company LLC and Oppenheimer & Co. Incorporated, acted as the underwriters. We raised approximately $111.4 million in net proceeds after deducting underwriting discounts and commissions of approximately $8.6 million and other offering expenses of approximately $2.6 million. No payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates, or to our affiliates, other than payments in the ordinary course of business to officers for salaries. There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC on March 2, 2012 pursuant to Rule 424(b) of the Securities Act. We invested the funds received in registered money market funds.

c) Issuer Purchases of Equity Securities

None

ITEM 5. OTHER INFORMATION

In June 2011, the Financial Accounting Standards Board issued guidance on the presentation of comprehensive income in financial statements. Entities are required to present total comprehensive income either in a single, continuous statement of comprehensive income or in two separate, but consecutive, statements. We adopted this standard as of January 1, 2012, and will present net income and other comprehensive income in two separate statements in our annual financial statements. The table below reflects the retrospective application of this guidance for each of the three years ended December 31 st . The retrospective application did not have a material impact on our financial condition or results of operations.

Yelp Inc.
Consolidated Statements of Comprehensive Income (Loss)

	Year Ended December 31,		
In thousands	2011	2010	2009
Net Loss	$ (16,668)	$ (9,566)	$ (2,308)
Other comprehensive income (loss):			
Unrealized gain(loss) on short-term investments	-	-	3
Foreign currency translation adjustments	298	(20)	(7)
Other comprehensive (loss) income	298	(20)	(4)
Comprehensive Loss	$ (16,370)	$ (9,586)	$ (2,312)

ITEM 6. EXHIBITS

Exhibits	
3.1	Amended and Restated Certificate of Incorporation of Yelp Inc.(1)
3.2	Amended and Restated Bylaws of Yelp Inc.(2)
10.1+	Form of Indemnification Agreement made by and between Registrant and each of its directors and executive officers.(3)
10.2+	Amended and Restated Offer Letter, between Registrant and Geoff Donaker, dated February 3, 2012.(4)
10.3+	Amended and Restated Offer Letter, between Registrant and Rob Krolik, dated February 3, 2012.(5)
10.4+	Amended and Restated Offer Letter, between Registrant and Jed Nachman, dated February 3, 2012.(6)
10.5+	Amended and Restated Offer Letter, between Registrant and Laurence Wilson, dated February 3, 2012.(7)
10.6+	Offer Letter, between Registrant and Jeremy Stoppelman, dated February 3, 2012.(8)
10.7+	2012 Equity Incentive Plan.(9)
10.8+	Form of Option Agreement and Grant Notice and RSU Award Agreement and Grant Notice under the 2012 Equity Incentive Plan.(10)
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10.10+	Executive Severance Benefit Plan.(12)
10.11*	Lease Agreement, between Yelp UK Limited and Knight Frank LLP, dated March 1, 2012
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(13)
32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(13)
101.INS*	XBRL Instance Document(14)
101.SCH*	XBRL Taxonomy Extension Schema Document(14)
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document(14)
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document(14)
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document(14)
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document(14)

* Filed herewith.

(1) Filed as Exhibit 3.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on March 9, 2012 (File No. 000-35444), and incorporated herein by reference.

(2) Filed as Exhibit 3.4 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-178030), originally filed with the Securities and Exchange Commission on November 17, 2011, and incorporated herein by reference.

(3) Filed as Exhibit 10.6 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-178030), originally filed with the Securities and Exchange Commission on November 17, 2011, and incorporated herein by reference.

(4) Filed as Exhibit 10.7 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-178030), originally filed with the Securities and Exchange Commission on November 17, 2011, and incorporated herein by reference.

(5) Filed as Exhibit 10.8 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-178030), originally filed with the Securities and Exchange Commission on November 17, 2011, and incorporated herein by reference.

(6) Filed as Exhibit 10.9 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-178030), originally filed with the Securities and Exchange Commission on November 17, 2011, and incorporated herein by reference.

(7) Filed as Exhibit 10.10 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-178030), originally filed with the Securities and Exchange Commission on November 17, 2011, and incorporated herein by reference.

(8) Filed as Exhibit 10.15 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-178030), originally filed with the Securities and Exchange Commission on November 17, 2011, and incorporated herein by reference.

(9) Filed as Exhibit 10.16 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-178030), originally filed with the Securities and Exchange Commission on November 17, 2011, and incorporated herein by reference.

(10) Filed as Exhibit 10.17 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-178030), originally filed with the Securities and Exchange Commission on November 17, 2011, and incorporated herein by reference.

(11) Filed as Exhibit 10.18 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-178030), originally filed with the Securities and Exchange Commission on November 17, 2011, and incorporated herein by reference.

(12) Filed as Exhibit 10.19 to the Company’s Registration Statement on Form S-1, as amended (File No. 333-178030), originally filed with the Securities and Exchange Commission on November 17, 2011, and incorporated herein by reference.

(13) This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

(14) Pursuant to applicable securities laws and regulations, the Registrant is deemed to have complied with the reporting obligation relating to the submission of interactive data files in such exhibits and is not subject to liability under any anti-fraud provisions of the federal securities laws as long as the Registrant has made a good faith attempt to comply with the submission requirements and promptly amends the interactive data files after becoming aware that the interactive data files fail to comply with the submission requirements. These interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under these sections.

SIGNATURES

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

YELP INC.

/s/ Rob Krolik

Rob Krolik
Chief Financial Officer
(Principal Financial Officer and Duly Authorized Signatory)

Date: May 4, 2012

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THIS AGREEMENT is made the 1st day of March 2012

BETWEEN:

(1) **KNIGHT FRANK LLP** (registration number OC305934) whose registered office is at 55 Baker Street London W1U 8AN (**"KF"**); and

(2) **YELP UK LIMITED** (registration number 06762006) whose registered office is at 5 St. John's Lane, London EC1M 4BH ("YELP").

WHEREAS:

(1) KF AND YELP have today entered into an Underlease ("the Underlease") of premises at Part 4 th Floor, 55 Baker Street, London W1 ("the Premises")

(2) KF have agreed to provide certain computer related services to YELP without prejudice to the provisions of the Underlease on the terms set out in this Agreement.

NOW IT IS HEREBY AGREED as follows:-

1. KF will locate in a place reasonably determined by KF from time to time within their computer equipment room (CER), which is situated on the fourth floor at 55 Baker Street aforesaid, one rack ("Rack") provided by KF of the size and type specified by KF (Meridian Zero5 series) with a width not over 800 millimetres for housing YELP computers and systems, containing up to 2 power distribution units ("PDU") with KW readings as reasonably specified by KF.

2. Equipment

2.1 KF will permit YELP to locate computers and associated systems ("Computers") within the Rack provided that the Computers do not initially require in aggregate more than 10/12 amps of power

2.2 KF will also permit YELP to locate four / five Switches each of no more than 2U in one of KF's racks (selected at KF's discretion, acting reasonably) within its Satellite Equipment Room ("SER")

2.3 YELP shall patch from KF's existing patching frames to YELP switches under the supervision of KF

2.4 YELP and its authorised representatives shall be entitled to access patch panels and modify the patching of cables terminating in or pertaining to its Computers and Premises, subject to the access provisions set out in Clause 5.

2.5 KF will permit YELP to utilise the structured cabling in the Premises ("Structured Cabling") provided that YELP accept that Structured Cabling in its present condition and YELP accept that no warranty or representation expressed or implied whatsoever is given by KF as to the state or condition or fitness of the Structured Cabling for any purpose and YELP shall not be entitled to make any complaint or claim whatsoever in respect thereof

2.6 KF will (subject to prior agreement) permit YELP to make agreed modifications to the GOP locations of the Structured Cabling as may reasonably be required by YELP ("Communications Works").

3. YELP and (subject to clause 15) its successors in title shall be entitled to use the Rack throughout the term of the Underlease free of charge save that YELP shall pay to KF the following

3.1 The sum of £550 per month payable quarterly in advance; and

3.2 Such additional or reduced sum as the parties shall reasonably calculate each year to reflect any variation at cost in the price of electricity or the amount of electricity imputed as used by the Computers calculated from the PDU in the Rack, payable on submission of invoice (and for the avoidance of doubt, the cost of electricity as at the date of this Agreement has been included in the sum referred to in clause 3.1).

3.3 Fees of KF staff calculated at the rate of £40 per hour of attendance (calculated on a pro rata basis in units of 15 minutes for any period of less than an hour) for any separately fulfilled requests for access in excess of 10 in any month pursuant to Clauses 5.2 and 5.3 (out of which there can be a maximum of 2 requests in any calendar month under clause 5.3) and in excess of two in a six month period pursuant to clause 5.4 (the first such period commencing on 1 March 2012) invoiced monthly in arrears, provided that YELP shall not be required to pay any additional charges for access reasonably required for the period of one month following the date of commencement of the Communications Works.

3.4 All sums are exclusive of VAT and all invoices are due for payment within 28 days of the date of invoice.

PROVIDED THAT in the event that KF plan major scheduled works to the SER or CER, YELP shall be permitted access in addition to the above without additional charge.

4. YELP shall observe all such rules and regulations as KF shall reasonably and properly impose from time to time in relation to the use of the CER and SER and the equipment within the CER and SER.

5. KF will use all reasonable endeavours to allow YELP access to the CER and SER which must be accompanied at all times by a representative of KF and subject to the following provisions:

   5.1 YELP will provide a list of authorised personnel and their contact details who will have access to CER and SER. This list may be updated from time-to-time.

   5.2 During standard working hours which are Monday to Friday from 08h00 to 18h00 and exclude UK public holidays, and general office closure during the Christmas/New Year period, YELP's authorised personnel can request access to the CER and SER by calling the Knight Frank Service Desk (+44 20 7861 1766) and receiving a call reference number. Access will wherever reasonably possible be provided within 1 hour from when the request is received by Knight Frank Service Desk.

   5.3 Planned after hours access, defined as outside standard working hours, should be prearranged by providing no less than 48 hours notice to the Knight Frank Service Desk. Such notice to be provided during working hours.

   5.4 Emergency access can be arranged by calling Knight Frank's out-of-hours support contacts (a list of which will be provided). Such access to be provided as soon as practicable with a target response time of under one hour and within four hours.

6. KF shall have no responsibility for the Computers or any other property of YELP within the CER or SER save to the extent that any damage is caused by the acts or omissions of KF which shall be located there entirely at the risk of YELP and accordingly prior to use of the Rack, or storage of any computers YELP shall:

   6.1 procure all risks property insurance covering all of YELP's property located within the CER or within the SER

6.2 at the request of KF, YELP shall provide KF with a certificate of insurance demonstrating that YELP has obtained the necessary insurance cover.

In the same way, YELP shall have no responsibility for damage caused to any property of KF within the CER or SER save to the extent that any damage is caused by the acts or omissions of YELP.

7. KF shall operate a defined set of access procedures to allow only its authorised personnel to enter the CER and SER and only suitably qualified personnel to operate its systems and facilities therein. A copy of these defined procedures and any updates thereto shall be provided to YELP.

8. KF will use all reasonable endeavours to provide photo logs of access to the CER in the event of an incident or problem with the Computers which requires further investigation. Such request to be made in writing by YELP within five days of the event.

9. Notwithstanding any other provision in this Agreement, neither party shall be liable for any damages for loss of profits, loss of revenue, loss of goodwill, loss of data or interference with business or for the cost of purchasing replacement services or for any indirect incidental special consequential exemplary or punitive damages whether or not caused by the acts or omissions or negligence of its employees, agents or landlord and regardless of whether such party has been informed of the possibility of the likelihood of such damages.

10. Nothing in this Agreement shall be construed as limiting the liability of either party for personal injury or death resulting from the negligence of that party or its employees.

11. Neither party shall interfere with, modify, disconnect or terminate or perform any other action in relation to structured cabling or otherwise which might invalidate the manufacturers' and installers' warranty or in any way interfere with any equipment of the other party or impede the operation of the air-conditioning and power supply to any such equipment.

12. KF personnel will not operate, alter or adjust YELP Computers or cabling connections without the presence of a YELP representative unless such action is required due to an immediate hazard. Following such an event, YELP's nominated official will be immediately notified in writing.

13. Removal of Equipment

13.1 Forthwith upon the termination of the Underlease or prior termination of this Agreement YELP shall remove all of its equipment from the CER and SER within 5 business days

13.2 If YELP fails to remove its equipment within 5 business days thereafter KF may at YELP's sole cost and expense disconnect, remove and store or dispose of YELP's equipment without prior notice.

13.3 YELP shall pay all costs and expenses properly incurred associated with KF's disconnection, removal, disposal and storage of YELP's equipment and KF will not be liable for any loss or damage incurred by YELP arising out of such disconnection, removal, storage or disposal of YELP's equipment.

14. Neither party shall be in breach of this Agreement nor liable for any failure or delay in performance of any obligations under this Agreement arising from or attributable to acts, events, omissions or accidents beyond its reasonable control, including but not limited to any of the following:-

a) Acts of God including but not limited to fire, flood, earthquake, wind, storm or other natural disaster;

b) Terrorist attack, civil war, civil commotion or riots.

c) Interruption or failure of utility service including but not limited to electric, power gas or water.

15. This Agreement may be terminated as follows:-

15.1 Either party may terminate this Agreement without liability to the other immediately by giving written notice to the other party if;

a) The other party fails to pay any amount due under this Agreement on the due date for payment and remains in default not less than 21 days after being notified in writing to make such payments; or

b) The other party commits a material breach of any material term of this Agreement and (if such breach is remediable) fails to remedy that breach within a period of 21 days after being notified in writing to do so;

15.2 YELP may terminate this Agreement at any time by serving not less than one month’s notice in writing upon KF.

15.3 KF may terminate this Agreement forthwith if any of the events set out in clause 9 of the Underlease shall occur and KF shall repay to YELP any sums paid in advance within 14 days of the date of termination.

16. Assignment

16.1 YELP shall not be entitled to assign, transfer, mortgage charge or deal in any manner with this Agreement or any of its rights or obligations under this Agreement without the express written consent of KF which shall not be withheld in the case of an assignee to whom the Underlease has been assigned or a subtenant of the whole of the Premises pursuant to an assignment of the Underlease or an underletting of the whole (as applicable) which takes place with KF’s consent in accordance with the terms of the Underlease. The rights of YELP under this Agreement may be exercised by a group company of YELP (as such term is defined in clause 3.9.12 of the Underlease) lawfully in occupation of the Premises pursuant to the Underlease.

16.2 KF shall be required to assign or transfer this Agreement or any of its rights or obligations under this Agreement to any party from time to time entitled to possession of the Premises when the Underlease comes to an end and such party shall be required to enter into a deed of novation with KF and YELP in respect of KF's obligations under this Agreement.

17. KF make no warranties or representations expressed or implied whatsoever that the supply or power, air-conditioning or other services to the CER or the SER will be uninterrupted.

18. Any dispute arising out of this Agreement shall be referred to an independent expert for determination who shall be agreed between the parties or in default nominated upon the application of either party by the President for the time being of the Institute of Chartered Accountants whose decision shall be final and binding on the parties.

19. This Agreement shall be governed by and construed in accordance with English law and any dispute shall be referred to the non-exclusive jurisdiction of the English courts.

20. No relationship of Landlord and Tenant is intended to be created by the parties to this Agreement.

21 No party shall have any rights under this Agreement under the Contracts (Rights of Third Parties) Act 1999.

22 This agreement may be signed in two counterparts, each of which is an original and which, together, have the same effect as if each party had signed the same document

AS WITNESS the hands of the parties hereto

Signed by 2 duly authorised)
Members for and on behalf)
of Knight Frank LLP)

....

Member

....

Member

DATED

1st March 2012

UNDERLEASE

relating to

PART 4 TH FLOOR (SOUTH BLOCK), 55 BAKER STREET, LONDON W1U 8AN

between

KNIGHT FRANK LLP

and

YELP UK LIMITED

CONTENTS

THIS LEASE is made the 1st   day of March 2012

BETWEEN:

(1) KNIGHT FRANK LLP (registration number OC305934) whose registered office is at 55 Baker Street, London W1U 8AN ('the Landlord'); and

(2) YELP UK LIMITED (registration number 06762006) whose registered office is at 5 St. John's Lane, London EC1M 4BH ('the Tenant').

NOW THIS DEED WITNESSES as follows:

1 DEFINITIONS AND INTERPRETATION

For all purposes of this Sublease the terms defined in this clause have the meanings specified.

1.1 'the Adjoining Conduits'

'the Adjoining Conduits' means the pipes, sewers, drains, mains, ducts, conduits, gutters, watercourses, wires, cables, laser optical fibres, data or impulse transmission, communication or reception systems, channels, flues and all other conducting media including any fixings, louvres, cowls, covers and other ancillary apparatus that are in, on, over or under any adjoining property of the Landlord that serve the Premises.

1.2 'adjoining property of the Landlord'

References to 'adjoining property of the Landlord' are references to each and every **part** of any neighbouring or adjoining land including the rest of the Headlease Premises and the rest of the Building in which the Landlord or the Head Landlord, or a company that is a member of the same group as the Landlord or the Head Landlord within the meaning of the 1954 Act Section 42, has or during the Term acquires an interest or estate.

1.3 'the Building'

'the Building' means 55 Baker Street, London W1 and registered under the Land Registry under title number LN153076 and LN162010 edged blue on plan 1 in the Headlease.

1.4 'the Common Parts'

'the Common Parts' means the Office Common Parts and the Building Common Parts which terms shall bear the same meaning as in the Headlease

1.5 'the Conduits'

'the Conduits' means the pipes, sewers, drains, mains, ducts, conduits, gutters, watercourses, wires, cables, laser optical fibres, data or impulse transmission, communication or reception systems, channels, flues and all other conducting media including any fixings, louvres, cowls, covers and any other ancillary apparatus that are in, on, over or under the Premises.

1.6 ‘the Term’

‘the Term’ means 5 years commencing on and including the date hereof.

1.7 ‘development’

References to ‘development’ are references to development as defined by the Town and Country Planning Act 1990 Section 55.

1.8 Gender and number

Words importing one gender include all other genders; words importing the singular include the plural and vice versa.

1.9 ‘the Head Landlord’s Expenses’

‘the Head Landlord’s Expenses’ means LANDLORD’S EXPENSES as defined in clause 1 of the Headlease.

1.10 Headings

The clause, paragraph and schedule headings and the table of contents do not form part of this document and are not to be taken into account in its construction or interpretation.

1.11 ‘the Headlease’

‘the Headlease’ means the lease under which the Landlord holds the Headlease Premises dated 7 th April 2009 and made between (1) London & Regional (Baker Street) Limited (**‘the Head Landlord’**) and (2) the Landlord for a term commencing on 2 nd June 2008 and expiring on 23 June 2028

1.12 ‘the Headlease Premises’

‘the Headlease Premises’ means all the fourth floor of the South Wing of the Building.

1.13 ‘the Initial Rent’

‘The Initial Rent’ means £786968 per annum save that from 1st March 2014 to 30th April 2014 and from 1st March 2015 to 30th April 2015 and from 1st March 2016 to 30 April 2016 the Initial Rent shall be a peppercorn if demanded.

1.14 ‘the Insurance Rent’

‘the Insurance Rent’ means the Insurance Rent as defined in the Headlease payable to the Head Landlord by the Landlord in respect of the gross sums including any commission that the Head Landlord from time to time pays

1.14.1 by way of premium for insuring the Building and all plant and equipment serving the Building, including insuring for loss of rent, in accordance with his obligations contained in the Headlease,

1.14.2 by way of premium for insuring in such amount and on such terms as the Head Landlord acting reasonably considers appropriate against property owners liability and such other insurance the Landlord may effect pursuant to clause 7.1 of the Headlease, and

1.14.3 for insurance valuations and inspections at appropriate intervals.

1.15 ‘Interim Service Charge’

‘Interim Service Charge’ shall have the same meaning as in the Headlease.

1.16 'the Insured Risks'

'the Insured Risks' shall have the same meaning as in the Headlease.

1.17 'interest'

References to 'Interest' are references to interest payable during the period from the date on which the payment is due to the date of payment, both before and after any judgment, at the Interest Rate then prevailing decided on by the Landlord acting reasonably.

1.18 'the Interest Rate'

'the Interest Rate' means the rate of 4% above the base lending rate of National Westminster Bank Plc or such other bank as the Landlord may from time to time nominate in writing.

1.19 Interpretation of 'the Building'

The expression 'the Building', where the context so admits, includes any other adjoining property of the Landlord or the Head Landlord constructed or adapted to form **part** of the Building.

1.20 Interpretation of 'consent' and 'approved'

1.20.1 Prior written consent or approval

References to 'consent of the Landlord' or words to similar effect are references to a prior written consent signed by or on behalf of the Landlord and references to the need for anything to be 'approved by the Landlord' or words to similar effect are references to the need for a prior written approval by or on behalf of the Landlord.

1.20.2 Consent or approval of mortgagee or head landlord

To the extent that this is not already expressly provided for by this Sublease, any provisions in this Sublease referring to the consent or approval of the Landlord are to be construed as also requiring the consent or approval of any mortgagee of the Premises or receiver the Head Landlord and the landlord of any superior interest in the Premises where that consent is required. Nothing in this Sublease is to be construed as imposing any obligation on a mortgagee or Head Landlord or other party not to refuse any such consent or approval unreasonably.

1.21 Interpretation of 'the Guarantor'

The expression 'the Guarantor' includes any person who enters into covenants with the Landlord pursuant to clause 3.9.4.1 CONDITIONS or clause 3.20 REPLACEMENT GUARANTOR.

1.22 Interpretation of 'the Head Landlord'
The expression 'the Head Landlord' includes his successors in title.

1.23 Interpretation of 'the Landlord'

The expression 'the Landlord' includes the person or persons from time to time entitled to possession of the Premises when this Sublease comes to an end.

1.24 lnterpretatlon of 'the last year of the Term' and 'the end of the Term'

References to 'the last year of the Term' are references to the actual last year of the Term however it determines, and references to the 'end of the Term' are references to the end of the Term whenever and however it determines.

1.25 Interpretation of ‘this Sublease’

The expression ‘this Sublease’ includes, unless expressly stated to the contrary, any document supplemental to or collateral with this document or entered into in accordance with this document.

1.26 Interpretation of ‘the Tenant’

‘the Tenant’ includes any person who is for the time being bound by the tenant covenants of this Sublease.

1.27 Joint and several liability

Where any party to this Sublease for the time being comprises two or more persons, obligations expressed or implied to be made by or with that party are deemed to be made by or with the persons comprising that party jointly and severally.

1.28 ‘the Liability Period’

‘the Liability Period’ means

1.28.1 in the case of any guarantor required pursuant to clause 3.9.4.1 CONDITIONS, the period during which the relevant assignee is bound by the tenant covenants of this Sublease together with any additional period during which that assignee is liable under an authorised guarantee agreement,

1.28.2 in the case of any guarantor under an authorised guarantee agreement, the period during which the relevant assignee is bound by the tenant covenants of this Sublease, and

1.28.3 in the case of any guarantor required pursuant to clause 3.9.7.6 TERMS OF A PERMITTED SUBUNDERLEASE, the period during which the relevant assignee of the subunderlease is bound by the tenant covenants of that subunderlease.

1.28.4 in the case of any guarantee given pursuant to clause 8, the period during which the Tenant is bound by the Tenant covenants of this Sublease.

1.29 ‘losses’

References to ‘losses’ are references to liabilities, damages or losses, awards of damages or compensation, penalties, costs, disbursements and expenses properly arising from any claim, demand, action or proceedings.

1.30 ‘the 1954 Act’

‘the 1954 Act’ means the Landlord and Tenant Act 1954 and all statutes, regulations and orders included by virtue of clause 1.44 REFERENCES TO STATUTES.

1.31 ‘the 1995 Act’

‘the 1995 Act’ means the Landlord and Tenant (Covenants) Act 1995 and all statutes, regulations and orders included by virtue of clause 1.44 REFERENCES TO STATUTES.

1.32 Obligation not to permit or suffer

Any covenant by the Tenant or the Landlord not to do anything includes an obligation not to permit or suffer that thing to be done by another person.

1.33 ‘the Office Covenants’

‘the Office Covenants’ means the covenants set out in schedule 3 THE OFFICE COVENANTS.

1.34 ‘other buildings’

References to ‘other buildings’ are references to the buildings now or at any time during the Term erected on any adjoining property of the Landlord.

1.35 Plant

Plant shall have the same meaning as in the Headlease.

1.36 ‘the Permitted Hours’

‘the Permitted Hours’ means 24 hours per day, 7 days a week

1.37 ‘the Plan’

‘the Plan’ means the plan annexed to this Sublease.

1.38 ‘the Planning Acts’

‘the Planning Acts’ means the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Consequential Provisions) Act 1990, the Planning (Hazardous Substances) Act 1990, the Planning and Compensation Act 1991, the Planning and Compulsory Purchase Act 2004 and all statutes, regulations and orders included by virtue of clause 1.44 REFERENCES TO STATUTES.

1.39 ‘the Premises’

1.39.1 Definition of ‘the Premises’

‘the Premises’ means all that part of the Fourth floor of the Building shown edged red on the Plan.

1.39.2 Interpretation of ‘the Premises’

The expression ‘the Premises’ includes

1.39.2.1 the floor and ceiling finishes, but not any other part of the floor slabs and ceiling slabs that bound the Premises,

1.39.2.2 the inner half severed medially of the internal non-loadbearing walls that divide the Premises from any other premises,

1.39.2.3 the interior plaster and decorative finishes of all walls bounding the Premises,

1.39.2.4 the doors and door frames together with the internal faces of the windows and window frames at the Premises,

1.39.2.5 all additions and improvements to the Premises,

1.39.2.6 all the landlord’s fixtures and fittings and fixtures of every kind that are from time to time in or on the Premises and the Conduits exclusively sewing the Premises,

1.39.2.7 but excludes external windows and their frames and all external structural or loadbearing walls columns beams and supports (whether or not shown within the red edging on the Plan) all Plant and all tenant’s and trade fixtures and fittings,

Unless the contrary is expressly stated, ‘the Premises’ includes any part or parts of the Premises.

1.40 ‘Landlord’s Furniture’

‘Landlord’s Furniture’ means the furniture listed in the inventory of office furniture annexed hereto.

1.41 References to clauses and schedules

Any reference in this document to a clause, paragraph or schedule without further designation is to be construed as a reference to the clause, paragraph or schedule of this document so numbered.

1.42 References to rights of access

References to any right of the Landlord to have access to the Premises are to be construed as extending to the Head Landlord and all other landlords of any superior interest and any mortgagee of the Premises where the headlease or mortgage or other lease grants such rights of access to the Head Landlord or other landlord or mortgagee and to all persons authorised in writing by the Landlord and any head landlord or other landlord or mortgagee, including agents, professional advisers, contractors, workmen and others.

1.43 References to statutes

Unless expressly stated to the contrary, any reference to a specific statute includes any statutory extension or modification, amendment or re-enactment of that statute and any regulations or orders made under it, and any general reference to a statute includes any regulations or orders made under that statute.

1.44 'the Rent'

From and including the Rent Commencement Date 'the Rent' means the Initial Rent. 'The Rent' does not include the Insurance Rent and the Service Charge Rent, but the term 'the Lease Rents' means the Rent, the Insurance Rent and the Service Charge Rent.

1.45 'the Rent Commencement Date'

'The Rent Commencement Date' means 15 th June 2012

1.46 Rights exercisable by the Head Landlord and any mortgagee

To the extent that this is not already expressly provided for by this Sublease references to any right exercisable by the Landlord, or any right exercisable by the Tenant in common with the Landlord, is to be construed as including, where appropriate, reference to the exercise of the right by the Head Landlord and any mortgagee of the Premises or the landlord of any superior interest in the Premises and all persons authorised by the Landlord or the Head Landlord or mortgagee (including agents, professional advisers, contractors, workmen and others) or such other person in common with all other persons having a like right.

1.47 'the Service Charge'

'the Service Charge' means the Service Charge and Interim Service Charge as defined in the Headlease.

1.48 'the Service Charge Rent'

'the Service Charge Rent' means the amount payable by the Tenant pursuant to clause 2.3 in respect of the Service Charge

1.49 'the Services'

'the Services' shall have the same meaning as in the Headlease.

1.50 'the Surveyor'

'the Surveyor' means any suitably qualified person or firm appointed by the Landlord who shall act in a professional manner. The Surveyor may be an employee of the Landlord or a company that is a member of the same group as the Landlord within the meaning of the 1954 Act Section 42. The expression 'the Surveyor' includes the person or firm appointed by the Landlord to collect the Lease Rents.

1.51 'Schedule of Condition'

'Schedule of Condition means the schedule of condition attached hereto

1.52 Terms from the 1995 Act

Where the expressions 'landlord covenants', 'tenant covenants', or 'authorised guarantee agreement' are used in this Sublease they are to have the same meaning as is given by the 1995 Act Section 28(1).

1.53 'Uninsured Risks'

Uninsured Risks shall have the same meaning as in the Headlease.

1.54 'VAT'

'VAT' means value added tax or any other tax of a similar nature and unless otherwise expressly stated all references to rents or other sums payable by the Tenant are exclusive of VAT.

1.55 'the Service Charge Cap'

'the Service Charge Cap' means:-

(a) for the period commencing on and including the date of commencement of the Term until the expiry of the Accounting Period (as defined in the Headlease) ending in 2012, the sum of £175662.50 per annum apportioned on a daily basis as to any period of less than one year; and

(b) for each subsequent Accounting Period (but apportioned on a daily basis as to any such Accounting Period as is less than one year) the annual sum being the greater of:

(i) £ 175662.50 ; and

(ii) the sum calculated in accordance with the following formula

$$SCC = \frac{S \times A}{B}$$

where:

SCC = the Service Charge Cap for the relevant Accounting Period

S =

A = the figure shown in the All-items Retail Prices Index published by the Office for the National Statistics (or any successor ministry or government department) ("the Index") for the month immediately preceding the commencement of the relevant Accounting Period

B = the figure of the Index for the month of December 2011

Provided always that:

(c) if the reference base used to compile the Index shall change after the date of this Sublease the figure taken to be shown in the Index after the change shall be the figure which would have been shown in the Index if the reference base current at the date of this Sublease had been retained;

(d) if it becomes impossible by reason of any change after the date of this Sublease in the method used to compile the index for any reason whatsoever to calculate A by reference to the Index or if any dispute or question whatever shall arise with respect to the amount of the Service Charge Cap or the construction or effect of this definition clause the determination of the Service Charge Cap or other matter in dispute shall be determined by an arbitrator to be appointed either by agreement between the Landlord and the Tenant or in the absence of agreement by the President for the time being of the Royal Institution of Chartered Surveyors (or his duly appointed deputy or any person authorised by him to make appointments on his behalf) on the application of either the Landlord or the Tenant being deemed to be a submission to arbitration within the meaning of the Arbitration Act 1996 who shall have full power to determine on such dates as he shall deem apposite what would have been the change (whether an increase or a decrease) in the Index had it continued on the basis and in view of the information assumed to be available for the operation of the Service Charge Cap or (if that determination shall also be impossible) shall determine a reasonable Service Charge Cap for the Premises on such dates having regard to the purposes and intent of the provisions of this definition clause for the review of the Service Charge Cap provided that the fees of such person including the cost of his appointment shall be borne equally by the Landlord and Tenant.

2 DEMISE

The Landlord lets the Premises to the Tenant with full title guarantee, together with the rights specified in schedule 1 THE RIGHTS GRANTED but excepting and reserving to the Landlord and the Head Landlord the rights specified in schedule 2 THE RIGHTS RESERVED, to hold the Premises to the Tenant for the Term, subject to all rights, easements and privileges reserved to the Head Landlord by and the restrictions, covenants and stipulations contained in the Headlease and any matters contained or referred to in schedule 4 THE SUBJECTIONS, yielding and paying to the Landlord

2.1 the Rent, without any deduction or set-off, by equal quarterly payments in advance on the usual quarter days in every year and proportionately for any period of less than a year, the first such payment, a proportionate sum in respect of the period from and including the Rent Commencement Date to and including the day before the quarter day next after the Rent Commencement Date to be paid on the date of this document, and

2.2 by way of further rent, a fair and proper proportion reasonably attributable to the Premises to be determined by the Surveyor of the Insurance Rent, payable within 10 days of written demand in accordance with clause 7.2 PAYMENT OF THE INSURANCE RENT, and

2.3 by way of further rent, a fair and proper proportion reasonably attributable to the Premises to be determined by the Surveyor of the Service Charge, (including any sums payable on account or by way of adjustment) within 14 days of written demand as and when the same becomes due from the Landlord to the Head Landlord in accordance with the terms of the Headlease, the first such payment, being a proportionate on account sum in respect of the period from and including the date of commencement of the term to and including the day before the quarter day next hereafter, to be paid on the date of this document provided that the total amount payable by the Tenant in any Accounting Period under this clause 2.3 (excluding any payment or costs in respect of utilities whether in or relating to the Premises or the Common Parts) net of VAT shall not exceed the Service Charge Cap, and

2.4 at the same time as the sum on which it is charged any VAT which may be properly chargeable on any of the Lease Rents or other sums reserved or chargeable under this Lease.

3 THE TENANT’S COVENANTS

The Tenant covenants with the Landlord to observe and perform the requirements of this clause 3.

3.1 Rent

3.1.1 *Payment of the Lease Rents*

The Tenant must pay the Lease Rents on the days and in the manner set out in this Sublease, and must not exercise or seek to exercise any right or claim to withhold rent, or any right or claim to legal or equitable set-off (save as required by law).

3.1.2 *Payment by banker’s order*

If so required in writing by the Landlord, the Tenant must pay the Lease Rents by banker’s order or credit transfer to any bank and account in the United Kingdom that the Landlord nominates in writing from time to time giving the Tenant not less than 21 days notice.

3.2 Outgoings and VAT

3.2.1 *Outgoings exclusive to the Premises*

The Tenant must pay, and must indemnify the Landlord against

3.2.1.1 all rates, taxes, assessments, duties, charges, impositions and outgoings that are now or may at any time during the Term be properly charged, assessed or imposed upon the Premises or on the owner or occupier of them, excluding any payable by the Landlord or Head Landlord occasioned by receipt of the Lease Rents or by any disposition of or dealing with the reversion to this Sublease provided that if the Landlord suffers any loss of rating relief that may be applicable to empty premises after the end of the Term because the relief has been allowed to the Tenant in respect of any period before the end of the Term then the Tenant must make good such loss to the Landlord, and

3.2.1.2 all VAT that may from time to time be properly charged on the Lease Rents or other sums payable by the Tenant under this Sublease on receipt of a valid VAT invoice from the Landlord addressed to the Tenant, and

3.2.1.3 all VAT incurred in relation to any costs that the Tenant is obliged to pay or in respect of which he is required to indemnify the Landlord or the Head Landlord under the terms of this Sublease, save where such VAT is recovered or set off by the Landlord or the Head Landlord as input tax.

3.2.2 *Outgoings assessed on the Premises and of other property*

The Tenant must pay, and must indemnify the Landlord against, the proportion reasonably attributable to the Premises to be determined from time to time by the Surveyor, of all rates, taxes, assessments, duties, charges, impositions and outgoings that are now or at any time during the Term may be charged, assessed or imposed on the Premises together with any other property, including any adjoining property of the Landlord, or on their owners or occupiers excluding any payable by the Landlord or Head Landlord occasioned by receipt of the Lease Rents or by any disposition of or dealing with the reversion to this Sublease.

3.3 Cost of services consumed

3.3.1 The Tenant must pay to the suppliers, and indemnify the Landlord and the Head Landlord against, all proper charges for, water, gas, telecommunications and other services consumed or used at or in relation to the Premises by the Tenant or any other permitted occupier, including meter rents and standing charges, and must comply with the lawful requirements and regulations of their respective suppliers.

3.3.2 The Tenant must pay to the Landlord within 14 days of written demand the proportion reasonably and properly attributable to the Premises to be determined from time to time by the Surveyor, of the electricity consumed on the fourth floor of the Building.

3.4 Repair, cleaning and decoration

3.4.1 Repair of the Premises

Subject to the provisions of clause 3.4.8 the Tenant must keep the Premises (including for the avoidance of doubt the landlord’s fixtures and fittings) in good and substantial repair and condition, except for damage caused by one or more of the Insured Risks or Uninsured Risks save to the extent that the insurance money is irrecoverable due to any act or default of the Tenant or anyone at the Premises expressly or by implication with its authority and furthermore save that the Tenant shall not be obliged to put the Premises into any better state and condition than the condition as at the date hereof as evidenced by the Schedule of Condition.

3.4.2 *Replacement of landlord's fixtures*

The Tenant must replace from time to time any landlord's fixtures and fittings in the Premises that are beyond repair at any time during or at the end of the Term damage by lnsured Risks or Uninsured Risks excepted save to the extent that the insurance money is irrecoverable due to any act or default of the Tenant or anyone at the Premises expressly or by implication with its authority.

3.4.3 *Cleaning and tidying*

The Tenant must keep the Premises clean and tidy and clear of all rubbish.

3.4.4 *Maintenance*

3.4.4.1 To keep the Conduits which solely serve the Premises clear and unobstructed and in good and proper working order.

3.4.4.2 To comply with all requirements and regulations of the statutory authorities or other supply companies with regard to any such Conduits and other equipment solely serving the Premises and to keep all such equipment in good repair and working order at all times.

3.4.4.3 Not without the Landlord's written consent (which consent shall not be unreasonably withheld or delayed) to carry out any work or to make any alteration or extension to any such Conduits apparatus systems or other equipment as is referred to in clause 3.4.4.2.

3.4.4.4 To comply with the requirements and data contained in all maintenance manuals provided to the Tenant relating to the constituent parts of the Premises and relating to plant and machinery therein.

3.4.4.5 To clean the windows (excluding the outside of any external windows) and other lights and any glass in the doors of the Premises as often as reasonably necessary.

3.4.5 *Repair on Notice*

3.4.5.1 To make good with all reasonably practicable speed any failure to repair maintain or decorate the Premises for which the Tenant is liable and of which the Landlord has given notice in writing starting the necessary work as soon as is realistically practicable after the Landlord's notice and then proceeding diligently and without interruption.

3.4.5.2 If the Tenant does not comply with clause 3.4.5.1 within 2 months of the date of the notice (or sooner in an emergency)

(i) to allow the Landlord to enter the Premises and make good any such failure to repair maintain or decorate; and

(ii) to pay within 14 days of written demand the proper costs of doing so (including fees) together with Interest thereon from the date of expenditure to the date of payment such sums being recoverable either as a debt or as rent in arrears at the option of the Landlord.

3.4.6 Decoration

In the last 3 months of the Term the Tenant must redecorate the Premises in a good and workmanlike manner, with appropriate materials of good quality, to the reasonable satisfaction of the Surveyor, any change in the tints, colours and patterns of the decoration in the last year of the Term to be approved by the Landlord, whose approval may not be unreasonably withheld or delayed, and the Head Landlord.

3.4.7 Landlord's Furniture

The Tenant shall keep the Landlord's Furniture in as good condition as at the date hereof as referred to in the Schedule of Condition (damage by fair wear and tear excepted) and shall replace any items of the Landlord's Furniture which are beyond economic repair with new items of similar standard and quality at the Tenant's expense

3.4.8 Dilapidations Payment

At the end of the Term the Tenant shall pay to the Landlord the amount required to indemnify the Landlord against:-

3.4.8.1 the cost of any decoration or repair required to the Premises

3.4.8.2 the cost of cleaning carpets or replacing carpets

3.4.8.3 the cost of any repairs to Landlord's fixtures and fittings and the Landlord's furniture (in each case other than those which are beyond economic repair which the Tenant shall be required to replace at its expense).

In every case so that the Premises and the Landlord's fixtures and fittings are in no worse state and condition than as at the date hereof as shown in the Schedule of Condition

3.5 Waste and alterations

3.5.1 ***Waste, additions and alterations***

The Tenant must not commit any waste, make any addition to the Premises, unite the Premises with any adjoining premises, or make any alteration to the Premises except as permitted by the provisions of this clause 3.5.

3.5.2 ***Pre-conditions for alterations***

The Tenant must not make any internal non-structural alterations to the Premises unless he first

3.5.2.1 obtains and complies (if applicable) with the necessary consents of the competent authorities and pays their charges for them,

3.5.2.2 makes an application to the Landlord and the Head Landlord for consent, supported by drawings and where appropriate a specification,

3.5.2.3 pays the reasonable and proper fees of the Landlord, the Head Landlord and their respective professional advisers,

3.5.2.4 enters into any covenants the Landlord or the Head Landlord reasonably deems necessary, and

3.5.2.5 obtains the consent of the Landlord, whose consent may not be unreasonably withheld or delayed, and of the Head Landlord in accordance with the terms of the Headlease.

3.5.3 ***Internal partitions***

Without prejudice to the provisions of this clause 3.5, the Tenant may install and remove internal demountable partitioning, relocate electrical points and alter tenant's light fittings without obtaining the Landlord's and the Head Landlord's consent provided that such works

3.5.3.1 do not affect directly or indirectly the efficient operation of the mechanical and electrical systems and/or the fire services in the Building,

3.5.3.2 do not overload the electrical devices at the Building,

3.5.3.3 do not invalidate any warranties which the Landlord benefits from in relation to such systems,

3.5.3.4 do not in any way adversely affect the Plant, and

3.5.3.5 are not detrimental to the external appearance of the Building,

Provided further that the Tenant:

3.5.3.5 notifies the Landlord of any works affecting the Plant and complies fully with all requirements of the Landlord and the Head Landlord in respect of any alteration which may affect the Plant and otherwise takes into account all representations made by the Landlord and the Head Landlord in relation to the carrying out of the works;

3.5.3.6 gives the Landlord a plan and specification of the works within 20 working days of their completion; and

3.5.3.7 ensures that any disruption of services to the Building Common Parts and the Office Common Parts is kept to a minimum and that any damage caused is made good forthwith.

3.5.4 In the event that the Tenant shall carry out any alteration or addition to the Premises to notify the Landlord in writing as soon as reasonably practicable following completion of such works of any resulting increase in the reinstatement cost of the Premises for insurance purposes.

3.5.5 Removal of alterations

At the end of the Term,, the Tenant must;

3.5.5.1 remove any additional buildings, additions, alterations or improvements made to the Premises by the Tenant or any undertenant or other occupier and must make good any part of the Premises that is damaged by their removal; and

3.5.5.2 if required by the Landlord reinstate the Premises to the condition as at the date hereof such reinstatement to be carried out to the reasonable satisfaction of the Surveyor.

3.5.6 ***Connection to the Conduits***

3.5.6.1 The Tenant must not make any connection with the Conduits except in accordance with plans and specifications approved by the Landlord, whose approval may not be unreasonably withheld or delayed, and by the Head Landlord, and subject to consent to make the connection having previously been obtained from the competent authority, undertaker or supplier provided that the Tenant (subject to any necessary consents required under clause 3.5.2) may install its own power supply to the Premises in addition to the existing power supply.

3.5.6.2 The Tenant must not damage nor interfere in any way with any of the Conduits passing under the Premises which serve any adjoining property of the Landlord.

3.5.7 In the event of the Tenant failing to observe the material covenants in this clause 3.5 it shall be lawful for the Landlord with all necessary materials and appliances to enter upon the Premises and remove any alterations or additions and execute such works as may be necessary to restore the Premises to its former state and the proper costs and expenses thereof (including surveyors' and other professional fees) shall be paid by the Tenant to the Landlord within 14 days of written demand together with Interest thereon from the date of expenditure to the date of payment provided that if the Landlord exercises such right of entry it shall do so at reasonable hours and on reasonable written notice (save in case of emergency) causing as little damage as is reasonably practicable.

3.5.8 Where the Tenant proposes to carry out any alteration permitted by this clause and which will require the use of the loading bays within the Building for the purpose of the delivery of materials and equipment then the Tenant must give to the Landlord and the Head Landlord not less than five working days' prior notice in writing of such deliveries (or two working days' notice in the case of minor use (which if the nature of such use is in doubt shall be determined by the Landlord acting reasonably)).

3.5.9 Notwithstanding the foregoing the Landlord or the Head Landlord shall be entitled to withhold its consent under this clause to any works proposed by the Tenant which would result in a tax charge being levied against the Landlord or the Head Landlord unless the Tenant underwrites such charge.

3.6 Signs and Notices

3.6.1 Not to display any branding material in the Premises so as to be visible from outside the Building.

3.6.2 Not to display any sign or advertisement on the outside of the Premises save for usual tenant's signage displaying either the name of the Tenant or any one permitted occupier within the main reception of the Building in the house style and in the lift lobby immediately outside the entrance to the Premises to be approved by the Landlord such approval not to be unreasonably withheld or delayed.

3.7 Statutory obligations

3.7.1 ***General provision***

The Tenant must comply in all respects with the requirements of any statutes, and any other obligations so applicable imposed by law or by any byelaws, applicable to the Premises or the trade or business for the time being carried on there.

3.7.2 ***Particular obligations***

3.7.2.1 Works required by statute, department or authority

Without prejudice to the generality of clause 3.7.1, the Tenant must execute all works and provide and maintain all arrangements on or in respect of the Premises or the use to which they are being put that are required in order to comply with the requirements of any statute already or in the future to be passed, or the requirements of any government department, local authority or other public or competent authority or court of competent jurisdiction, regardless of whether the requirements are imposed on the owner, the occupier, or any other person.

3.7.2.2 Acts causing losses

Without prejudice to the generality of clause 3.7.1, the Tenant must not do in or near the Premises anything by reason of which the Landlord or the Head Landlord may incur any losses under any statute.

3.7.2.3 Construction (Design and Management) Regulations

Without prejudice to the generality of clause 3.7.1, the Tenant must comply with the provisions of the Construction (Design and Management) Regulations 1994 ('the CDM Regulations'), in relation to the Premises be the only client, as defined in the provisions of the CDM Regulations, fulfil, in relation to all and any works carried out to the Premises, all the obligations of the client as set out in or reasonably to be inferred from the CDM Regulations, and make a declaration to that effect to the Health and Safety Executive in accordance with the Approved Code of Practice published from time to time by the Health and Safety Executive in relation to the CDM Regulations.

3.7.2.4 Delivery of health and safety files

At the end of the Term, the Tenant must with all reasonable speed deliver to the Landlord or to the Head Landlord (if so required by the Landlord or the Head Landlord) any and all health and safety files relating to the Premises in accordance with the CDM Regulations.

3.8 Entry to inspect and notice to repair

3.8.1 ***Entry and notice***

The Tenant must permit the Landlord and the Head Landlord on not less than 48 hours' written notice during normal business hours except in emergency to enter the Premises

3.8.1.1 to ascertain whether or not the covenants and conditions of this Sublease have been observed and performed,

3.8.1.2 to view the state of repair and condition of the Premises, and to open up floors and other parts of the Premises where that is reasonably necessary in order to do so,

3.8.1.3 to repair maintain alter or clean any part of the Building,

3.8.1.4 to repair maintain clean alter replace or add any Conduits which serve any part of the Building,

3.8.1.5 to comply with any of its obligations under this Sublease the Headlease or a superior lease of the Premises or any part of the Building, and/or

3.8.1.6 to give to the Tenant, or notwithstanding clause 10.7 NOTICES leave on the Premises, a notice ('a notice to repair') specifying the works required to remedy any breach of the Tenant's obligations in this Sublease as to the repair and condition of the Premises.

Provided that this right is subject to the Landlord and/or the other persons entering into the Premises:-

(a) causing as little inconvenience as reasonably possible to the Tenant, any undertenant or any other lawful occupier or their respective servants, agents, licensees, invitees or visitors,

(b) with all reasonable speed making good all damage occasioned in the exercise of such right of entry to the Premises and to the Tenant's fixtures, fittings and equipment to the reasonable satisfaction of the Tenant, and

(c) only opening up floors and other parts of the Premises where the works or other purposes cannot reasonably be carried out by the Landlord without such access.

3.8.1.7 in the last 3 months of the Term with or without other persons in relation to marketing the Premises.

3.8.2 ***Works to be carried out***

The Tenant must carry out the works specified in a notice to repair as soon as reasonably practicable, including making good any opening up that revealed a breach of the tenant covenants of this Sublease.

3.8.3 ***Landlords' power in default***

If within 2 months of the service of a notice to repair the Tenant has not started to execute the work referred to in that notice, or is not proceeding diligently with it, or if the Tenant fails to finish the work within a reasonable period of time, or if in the Landlord's or Head Landlord's reasonable opinion the Tenant is unlikely to finish the work within that period, the Tenant must permit the Landlord or the Head Landlord to enter the Premises to execute the outstanding work, and must within 14 days of a written demand pay to the Landlord or the Head Landlord (as the case may be) the proper cost of so doing and all expenses properly incurred by the Landlord or the Head Landlord (as the case may be), including reasonable and proper legal costs and surveyor's fees.

3.9 **Alienation**

3.9.1

3.9.1.1 ***Alienation prohibited***

The Tenant must not hold the Premises on trust for another. The Tenant must not part with possession of the Premises or any part of the Premises or permit another to occupy them or any part of them except pursuant to a transaction permitted by and effected in accordance with the provisions of this Sublease.

3.9.1.2 ***Assignment, subletting and charging of part***

The Tenant must not assign, sublet or charge **part** only of the Premises.

3.9.2 ***Assignment of the whole***

Subject to clauses 3.9.3 CIRCUMSTANCES and 3.9.4 CONDITIONS, the Tenant must not assign the whole of the Premises without the consent of the Landlord, whose consent may not be unreasonably withheld or delayed, and of the Head Landlord in accordance with the terms of the Headlease.

3.9.3 Circumstances

If any of the following circumstances which are specified for the purposes of the Landlord and Tenant Act 1927 Section 19(1A) applies either at the date when application for consent to assign is made to the Landlord, or after that date but before the Landlord's consent is given, the Landlord may withhold his consent and if, after the Landlord's consent has been given but before the assignment has taken place, any such circumstances apply, the Landlord may revoke his consent, whether his consent is expressly subject to a condition as referred to in clause 3.9.5.4 CONDITIONS or not. The circumstances are

3.9.3.1 that any sum properly due from the Tenant under this Sublease remains unpaid unless the subject of a bona fide dispute,

3.9.3.2 that in the Landlord's reasonable opinion the assignee is not of sufficient financial standing to be able to comply with the tenant covenants of this Sublease and to continue to be able to comply with them following the assignment,

3.9.3.3 that the assignee is reasonably considered by the Landlord to be a competitor of the Landlord,

3.9.3.4 that the assignee would have the right to claim diplomatic immunity or exemption in relation to the observance and performance of the covenants and conditions of and contained in the sublease

3.9.4 Conditions

The Landlord may impose any or all of the following conditions which are specified for the purposes of the Landlord and Tenant Act 1927 Section 19(1A) on giving any consent for an assignment by the Tenant, and any such consent is to be treated as being subject to each of the following conditions

3.9.4.1 a condition that on or before any assignment and before giving occupation to the assignee, the Tenant requesting consent to assign, together with any former tenant who by virtue of the 1995 Act Section 11 was not released on an earlier assignment of this Sublease, must enter into an authorised guarantee agreement in favour of the Landlord in the terms set out in schedule 5 THE AUTHORISED GUARANTEE AGREEMENT,

3.9.4.2 a condition that on or before any assignment and before occupation is given to the assignee, the assignee must enter into a direct covenant with the Head Landlord that while he is bound by the tenant covenants of this Sublease the assignee will observe and perform the tenant covenants contained in the Headlease in so far as they relate to the Premises except the covenant to pay the rents reserved by the Headlease,

3.9.4.3 a condition that if reasonably so required by the Landlord on an assignment to a limited company, the assignee must ensure that at least 2 directors of the company, or such other guarantor or no more than two guarantors reasonably acceptable to the Landlord, enter into direct covenants with the Landlord in the form of the guarantor's covenants contained in clause 8 GUARANTEE PROVISIONS with 'the Assignee' substituted for 'the Tenant', and

3.9.4.4 a condition that if, at any time before the assignment, the circumstances specified in clause 3.9.4 CIRCUMSTANCES, or any of them, apply, the Landlord may revoke the consent by written notice to the Tenant.

3.9.5 Charging of the whole

The Tenant must not charge the whole of the Premises without the consent of the Landlord, whose consent may not be unreasonably withheld or delayed, and of the Head Landlord in accordance with the terms of the Headlease.

3.9.6 Subletting

The Tenant must not sublet the whole of the Premises without the consent of the Landlord, whose consent may not be unreasonably withheld or delayed, and of the Head Landlord in accordance with the terms of the Headlease nor in any case to an underlessee who would have the right to claim diplomatic immunity or exemption in relation to the observance and performance of the covenants and conditions of and contained in the underlease or to an underlessee reasonably considered by the Landlord to be a competitor of the Landlord.

3.9.7 Terms of a permitted sublease

Every permitted sublease must be granted, without a fine or premium, at a rent not less than the then full open market rent payable in respect of the Premises to be approved by the Landlord and the Head Landlord (such approval in the case of the Landlord not to be unreasonably withheld or delayed) before the sublease is granted, to be payable in advance on the days on which the Rent is payable under this Sublease. Every permitted sublease must contain provisions approved by the Landlord and the Head Landlord such approval not to be unreasonably withheld or delayed,

3.9.7.1 prohibiting the subtenant from doing or allowing anything in relation to the Premises inconsistent with or in breach of the provisions of this Sublease,

3.9.7.2 for re-entry by the sublandlord on breach of any covenant by the subtenant,

3.9.7.3 imposing an absolute prohibition against all dealings with the Premises other than assignment, subletting or charging of the whole,

3.9.7.4 prohibiting assignment, subletting or charging of the whole of the Premises without the consent of the Landlord and the Head Landlord not to be unreasonably withheld or delayed in the case of the Landlord,

3.9.7.5 requiring the assignee on any assignment of the sublease to enter into direct covenants with the Landlord and the Head Landlord to the same effect as those contained in clause 3.9.8 SUBTENANT'S DIRECT COVENANTS,

3.9.7.6 requiring on each assignment of the sublease that the assignor enters into an authorised guarantee agreement in favour of the Landlord in the terms set out in schedule 6 THE AUTHORISED GUARANTEE AGREEMENT but adapted to suit the circumstances in which the guarantee is given,

3.9.7.7 prohibiting the subtenant from holding on trust for another or permitting another to share or occupy the whole or any part of the Premises (save for a group company of the subtenant in accordance with the provisions of Clause 3.9.12),

3.9.7.8 imposing in relation to any permitted assignment, subletting or charge the same obligations for registration with the Landlord and the Head Landlord as are contained in this Sublease in relation to dispositions by the Tenant,

3.9.7.9 imposing in relation to any permitted subletting the same obligations as are contained in this clause 3.9.7 and in clause 3.9.8 SUBTENANT'S DIRECT COVENANTS, in clause 3.8.10 ENFORCEMENT OF THE SUBLEASE, and

3.9.7.10 excluding the provisions of Sections 24-28 of the 1954 Act from the letting created by the sublease.

3.9.8 Subtenant's direct covenants

Before any permitted subletting, the Tenant must ensure that the subtenant enters into a direct covenant with the Landlord and the Head Landlord that while he is bound by the tenant covenants of the sublease the subtenant will observe and perform the tenant covenants contained in this Sublease and in the Headlease so far as they relate to the Premises except the covenant to pay the rents reserved by this Sublease and by the Headlease.

3.9.9 Requirement for 1954 Act exclusion

The Tenant must not grant a sublease or permit a subtenant to occupy the Premises unless an effective agreement has been made to exclude the operation of Sections 24 to 28 of the 1954 Act pursuant to Section 38A of the 1954 Act.

3.9.10 Enforcement, waiver and variation of subleases

In relation to any permitted sublease so far as material to the Landlord, the Tenant must enforce the performance and observance by every subtenant of the provisions of the sublease, and must not at any time either expressly or by implication waive any breach of the covenants or conditions on the part of any subtenant or assignee of any sublease nor without the consent of the Landlord, whose consent may not be unreasonably withheld or delayed, and of the Head Landlord in accordance with the terms of the Headlease, vary the terms of any permitted sublease.

3.9.11 Registration of permitted dealings

Within 28 days of any assignment, charge, sublease, or any transmission or other devolution relating to the Premises, the Tenant must produce a certified copy of any relevant document for registration with the Landlord's solicitor and with the Head Landlord's solicitor, and must pay the Landlord's solicitor's reasonable charges for registration of £50 plus VAT together with any reasonable and proper charges payable to the Head Landlord's solicitor in accordance with the terms of the Headlease.

3.9.12 Sharing with a group company

Notwithstanding clause 3.9.1 ALIENATION PROHIBITED, the Tenant may share the occupation of the whole or any part of the Premises with a company that is a member of the same group as the Tenant within the meaning of the 1954 Act Section 42 (for so long as both companies remain members of that group and otherwise than in a manner that transfers or creates a legal estate or other relationship of landlord and tenant) and for so long as the company is reasonably considered by the Landlord not to be a competitor of the Landlord) and the right of any company to share occupation of the Premises or any part or parts thereof as aforesaid shall forthwith determine upon such company ceasing to be a group company or upon the Tenant ceasing to be in occupation of the Premises or upon the termination of this Sublease (whichever shall be the earliest). The Tenant shall keep the Landlord promptly informed of the identity of all occupiers and the basis of their occupation of the Premises and in particular will within 14 days give details to the Landlord of any change in the identity of any occupier

3.9.13 Upon every application for consent required by sub-clause 3.9 to disclose to the Landlord such information as to the terms proposed by the Tenant as the landlord may reasonably require and whenever reasonably required by the Landlord within a reasonable time period to provide in writing full details of the actual occupation of the Premises.

3.10 Nuisance and residential restrictions

3.10.1 *Nuisance*

The Tenant must not do anything on the Premises, or allow anything to remain on them that may be or become or cause a nuisance, material disturbance, injury or damage to the Landlord or his tenants or to the Head Landlord or his tenants or to the owners or occupiers of any adjoining property of the Landlord or any other adjacent or neighbouring premises.

3.10.2 *Auctions, trades and immoral purposes*

The Tenant must not use the Premises for any auction sale, any dangerous, noxious, noisy or offensive trade, business, manufacture or occupation, or any illegal or immoral act or purpose.

3.10.3 *Residential use, sleeping and animals*

The Tenant must not use the Premises as sleeping accommodation or for residential purposes, or keep any animal, bird or reptile on them.

3.11 Costs of applications, notices and recovery of arrears

The Tenant must pay to the Landlord, and where appropriate to the Head Landlord, all reasonable and proper costs, fees, charges, disbursements and expenses including, without prejudice to the generality of the above, those properly payable to counsel, solicitors, surveyors and bailiffs properly incurred by the Landlord and where appropriate by the Head Landlord, in relation to or incidental to

3.11.1 every application made by the Tenant for a consent or licence required by the provisions of this Sublease, whether it is granted, lawfully refused or offered subject to any lawful qualification or condition, or the application is withdrawn by the Tenant, (save where consent has been unlawfully withheld by the Landlord or any other Head Landlord),

3.11.2 the preparation and service of a notice under the Law of Property Act 1925 Section 146, or by reason of proceedings under Sections 146 or 147 of that Act, even if forfeiture is avoided otherwise than by relief granted by the court,

3.11.3 the recovery or attempted recovery of arrears of rent or other sums properly due under this Sublease, and

3.11.4 any steps taken in connection with the preparation and service of a schedule of dilapidations during or within 3 months after the end of the Term (but relating in all cases to dilapidations arising during the Term.

3.12 Planning and development

3.12.1 ***Compliance with the Planning Acts***

The Tenant must observe and comply with the provisions and requirements of the Planning Acts affecting the Premises and their use, and must indemnify the Landlord and the Head Landlord, and keep them indemnified, both during the Term and following the end of it, against all losses in respect of any contravention of those Acts by the Tenant or any underlessee or other occupier of the Premises.

3.12.2 ***Consent for applications***

The Tenant must not make any application for planning permission without the consent of the Landlord and of the Head Landlord, whose consent may not be unreasonably withheld or delayed and in the event of the Landlord or the Head Landlord attaching any reasonable conditions to such consent not to apply for any planning permission save in accordance with those conditions.

3.12.3 ***Permissions and notices***

The Tenant must at his expense obtain any planning permissions and serve any notices that may be required to carry out any development on or at the Premises.

3.12.4 ***Charges and levies***

Subject only to any statutory direction to the contrary, the Tenant must pay and satisfy any charge or levy that may subsequently be imposed under the Planning Acts in respect of the carrying out or maintenance of any development on or at the Premises by the Tenant.

3.12.5 ***Pre-conditions for development***

Notwithstanding any consent that may be granted by the Landlord or the Head Landlord under this Sublease, the Tenant must not carry out any development on or at the Premises until all necessary notices under the Planning Acts have been sewed and copies produced to the Landlord and the Head Landlord, all necessary permissions under the Planning Acts have been obtained and produced to the Landlord and the Head Landlord, and the Landlord and the Head Landlord have acknowledged that every necessary planning permission is acceptable to them, such acknowledgement not to be unreasonably withheld or delayed. The Landlord or the Head Landlord may refuse to acknowledge his acceptance of a planning permission on the grounds that any condition contained in it or anything omitted from it or the period referred to in it would be, or be likely to be, in their reasonable opinion prejudicial to the Landlord or to the Head Landlord or to their respective reversionary interests in the Premises whether during or following the end of the Term.

3.12.6 ***Completion of development***

Where a condition of any planning permission granted for development begun before the end of the Term requires works to be carried out to the Premises by a date after the end of the Term, the Tenant must, unless the Landlord or the Head Landlord directs otherwise, finish those works before the end of the Term.

3.12.7 ***Security for compliance with conditions***

In any case where a planning permission is granted subject to conditions, and if the Landlord or the Head Landlord reasonably so requires, the Tenant must provide sufficient security for his compliance with the conditions and must not implement the planning permission until the security has been provided.

3.13 ***3.12.8*** **Plans, documents and information**

3.14 **Indemnities**

The Tenant must keep the Landlord fully indemnified against all losses arising out of any act, omission or negligence of the Tenant, or any persons at the Building expressly or impliedly with its authority, or any breach or non-observance by the Tenant of the Tenant covenants in this Sublease provided that in relation to the subject matter of the indemnity:

(a) the Landlord shall give written notice to the Tenant of such matter as soon as reasonably practicable after the Landlord becomes aware of it;

(b) the Landlord shall not settle or comprise such matter without the approval of the Tenant (such approval not to be unreasonably withheld or delayed);

(c) the Landlord shall take into account and pay due regard to any representations the Tenant may make about such matter; and

(d) the Landlord shall use reasonable endeavours to mitigate any liability which is the subject matter of this indemnity at the request and reasonable cost of the Tenant

3.15 **Obstruction and encroachment**

3.15.1 ***Obstruction of windows***

The Tenant must not stop up, darken or obstruct any window or light belonging to the Premises.

3.15.2 *Encroachments*

The Tenant must take reasonable steps to prevent the construction of any new window, light, opening, doorway, path, passage, pipe or the making of any encroachment or the acquisition of any easement in relation to the Premises and must notify the Landlord and the Head Landlord as soon as becoming aware if any such thing is constructed, encroachment is made or easement acquired, or if any attempt is made to construct such a thing, encroach or acquire an easement. At the reasonable request and at the cost of the Landlord or the Head Landlord the Tenant must adopt such means as are reasonably required to prevent the construction of such a thing, the making of any encroachment or the acquisition of any easement.

3.16 Yielding up

At the end of the Term the Tenant must yield up the Premises with vacant possession, (and with the Landlord's Furniture) decorated and repaired in accordance with and in the condition required by the provisions of this Sublease, give up all keys of the Premises to the Landlord, remove tenant's fixtures and fittings, and remove all signs erected by the Tenant or any of his predecessors in title in, on or near the Premises, immediately making good any physical damage caused by their removal.

3.17 Interest on arrears

The Tenant must pay interest on any of the Lease Rents or other sums properly due under this Sublease that are not paid within 14 days of the date due, (in the case of the Rent whether formally demanded or not), to be recoverable as rent. Nothing in this clause entitles the Tenant to withhold or delay any payment of the Lease Rents or any other sum due under this Sublease or affects the rights of the Landlord in relation to any non-payment.

3.18 Statutory notices

The Tenant must give full particulars to the Landlord and the Head Landlord of any notice, direction, order or proposal relating to the Premises made, given or issued to the Tenant by any government department or local, public, regulatory or other authority or court as soon as reasonably practicable and in any event within 14 days of receipt, and if so reasonably requested by the Landlord or the Head Landlord must produce it to the Landlord or the Head Landlord as appropriate. The Tenant must without delay take all steps reasonably necessary to comply with the notice, direction or order. At the reasonable request and cost of the Landlord or the Head Landlord, the Tenant must make or join with the Landlord or the Head Landlord in making any objection or representation the Landlord or the Head Landlord reasonably deems expedient against or in respect of any notice, direction, order or proposal.

3.19 Defective premises

The Tenant must give notice to the Landlord and the Head Landlord upon becoming aware of any defect in the Premises that might give rise to an obligation on the Landlord or the Head Landlord to do or refrain from doing anything in order to comply with the provisions of this Sublease or the duty of care imposed on the Landlord or the Head Landlord, whether pursuant to the Defective Premises Act 1972 or otherwise, and must at all times display and maintain any notices the Landlord or the Head Landlord from time to time reasonably requires him to display at the Premises in order to comply with their legal requirements.

3.20 Replacement guarantor

3.20.1 Guarantor replacement events

In this clause 3.20 references to a ‘guarantor replacement event’ are references, in the case of an individual, to death, bankruptcy, having a receiving order made against him, having a receiver appointed under the Mental Health Act 1983 or entering into a voluntary arrangement and, in the case of a company, to passing a resolution to wind up, entering into liquidation, a voluntary arrangement or administration or having a receiver appointed.

3.20.2 Action on occurrence of a guarantor replacement event

3.20.2.1 The Guarantor

Where during the relevant Liability Period a guarantor replacement event occurs to the Guarantor, the Tenant must give notice of the event to the Landlord within 28 days of his becoming aware of it. If so required by the Landlord, the Tenant must within 28 days obtain some other person reasonably acceptable to the Landlord to execute a guarantee in the form of the Guarantor’s covenants in clause 8 GUARANTEE PROVISIONS for the residue of the relevant Liability Period.

3.20.2.3 Persons entering into authorised guarantee agreements

Where during the relevant Liability Period a guarantor replacement event occurs to a person who has entered into an authorised guarantee agreement, the Tenant must give notice of the event to the Landlord and the Head Landlord within 28 days of his becoming aware of it. If so required by the Landlord or the Head Landlord, the Tenant must within 28 days obtain some other person reasonably acceptable to the Landlord and the Head Landlord to execute a guarantee in the form of the authorised guarantee agreement in schedule 6 THE AUTHORISED GUARANTEE AGREEMENT for the residue of the relevant Liability Period.

3.21 Exercise of the Landlords’ rights

The Tenant must permit the Landlord and the Head Landlord to exercise any of the rights granted to them by virtue of the provisions of this Sublease at all times during the Term without interruption or interference provided the Landlord does not materially interfere with the Tenant’s use and enjoyment of the Premises, gives not less than 48 hours’ prior written notice (except in an emergency) and forthwith makes good any damage caused to the Premises and to the Tenant’s fixtures and fittings and equipment to the reasonable satisfaction of the Tenant.

3.22 The Office Covenants

The Tenant must observe and perform the Office Covenants.

3.23 Consent to the Landlord's release

The Tenant must not unreasonably withhold consent to a request made by the Landlord under the 1995 Act Section 8 for a release from all or any of the landlord covenants of this Sublease.

3.24 Headlease

To observe and perform the covenants and conditions on the part of the tenant contained in the Headlease so far as they relate to the Premises except clause 4.5 of the Headlease and except the payment of rents and except insofar as the Landlord expressly covenants in this Sublease to observe and perform them.

3.25 Bank Guarantee

The Tenant (here meaning Yelp UK Limited) shall on completion of this Lease procure that Wells Fargo Bank N.A. shall enter into a bank guarantee of even date herewith to guarantee payment to the Landlord of the sum of seven hundred and eight thousand two hundred and seventy one pounds and twenty pence (£708271.20) which includes an amount equal to VAT in the sum of one hundred and eighteen thousand and forty five pounds and twenty pence (£118,045.20)

4 QUIET ENJOYMENT

The Landlord covenants with the Tenant to permit the Tenant peaceably and quietly to hold and enjoy the Premises without any interruption or disturbance from or by the Landlord or any person claiming under or in trust for him.

5 THE HEADLEASE

The Landlord covenants with the Tenant to pay the rents reserved by the Headlease, and perform, save so far as they relate to the Premises the covenants and conditions on the part of the tenant contained in the Headlease, and indemnify the Tenant and keep him indemnified against all actions, claims, proceedings, costs, expenses and demands in any way relating to the Headlease.

6 THE LANDLORD'S COVENANTS

The Landlord covenants with the Tenant to observe and perform the requirements of this clause 6.

6.1 Enforcement of Headlease covenants

On the request and at the reasonable and proper expense of the Tenant, the Landlord must take all reasonable steps to enforce the covenants on the part of the Head Landlord contained in the Headlease.

6.2 Covenant to procure compliance with Service Charge obligations

Without prejudice to the generality of clause 6.1, the Landlord must use his reasonable endeavours to procure that the Head Landlord complies with his obligations regarding the provision of the Services in accordance with the terms of the Headlease.

6.3 Consents under the Headlease to be obtained

Subject to the Tenant paying to the Landlord, and where appropriate to the Head Landlord, reasonable and proper costs, fees, charges, disbursements and expenses including, without prejudice to the generality of the above, those payable to solicitors and surveyors properly incurred by the Landlord, and where appropriate by the Head Landlord, in relation to or incidental thereto the Landlord must take all reasonable steps to obtain the consent of the Head Landlord whenever the Tenant makes application for any consent required under this Sublease where the consent of both the Landlord and the Head Landlord is needed by virtue of this Sublease or the Headlease and where such consent is not unreasonably withheld by the Landlord.

6.4 Enforce warranties

At the reasonable request and cost of the Tenant (provided the costs of the Landlord are reasonably and properly incurred and subject to the Tenant providing reasonable security for costs if requested by the Landlord) to use all reasonable endeavours to enforce any warranties of which the Landlord has the benefit in respect of the Building insofar as they relate to the Premises or the payment of the Service Charge

7 INSURANCE

7.1 Proof of insurance

The Landlord will upon request from time to time request from the Head Landlord and upon receipt produce to the Tenant reasonable evidence of the insurance policy or policies in respect of the Premises

7.2 Payment of the Insurance Rent

The Tenant covenants to pay to the Landlord within 14 days of written demand amounts equal to a fair and proper proportion reasonably attributable to the Premises to be determined by the Surveyor of the Insurance Rent paid from time to time by the Landlord pursuant to the terms of the Headlease for the period commencing on the date hereof and ending on the day before the next policy renewal date on the date of this Sublease, and subsequently within 14 days of written demand.

7.3 Covenant to procure insurance and reinstatement

Without prejudice to the generality of clause 6.1 ENFORCEMENT OF HEADLEASE COVENANTS the Landlord covenants with the Tenant to use all reasonable endeavours to procure that the Head Landlord insures the Building at all times and complies with his obligations regarding reinstatement and rebuilding in accordance with the provisions of the Headlease unless the insurance is vitiated by any act of the Tenant or by anyone at the Building expressly or by implication with his authority.

7.4 Suspension of the Rent

if the Building or any **part** of it is at any time during the Term destroyed or damaged by a risk against which insurance has been effected or by an Uninsured Risk under the terms of the Headlease so that the Premises or any part of them are unfit for occupation or use or inaccessible, then, unless the insurance of the Building has been vitiated by the act, neglect or omission of the Tenant or anyone at the Building expressly or by implication with his authority, the Rent and the Service Charge Rent, or a fair proportion of them according to the nature and extent of the damage sustained, are to be suspended and cease to be payable until the Building has been rebuilt or reinstated so as to render the Premises, or the affected part, fit for occupation and use or accessible, or until the end of the period for suspension of the rent provided under the terms of the Headlease, whichever is the shorter the proportion of the Rent and the Service Charge suspended and the period of the suspension to be determined by the Surveyor (acting reasonably) any dispute as to the proportion of the Rent and Service Charge suspended or the period of the suspension to be determined in accordance with the Arbitration Act 1996 by an arbitrator to be appointed by agreement between the Landlord and the Tenant or in default by the President or other proper officer for the time being of the Royal Institution of Chartered Surveyors on the application of either the Landlord or the Tenant.

7.5 Termination

7.5.1 *Notice to terminate*

If, at the end of a period of 12 months commencing on the date of the damage or destruction, the Premises are still not fit for the Tenant’s occupation and use (or accessible), either the Landlord or the Tenant may by not less than one month’s notice served at any time after the end of that period (‘a notice to terminate following failure to reinstate’) implement the provisions of clause 7.5.3 TERMINATION FOLLOWING FAILURE TO REINSTATE.

7.5.2 in the event that notice to terminate the Headlease is served by the Landlord or the Head Landlord under the provisions of clause 7.3(c) or clause 7.5 or clause 7.6 of the Headlease then the Landlord may serve notice to terminate this Lease to take effect on or before the day that the Headlease terminates, provided that:

7.5.2.1 in the case of a notice served by the Landlord or the Head Landlord pursuant to clause 7.3(c) or 7.6(b) of the Headlease, the Landlord shall on giving or receiving such notice immediately serve notice on the Tenant.

7.5.2.2 in the case of a notice served by the Landlord or the Head Landlord pursuant to clause 7.5 or 7.6(a) or 7.6(c) of the Headlease, the Landlord on giving or receiving such notice shall serve notice on the Tenant within 14 days.

7.5.3 Termination following failure to reinstate

On expiry of a notice to terminate following failure to reinstate, the Term is to cease absolutely but without prejudice to any rights or remedies that may have accrued to either party and all money received in respect of the insurance effected by the Head Landlord pursuant to the Headlease is to belong to the Head Landlord absolutely.

7.6 Tenant's further insurance covenants

The Tenant covenants with the Landlord to observe and perform the requirements of this clause 7.6.

7.6.1 ***Requirements of insurers***

The Tenant must comply with all the proper requirements of the insurers of the Building which have been notified to the Tenant in writing.

7.6.2 ***Policy avoidance and additional premiums***

The Tenant must not do or omit anything that could cause any insurance policy on or in relation to the Building to become wholly or partly void or voidable provided that the Tenant is provided with a copy of the insurance policy from time to time, or do or omit anything by which additional insurance premiums may become payable unless he has previously notified the Landlord and the Head Landlord and has agreed to pay the increased premium.

7.6.4 ***Combustible materials***

The Tenant must not store on the Premises or bring onto them anything of a specially combustible, inflammable or explosive nature, and must comply with the requirements of the fire authority and the reasonable requirements of the Landlord and the Head Landlord as to fire precautions relating to the Building.

7.6.5 ***Fire escapes, equipment and doors***

The Tenant must not obstruct the access to any fire equipment or the means of escape from the Premises or any part of the Building or lock any fire door while the Premises are occupied.

7.6.6 ***Notice of events affecting the policy***

The Tenant must promptly give notice to the Landlord and the Head Landlord upon becoming aware of the same of any event that might affect any insurance policy on or relating to the Building, and any event against which the Head Landlord may have insured under the Headlease.

7.6.7 Other insurance

If at any time the Tenant is entitled to the benefit of any insurance of the Premises that is not effected or maintained in pursuance of any obligation contained in this Sublease or in the Headlease, the Tenant must apply all money received by virtue of that insurance in making good the loss or damage in respect of which the money is received.

8 GUARANTEE PROVISIONS

8.1 The Guarantor’s covenants

8.1.1 *Nature and duration*

The Guarantor’s covenants with the Landlord are given as sole or principal debtor or covenantor, with the Landlord for the time being and with all his successors in title without the need for any express assignment, and the Guarantor’s obligations to the Landlord will last throughout the Liability Period.

8.1.2 *The covenants*

The Guarantor covenants with the Landlord to observe and perform the requirements of this clause 8.1.2.

8.1.2.1 Payment of rent and performance of the Sublease

The Tenant must pay the Lease Rents and VAT charged on them punctually and observe and perform the covenants and other terms of this Sublease, and if, at any time during the Liability Period while the Tenant is bound by the tenant covenants of this Sublease, the Tenant defaults in paying the Lease Rents or in observing or performing any of the covenants or other terms of this Sublease, then the Guarantor must pay the Lease Rents and observe or perform the covenants or terms in respect of which the Tenant is in default and make good to the Landlord on demand, and indemnify the Landlord against, all proper losses resulting from such non-payment, non-performance or non-observance notwithstanding

(a) any time or indulgence granted by the Landlord to the Tenant, any neglect or forbearance of the Landlord in enforcing the payment of the Lease Rents or the observance or performance of the covenants or other terms of this Sublease, or any refusal by the Landlord to accept rent tendered by or on behalf of the Tenant at a time when the Landlord is entitled or will after the service of a notice under the Law of Property Act 1925 Section 146 be entitled to re-enter the Premises,

(b) that the terms of this Sublease may have been varied by agreement between the Landlord and the Tenant, provided that no variation is to bind the Guarantor to the extent that it is materially prejudicial to him,

(c) that the Tenant has surrendered part of the Premises in which event the liability of the Guarantor under this Sublease is to continue in respect of the part of the Premises not surrendered after making any necessary apportionments under the Law of Property Act 1925 Section 140, and

(d) anything else (other than a release by deed) by which, but for this clause 8.1.2.1, the Guarantor would be released.

8.1.2.2 New sublease following disclaimer

If, at any time during the Liability Period while the Tenant is bound by the tenant covenants of this Sublease, any trustee in bankruptcy or liquidator of the Tenant disclaims this Sublease, the Guarantor must, if so required by notice served by the Landlord within 60 days of being served with notice of disclaimer, take from the Landlord forthwith a sublease of the Premises for the residue of the Term as at the date of the disclaimer, at the Rent then payable under this Sublease and subject to the same covenants and terms as in this Sublease (except that the Guarantor need not ensure that any other person is made a party to that sublease as guarantor) the new sublease to commence on the date of the disclaimer. The Guarantor must pay the proper costs of the new sublease and VAT charged thereon, except where such VAT is recoverable or available for set-off by the Landlord as input tax, and execute and deliver to the Landlord a counterpart of the new sublease.

8.1.2.3 Payments following disclaimer

If this Sublease is disclaimed and the Landlord does not require the Guarantor to accept a new sublease of the Premises in accordance with clause 8.1.2.2 NEW SUBLEASE FOLLOWING DISCLAIMER, the Guarantor must pay to the Landlord on demand an amount equal to the difference between any money received by the Landlord for the use or occupation of the Premises and the Lease Rents in both cases for the period commencing with the date of the disclaimer and ending on whichever is the earlier of the date 6 months after the disclaimer, the date, if any, upon which the Premises are relet, and the end of the Term.

8.1.2.4 Guarantee of the Tenant’s liabilities under an authorised guarantee agreement

If, at any time during the Liability Period while the Tenant is bound by an authorised guarantee agreement, the Tenant defaults in his obligations under that agreement, the Guarantor must make good to the Landlord on demand, and indemnify the Landlord against, all losses resulting from that default notwithstanding

(a) any time or indulgence granted by the Landlord to the Tenant, or neglect or forbearance of the Landlord in enforcing the payment of any sum or the observance or performance of the covenants of the authorised guarantee agreement,

(b) that the terms of the authorised guarantee agreement may have been varied by agreement between the Landlord and the Tenant provided such variation is not prejudicial to the Guarantor, or

(c) anything else (other than a release by deed) by which, but for this clause 8.1.2.4, the Guarantor would be released.

8.1.3 ***Severance***

8.1.3.1 **Severance of void provisions**

Any provision of this clause 8 rendered void by virtue of the 1995 Act Section 25 is to be severed from all remaining provisions, and the remaining provisions are to be preserved.

8.1.3.2 **Limitation of provisions**

If any provision in this clause 8 extends beyond the limits permitted by the 1995 Act Section 25, that provision is to be varied so as not to extend beyond those limits.

9 **FORFEITURE**

If and whenever during the Term

9.1 the Lease Rents (which are not the subject of a bona fide dispute), or any of them or any part of them, or any VAT payable on them, are outstanding for 21 days after becoming due, whether formally demanded or not save where a demand is required by this Lease, or

9.2 the Tenant breaches any covenant or other term of this Sublease, or

9.3 the Tenant being an individual, becomes subject to a bankruptcy order or has an interim receiver appointed to his property, or

9.4 the Tenant being a company, enters into liquidation whether compulsory or voluntary but not if the liquidation is for amalgamation or reconstruction of a solvent company or enters into administration or has a receiver appointed over all or any part of its assets, or

9.5 the Tenant enters into or makes a proposal to enter into any voluntary arrangement pursuant to the Insolvency Act 1986 or any other arrangement or composition for the benefit of his creditors, or

9.6 where the Tenant is more than one person, if and whenever any of the events referred to in this clause happens to any one or more of them,

the Landlord may at any time re-enter the Premises or any part of them in the name of the whole even if any previous right of re-entry has been waived and thereupon the Term is to cease absolutely but without prejudice to any rights or remedies that may have accrued to the Landlord against the Tenant in respect of any breach of covenant or other term of this Sublease, including the breach in respect of which the re-entry is made.

10 MISCELLANEOUS

10.1 Exclusion of warranty as to use

Nothing in this Sublease or in any consent granted by the Landlord under this Sublease is to imply or warrant that the Premises may lawfully be used under the Planning Acts as offices.

10.2 Exclusion of third party rights

Nothing in this Sublease is intended to confer any benefit on any person who is not a party to it.

10.3 Representations

The Tenant acknowledges that this Sublease has not been entered into in reliance wholly or partly on any statement or representation made by or on behalf of the Landlord, except any such statement or representation expressly set out in this Sublease or made by the Landlord’s solicitors in any written response to enquiries raised by the Tenant’s solicitors in connection with the grant of this Sublease.

10.4 Documents under hand

While the Landlord or the Head Landlord is a limited company or other corporation, any licence, consent, approval or notice required to be given by the Landlord or the Head Landlord is to be sufficiently given if given under the hand of a director, the secretary or other duly authorised officer of the Landlord or the Head Landlord.

10.5 Tenant’s property

If, after the Tenant has vacated the Premises at the end of the Term, any property of his remains in or on the Premises and he fails to remove it within 14 days after a written request from the Landlord or the Head Landlord to do so, or, if the Landlord or Head Landlord is unable to make such a request to the Tenant, within 14 days from the first attempt to make it, then the Landlord or the Head Landlord may, as the agent of the Tenant, sell that property. The Tenant must indemnify the Landlord and the Head Landlord against any liability properly incurred by the Landlord or the Head Landlord to any third party whose property is sold by him in the mistaken belief held in good faith which is to be presumed unless the contrary is proved that the property belonged to the Tenant. If, having made reasonable efforts to do so, the seller of the property is unable to locate the Tenant, then he may retain the proceeds of sale absolutely unless the Tenant claims them within 6 months of the date upon which he vacated the Premises.

10.6 Compensation on vacating excluded

Any statutory right of the Tenant to claim compensation from the Landlord on vacating the Premises is excluded to the extent that the law allows.

10.7 Notices

10.7.1 *Form and service of notices*

A notice under this Sublease must be in writing and, unless the receiving party or his authorised agent acknowledges receipt, is valid if, and only if

10.7.1.1 it is given by hand, sent by registered post or recorded delivery, or sent by fax provided that a confirmatory copy is given by hand or sent by registered post or recorded delivery on the same day, and

10.7.1.2 it is served

(a) where the receiving party is a company or a Limited Liability Partnership incorporated within Great Britain, at the registered office,

(b) where the receiving party is the Tenant and the Tenant is not such a company, at the Premises, and

(c) where the receiving party is the Landlord and the Landlord is not such a company , or Limited Liability Partnership at the Landlord's that address shown in this Sublease or at any address specified in a notice given by the Landlord to the Tenant

Deemed delivery

10.7.2.1 By registered post or recorded delivery

Unless it is returned through the Royal Mail undelivered, a notice sent by registered post or recorded delivery is to be treated as served on the third working day after posting whenever and whether or not it is received.

10.7.2.2 By fax

A notice sent by fax is to be treated as served on the day upon which it is sent, or the next working day where the fax is sent after 1600 hours or on a day that is not a working day, whenever and whether or not it or the confirmatory copy is received unless the confirmatory copy is returned through the Royal Mail undelivered.

10.7.2.3 By hand

A notice delivered by hand is to be treated as served on the day upon which it is delivered, provided it is delivered before 1600 hours on a working day

10.7.2.4 'A working day'

References to 'a working day' are references to a day when the United Kingdom clearing banks are open for business in the City of London.

10.7.3 Joint recipients

If the receiving party consists of more than one person, a notice to one of them is notice to all.

10.8 Disputes etc under the Headlease

Notwithstanding any other provision of this Sublease where any issue, question or matter arising out of or under or relating to the Headlease that also affects or relates to the provisions of this Sublease is to be determined as provided in the Headlease the proper determination of that issue, question or matter pursuant to the provisions of the Headlease is to be binding on the Tenant as well as the Landlord for the purposes both of the Headlease and this Sublease, provided that this provision is not to apply to the provisions for the review of rent payable under the Headlease..

10.9 Rights and easements

The operation of the Law of Property Act 1925 Section 62 is excluded from this Sublease. The only rights granted to the Tenant are those expressly set out in this Sublease and the Tenant is not to be entitled to any other rights affecting any adjoining property of the Landlord.

10.10 Covenants relating to adjoining property

The Tenant is not to be entitled to the benefit of, or the right to enforce or to prevent the release or modification of, any covenant agreement or condition entered into by any tenant of the Landlord or the Head Landlord in respect of any adjoining property of the Landlord.

10.11 Disputes with adjoining occupiers

If any dispute arises between the Tenant and the tenants or occupiers of any adjoining property of the Landlord in connection with the Premises and any adjoining property of the Landlord, it is to be decided by the Landlord (acting reasonably) or the Head Landlord as appropriate (acting in accordance with the provisions of the Headlease) or in such manner as the Landlord reasonably directs or Head Landlord as appropriate directs (acting in accordance with the provisions of the Headlease).

10.12 Effect of waiver

Each of the Tenant’s covenants is to remain in full force both at law and in equity even if the Landlord or the Head Landlord has waived or released that covenant, or waived or released any similar covenant, affecting any of the adjoining property of the Landlord.

10.13 The perpetuity period

The perpetuity period applicable to this Sublease is 80 years from the commencement of the Term, and whenever in this Sublease any party is granted a future interest it must vest within that period or be void for remoteness.

10.14 Exclusion of liability

The Landlord is not to be responsible to the Tenant or to anyone at the Premises or the Building expressly or by implication with the Tenant’s authority for any accident happening or injury suffered or for any damage to or loss of any chattel sustained in the Premises or in the Building save that this clause shall not apply to the extent that this is due to any act, default or omission of the Landlord or anyone acting on behalf of the Landlord.

10.15 New lease

This Sublease is a new tenancy for the purposes of the 1995 Act Section 1.

10.16 Exclusion of the 1954 Act Sections 24-28

10.16.1 Notice and declaration

On 20 th February 2012 the Landlord served notice on the Tenant pursuant to the provisions of the 1954 Act Section 38A(3) as inserted by the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003 and on 27 th February 2012 Jed Nachman who was duly authorised by the Tenant to do so made a statutory declaration pursuant to Schedule 2 of the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003.

10.16.2 Agreement to exclude

Pursuant to the provisions of the 1954 Act Section 38A(1) as inserted by the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003, the parties agree that the provisions of the 1954 Act Sections 24-28 inclusive are to be excluded in relation to the tenancy created by this Sublease.

11 MUTUAL BREAK CLAUSE

11.1.1 The Tenant may terminate this Sublease on or at any time after the expiry of the second year of the Term by serving written notice on the Landlord specifying the date of termination ("Break Date") not less than 6 months prior to the Break Date. ("Tenant Break Notice")

11.1.2 The Landlord may terminate this Sublease on or at any time after the expiry of the second year of the Term by serving written notice on the Tenant specifying the Break Date not less than 9 months prior to the Break Date. ("Landlord Break Notice")

11.2 A Tenant Break Notice shall be of no effect if, at the Break Date:

a) the Tenant has not paid any part of the Rent or Service Charge, or any VAT in respect of them, which were properly due to have been paid and are not the subject of a bona fide dispute; or

b) the Tenant or any other subtenant or permitted occupier of the Tenant remains in occupation of the Premises; or

c) there is any subsisting underlease relating to the Premises.

11.3 Subject to clause 11.2, following service of a Tenant Break Notice or a Landlord Break Notice this Sublease shall terminate on the Break Date.

11.4 Termination of this Sublease on the Break Date shall not affect any other right or remedy that either party may have in relation to any earlier breach of this Sublease.

11.5 Within 14 days after the Break Date the Landlord shall refund to the Tenant all Rent, Service Charge, Insurance Rent and other sums paid by the Tenant to the Landlord for any period after the Break Date.

IN WITNESS whereof the parties have executed this document as a deed the day and year first above written

1-1 Right to use the Common Parts

The right for the Tenant and all persons expressly or by implication authorised by him in common with the Landlord and the Head Landlord and all other persons having a like right to use all appropriate areas of the Common Parts for all proper purposes in connection with the use and enjoyment of the Premises

1-2 Passage and running through the Adjoining Conduits

The right to the free passage and running of all services to and from the Premises through the appropriate Adjoining Conduits, in common with the Landlord and the Head Landlord and all other persons having a like right and the right so far as the Landlord is able to grant the same and subject to consent of and any proper requirements of the Head Landlord (including as to payment of their costs) to have access upon reasonable notice to install and maintain services in any risers in the Building.

1-3 Support and protection

The right of support and protection for the benefit of the Premises that is now enjoyed from all other parts of the Building.

1-4 Display of nameplates or signs

The right to have signs displayed with the name of the Tenant or any one permitted occupier on the tenant board within the main reception of the Building in the house style and in the lift lobby immediately outside the entrance to the Premises in the name board provided to be approved by the Landlord and Head Landlord such approval not to be unreasonably withheld or delayed.

1-5 Use of the Landlord's Furniture

The right to use the Landlord's Furniture.

1-6 Toilets

The right to use such toilets in the Building as shall reasonably be designated, on the fourth floor, from time to time in writing by the Landlord.

1-7 The right to use that part of the Building so reasonably designated by the Head Landlord for the disposal of rubbish and refuse in proper receptacles for collection by or on behalf of the local authority

1-8 So far as the Landlord is able to grant the same the right set out in paragraphs 5 (in relation only to the bicycle racks and not to car parking spaces) in common with the Landlord and all others authorised by the Landlord and subject at any time to the availability of bicycle racks and 13 of Schedule 1 Part 1 of the Head Lease subject to compliance with all of the provisions set out therein including in relation to payment of any costs incurred by the Head Landlord

SCHEDULE 2: THE RIGHTS RESERVED

2-1 Passage and running through the Conduits

The right to the free and uninterrupted passage and running of all appropriate services and supplies from and to other parts of the Building or any other adjoining property of the Landlord through the appropriate Conduits and through any structures of a similar use and nature that may at any time be constructed in, on, over or under the Premises as permitted by paragraph 2-2.

2-2 Right to construct conduits

The right to maintain at any time during the Term any pipes, sewers, drains, mains, ducts, conduits, gutters, watercourses, wires, cables, laser optical fibres, data or impulse transmission, communication or reception systems, channels, flues and other necessary conducting media for the provision of services or supplies including any fixings, louvres, cowls and any other ancillary apparatus for the benefit of any **part** of the Building or any other adjoining property of the Landlords, making good any damage caused by the exercise of the right to the reasonable satisfaction of the Tenant.

2-3 Access

2-3.1 ***Access to inspect etc***

The right at reasonable times and on 48 hours prior written notice except in emergency to enter, or in emergency to break into and enter, the Premises

2-3.1.1 to inspect the condition and the state of repair of the Premises,

2-3.1.2 to inspect, clean, connect to, repair, remove, replace with others, alter or execute any works whatever to or in connection with the conduits, easements, supplies or services referred to in paragraphs 2-1 PASSAGE AND RUNNING THROUGH THE CONDUITS and 2-2 RIGHT TO CONSTRUCT CONDUITS,

2-3.1.3 to view the state and condition of, and repair and maintain and carry out work of any other kind to, the Building and any other buildings where such viewing or work would not otherwise be reasonably practicable,

2-3.1.4 to carry out work, but only where the works cannot otherwise reasonably be carried out, or for any other reasonable purpose comprised within the Landlord's obligations in this Sublease or in the Headlease or within the Head Landlord's obligations in the Headlease whether or not the Tenant is liable to make a contribution,

2-3.1.5 to take schedules or inventories of fixtures and other items to be yielded up at the end of the Term, and

2-3.1.6 to exercise any of the rights granted to the Landlord or the Head Landlord in this Sublease or to the Head Landlord in the Headlease.

2-3.1.7 at any time after the Tenant has sewed a Tenant Break Notice for the purposes of marketing the Premises including showing over potential occupiers.

2-3.1.8 for the purposes of access to the Landlord's Communications room shown hatched blue on the Plan in order to deliver equipment.

Provided That the person entering causing as little damage and inconvenience as reasonably possible making good as soon as practicable at its expense any damage caused by such entry to the reasonable satisfaction of the Tenant and where practicable complying with the Tenant's or any relevant sub-tenants' reasonable security and confidentiality requirements which have been previously notified to the Landlord

2-3.2 ***Access on renewal or rent review***

The right to enter the Premises with the Surveyor and the third party determining the Rent or the rent passing under the Headlease under any provisions for rent review contained in the Headlease at convenient hours during the business day and on reasonable prior notice written being not less than 72 hours to inspect and measure the Premises for all purposes. 2-3.3

2-3.3 ***Right to erect scaffolding***

The right to erect scaffolding for the purpose of repairing or cleaning the Building or in connection with the exercise of any rights mentioned in this schedule or in the Headlease even though such scaffolding may temporarily restrict the access to or enjoyment of the Premises the person exercising such right taking all reasonable steps to minimise the extent of such restriction

2-5 **Rights of support and shelter**

The rights of light, air, support, shelter, protection and all other easements and rights at the date of this Sublease belonging to or enjoyed by other parts of the Building, any other buildings or any other adjoining property of the Landlord.

2-6 **Right to erect new buildings**

Full right and liberty at any time after the date of this Sublease

2-6.1 to alter, raise the height of, or rebuild the other parts of the Building or any other buildings, and

2-6.2 to erect any new buildings of any height on any adjoining property of the Landlord in any manner as the Landlord or the Head Landlord reasonably thinks fit even if doing so may temporarily obstruct, affect, or interfere with the amenity of or access to the Premises or the passage of light and air to the Premises.

3-1 Use

3-1.1 Use as offices

The Tenant must not use the Premises for any purpose other than as high class offices within paragraph(a) of Class B1 (Business) of The Town and Country Planning (Use Classes) Order 1987 nor as a betting office, travel agency, estate agency whose business involves direct access from members of the public or employment agency or government offices involving direct access from members of the public.

3-1.3 Cesser of business

The Tenant must not leave the Premises continuously unoccupied for more than 1 month without notifying the Landlord and the Head Landlord and providing such caretaking or security arrangements for the protection of the Premises as the Landlord and the Head Landlord reasonably require and the insurers or underwriters require.

3-1.4 Noxious discharges

The Tenant must not discharge into any of the Conduits or the Adjoining Conduits any noxious or deleterious matter or any other substance that might cause an obstruction in or danger or injury to the Conduits or the Adjoining Conduits or be or become a source of obstruction, danger or injury, and in the event of any such obstruction, danger or injury the Tenant must forthwith make good any physical damage to the reasonable satisfaction of the Surveyor.

3-1.5 **Sound audible outside**

The Tenant must not play or use in the Premises any musical instrument, audio or other equipment or apparatus that produces sound that may be heard outside the Premises.

3-2 Ceiling and floor loading

3-2.1 Heavy items

The Tenant must not bring onto or permit to remain on the Premises any safes, machinery, goods or other articles that will or may strain or damage the Premises or any **part** of them.

3-2.2 Protection of ceilings

The Tenant must not without the consent of the Landlord and the Head Landlord suspend anything from any ceiling on the Premises.

3-2.3 **Expert advice**

If the Tenant applies for the Landlord's consent under paragraph 3-2.2 PROTECTION OF CEILINGS the Landlord and the Head Landlord may consult any engineer or other person in relation to the ceiling loading proposed by the Tenant, and the Tenant must repay the reasonable and proper fees of the engineer or other person to the Landlord and the Head Landlord within 14 days of written demand.

3-3 Common Parts

3-3.1 Care of the Common Parts

The Tenant must not cause the Common Parts to become untidy or dirty.

3-3.2 Display of goods outside

The Tenant must not display or deposit anything whatsoever outside the Premises for display or sale or for any other purpose, or cause any obstruction of the Common Parts.

3-4 Machinery

3-4.1 Noisy machinery

The Tenant must not install or use in or upon the Premises any machinery or apparatus other than usual office machinery that will cause noise or vibration that can be heard or felt in nearby premises or outside the Premises or that may cause damage.

3-4.2 Operation

The Tenant must ensure by directions to his staff and otherwise that the Machinery is properly operated.

3-5 Heating, cooling and ventilation

3-5.1 Interference and additional loading

Subject to the provisions of clause 3.5.6 the Tenant must not do anything that interferes with the heating, cooling or ventilation or air conditioning of the Common Parts or that imposes an additional load on any heating, cooling or ventilation or air conditioning plant and equipment in the Building.

3-6 Regulations

The Tenant must comply with all reasonable regulations made by the Landlord and the Head Landlord from time to time for the management of the Building and notified to the Tenant in writing.

SCHEDULE 4: THE SUBJECTIONS

All covenants conditions and other matters contained or referred to in the property and charges registers for Title Numbers NGL904063, LN153076 and LN162010 as at the date hereof and that affect the Premises other than

(1) any charges of a financial nature

(2) an agreement dated 2 November 2004 made between Busyfit Limited (1), Marks and Spencer Plc (2) and The Lord Mayor and Citizens of Westminster (3)

(3) an agreement dated 1 March 2006 made between London & Regional (Baker Street) Limited (1), Richard Neville Lay and others (2) and The Lord Mayor and Citizens of Westminster (3)

SCHEDULE 5: THE AUTHORISED GUARANTEE AGREEMENT

THIS GUARANTEE is made the . . . . day of . . . . BETWEEN:

(1) (name of outgoing tenant)[of (address) (or as appropriate) the registered office of which is at (address)] [Company Registration no ...] ('the Guarantor') and

(2) (name of landlord)[of (address) (or as appropriate) the registered office of which is at (address)] [Company Registration no ...] ('the Landlord')

NOW THIS DEED WITNESSES as follows:

1 DEFINITIONS AND INTERPRETATION

For all purposes of this Guarantee the terms defined in this clause have the meanings specified.

1.1 'the Assignee'

'the Assignee' means (insert name of incoming tenant) [Company Registration no ...].

1.2 Gender and number

Words importing one gender include all other genders: words importing the singular include the plural and vice versa.

1.3 Headings

The clause headings do not form part of this document and are not to be taken into account in its construction or interpretation.

1.4 Interpretation of 'this Guarantee'

Unless expressly stated to the contrary, the expression 'this Guarantee' includes any document supplemental to or collateral with this document or entered into in accordance with this document.

1.5 Joint and several liability

If any party to this Guarantee at any time comprises two or more persons, obligations expressed or implied to be made by or with that party are deemed to be made by or with the persons comprising that party jointly and severally.

1.6 'the Lease'

1.6.1 Definition

'The Lease' means a sublease of the Premises dated (date of lease) and made between (1) [the Landlord (or as appropriate) (name of original landlord)] and (2) [the Guarantor (or as appropriate) (name of original tenant)] for the Term.

1.6.2 Interpretation

The term 'the Lease' includes all or any deeds and documents supplemental to the Lease whether or not expressed to be so.

1.7 'the Liability Period'

'the Liability Period' means the period during which the Assignee is bound by the tenant covenants of the Lease.

1.8 'the 1995 Act'

'the 1995 Act' means the Landlord and Tenant (Covenants) Act 1995 and all statutes, regulations and orders included by virtue of clause 1 .11 REFERENCES TO STATUTES.

1.9 'the Premises'

'the Premises' means all that offices forming part of the Fourth Floor, 55 Baker Street London WIU 8AN.

1.10 References to clauses

Any reference in this Guarantee to a clause without further designation is to be construed as a reference to the clause of this document so numbered.

1.11 References to statutes

Unless expressly stated to the contrary, any reference to a specific statute includes any statutory extension or modification, amendment or re-enactment of that statute and any regulations or orders made under it, and any general reference to a statute includes any regulations or orders made under that statute.

1.12 'the Term'

'the Term' means 2 years commencing on and including the date of the Lease.

1.13 Terms from the 1995 Act

'tenant covenants' and 'authorised guarantee agreement' have the same meaning as is given by the 1995 Act Section 28(1).

2 RECITALS

2.1 The Lease

This Guarantee is supplemental to the Lease by which the Premises were let for the Term subject to the payment of the rents reserved by and the performance and observance of the covenants on the tenant's part and the conditions contained in the Lease.

2.2 Devolution of title

The immediate reversion to the Lease [remains (or as appropriate) is now] vested in the Landlord and the unexpired residue of the Term [remains (or as appropriate) is now] vested in the Tenant.

2.3 Consent required

By clause 3.9 of the Lease, the Landlord's consent to an assignment of the Lease is required.

2.4 Agreement to consent

The Landlord has agreed to give consent to the assignment of the Lease to the Assignee on condition that the Guarantor enters into this Guarantee.

2.5 Effective time

This Guarantee is intended to take effect only when the Lease is assigned to the Assignee.

2.6 Authorised guarantee agreement

This Guarantee is intended to be an authorised guarantee agreement within the meaning of the 1995 Act.

3 THE GUARANTOR'S COVENANTS

3.1 Nature and duration

The Guarantor's covenants with the Landlord are given as sole or principal debtor or covenantor with the landlord for the time being under the Lease and with all his successors in title without the need for any express assignment and the Guarantor's obligations to the Landlord will last throughout the Liability Period.

3.2 The covenants

The Guarantor covenants with the Landlord to observe and perform the requirements of this clause

3.2.1 Payment of rent and performance of the Lease

The Assignee must punctually pay the rents reserved by the Lease (including any VAT chargeable) and observe and perform the tenant covenants of the Lease throughout the Liability Period, and if the Assignee should fail to do so, the Guarantor must pay the rents and observe and perform the tenant covenants in respect of which the Assignee is in default.

3.2.2 Indemnity

The Guarantor must make good to the Landlord on demand, and indemnify the Landlord against, all liabilities, damages or losses, awards of damages or compensation, penalties, costs, disbursements and expenses properly arising from any claim, demand, action or proceedings resulting from any failure of the Assignee to pay the rents reserved by the Lease or observe and perform the tenant covenants of the Lease during the Liability Period.

3.2.3 New lease following disclaimer

If, at any time during the Liability Period, any trustee in bankruptcy or liquidator of the Assignee disclaims the Lease, the Guarantor must, if so required by notice served by the Landlord within 60 days of the Landlord being served with a notice, take from the Landlord forthwith a lease of the Premises for the residue of the Term as at the date of the disclaimer, at the rents then payable under the Lease and subject to the same covenants and terms as in the Lease the new lease to commence on the date of the disclaimer. The Guarantor must pay the reasonable and proper costs of the new lease and VAT charged thereon, except where such VAT is recoverable or available for set-off by the Landlord as input tax, and execute and deliver to the Landlord a counterpart of the new lease.

3.2.4 Payments following disclaimer

If the Lease is disclaimed and the Landlord does not require the Guarantor to accept a new lease of the Premises in accordance with clause 3.2.3 NEW LEASE FOLLOWING DISCLAIMER, the Guarantor must pay to the Landlord on demand an amount equal to the difference between any money received by the Landlord for the use or occupation of the Premises and the rents reserved by the Lease in both cases for the period commencing with the date of the disclaimer and ending on whichever is the earlier of the date 6 months after the disclaimer, the date, if any, upon which the Premises are relet, and the end of the Term.

3.2.5 Supplemental documents

As and when called upon to do so, the Guarantor must enter into any document supplemental to the Lease other than a licence to assign or assignment and which is not prejudicial to the Guarantor for the purposes of consenting to the Assignee entering into that supplemental document and of confirming that, subject only to the 1995 Act Section 18(3), all the obligations of the Guarantor will continue in full force and effect.

4 MISCELLANEOUS

4.1 Discharge

Without prejudice to the 1995 Act Section 18(3), the Guarantor will not be released from any liability under this Guarantee nor shall any such liability be affected or any way exonerated by any time or indulgence granted by the Landlord to the Assignee, any neglect or forbearance of the Landlord in enforcing the payment of the rents reserved by the Lease or the observance or performance of the covenants or other terms of the Lease, or any refusal by the Landlord to accept rent tendered by or on behalf of the Assignee at a time when the Landlord is entitled or will after the service of a notice under the Law of Property Act 1925 Section 146 be entitled to re-enter the Premises, the terms of the Lease having been varied by agreement between the parties, the Assignee surrendering part of the Premises in which event the liability of the Guarantor under the Lease is to continue in respect of the part of the Premises not surrendered after making any necessary apportionments under the Law of Property Act 1925 Section 140, and anything else (other than a release by deed) by which, but for this clause 4.1, the Guarantor would have been released.

4.2 Exclusion of third party rights

Nothing in this Guarantee is intended to confer any benefit on any person who is not a party to it.

Notices

4.3 Form and service of notices

A notice under this Guarantee must be in writing and, unless the receiving party or his authorised agent acknowledges receipt, is valid if, and only if

4.3.1 it is given by hand, sent by registered post or recorded delivery, or sent by fax provided that a confirmatory copy is given by hand or sent by registered post or recorded delivery on the same day, and

4.3.2 it is served

(a) where the receiving party is a company incorporated within Great Britain, at the registered office, and

(b) where the receiving party is not such a company, at that party's address shown in this Guarantee or at any address specified in a notice given by that party to the other party.

4.4 Deemed delivery

4.4.1 By registered post or recorded delivery

Unless it is returned through the Royal Mail undelivered, a notice sent by registered post or recorded delivery is to be treated as served on the third working day after posting whenever and whether or not it is received.

4.4.2 By fax

A notice sent by fax is to be treated as served on the day upon which it is sent, or the next working day where the fax is sent after 1600 hours or on a day that is not a working day, whenever and whether or not it or the confirmatory copy is received unless the confirmatory copy is returned through the Royal Mail undelivered.

4.4.3 'A working day'

References to 'a working day' are references to a day when the United Kingdom clearing banks are open for business in the City of London.

4.5 Joint recipients

If the receiving party consists of more than one person, a notice to one of them is notice to all.

4.6 Severance

4.6.1 Severance of void provisions

Any provision of this Guarantee rendered void by virtue of the 1995 Act Section 25 is to be severed from all remaining provisions, and the remaining provisions are to be preserved.

4.6.2 Limitation of provisions

If any provision in this Guarantee extends beyond the limits permitted by the 1995 Act Section 25, that provision is to be varied so as not to extend beyond those limits.

Exclusion of the 1954 Act Sections 24-28 in relation to lease to Guarantor

4.6.3 Notice and declaration

On (date) the Landlord served notice on the Guarantor pursuant to the provisions of the Landlord and Tenant Act 1954 Section 38A (3) as inserted by the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003 relating to the tenancy to be entered into by the Guarantor pursuant to clause 3.2.3 NEW LEASE FOLLOWING DISCLAIMER and on (date) the Guarantor made a [simple (or as appropriate) statutory] declaration pursuant to schedule 2 of the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003.

4.6.4 Agreement to exclude

Pursuant to the provisions of the Landlord and Tenant Act 1954 Section 38A(1) as inserted by the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003, the parties agree that the provisions of the Landlord and Tenant Act 1954 Sections 24-28 inclusive are to be excluded in relation to any tenancy entered into by the Guarantor pursuant to clause 3.2.3 NEW LEASE FOLLOWING DISCLAIMER.

IN WITNESS whereof the parties have executed this document as a deed the day and year first above written

EXECUTED as a DEED by the said KNIGHT FRANK LLP acting by two duly authorised Members	)))	x .... Member
		x .... Member

IN WITNESS whereof the parties have executed this document as a deed the day and year first above written

EXECUTED as a DEED by the said KNIGHT FRANK LLP acting by two duly authorised Members	)))	.... Member
		.... Member

EXECUTED as a DEED by the said YELP UK LIMITED acting by a Director in the presence of	)))	.... Director
Signature of witness		
Name in BLOCK CAPITALS		JOHN LIEU
Address		706 MISSION STREET SAN FRANCISCO CA 94103

Knight Frank

Schedule of Condition

Part 4th Floor, 55 Baker Street,
London W1U 8AN

Prepared on behalf of Knight Frank LLP

16 January 2012

Contact details

Knight Frank LLP, 55 Baker Street, London WIU 8AN
Kevin Bray, 020 7861 5111, kevin.bray@knightfrank.com
KF ref: 520/KB

Contents

Appendices

Property: Part 4 th Floor, 55 Baker Street, London W1U 8AN

1 Introduction

1.1 This Schedule of Condition report is intended to record the condition of Part 4 th Floor, 55 Baker Street, London W1U 8AN.

1.2 A site inspection was carried out on 13 th January 2012. The weather conditions at the time of inspection were clear and dry.

1.3 For the purposes of this schedule, the front elevation on Baker Street is deemed to face due east.

1.4 No tests or specialist inspections of the services installations have been undertaken.

1.5 The schedule is to be read in conjunction with the appended photographs at Appendix A and the indicative reference plan at Appendix B.

1.6 The floor was unoccupied at the time of inspection.

1.7 The descriptive and expressive terms used in the Schedule which describe the condition of the property are for the purpose of this report defined as follows:

Expression	Definition
Good	In new condition with no soiling/wear or other defects.
Satisfactory	Subject to general wear and tear with slight signs of soiling but still serviceable and functioning adequately.
Fair	Subjected to several years wear, still serviceable, with minor repair work necessary.
Poor	In a dilapidated condition, subjected to hard, long term wear with major repair and/or renovation necessary.

2 Limitations

2.1 This Schedule does not constitute a building survey, and is only intended to record the condition of Part 4 th Floor, 55 Baker Street, London W1U 8AN.

2.2 It was not possible to inspect certain parts of the structure which were covered, unexposed or inaccessible. It is not, therefore, possible to accept any liability in respect of any defects which may subsequently become apparent.

2.3 This document is meant to reflect the condition of the premises at the time of the inspection, on an independent basis as a matter of fact.

3 Publication

3.1 Neither the whole nor any part of this Schedule of Condition, nor any reference thereto, may be included in any document, circular or statement without prior written approval by Knight Frank LLP of the form and contents in which it will appear.

Knight Frank LLP
16 th January 2012

Part 4th Floor, 55 Baker Street, London W1U 8AN

Item	Location/Element	Description	Condition	Photograph No.
1.0	**Reception**			
1.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling, integral lighting and plasterboard perimeter. 2no. speakers and 4no. smoke detectors. Lighting PIR controlled.	In satisfactory condition with some minor soiling.	1-4
1.2	Walls and Windows	Painted plaster walls and columns with timber skirting. Polished plaster to partition to Meeting Rooms 1 and 2. Glazed partition with fenestration to Meeting Room 1. Full height glazing to atrium in powder coated aluminium frames with roller blinds. Redundant TV recess on south partition. Glazed section to west of south partition. Floral pattern on south partition.	Glazing in good condition. Decorations in satisfactory condition although generally scuffed at low level. Minor chips to edges of polished plaster. 5no. fixing holes and 1no. access hole to TV recess.	1-4
1.3	Doors	Double timber flush entrance doors with brushed aluminium kick plates, pull handles, vision panels and closers. Door entry access button, break glass emergency release and fire alarm break glass adjacent to entrance doors. Flush timber door to cleaners cupboard with brushed aluminium kick plate and leaver handle. Frameless glass door to Meeting Room 1 with brushed steel handle. Timber lined door to Meeting Room 2 with brushed aluminium pull handle. Powder coated aluminium riser cupboard doors.	Doors in satisfactory condition.	1-4
1.4	Floor	4no. grommets	In satisfactory condition.	1-4

Part 4th Floor, 55 Baker Street, London W1U 8AN

Item	Location/Element	Description	Condition	Photograph No.
2.0	**Meeting Room 1**			
2.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling and integral lighting. 1no. speaker and 1no. smoke detectors. Lighting PIR controlled.	In satisfactory condition with some minor soiling.	5-7
2.2	Walls	Painted plaster walls and columns with timber skirting. Polished plaster to column. Glazed partition with fenestration to Reception. Double power socket and data socket to north partition.	Glazing in good condition. Decorations in satisfactory condition although generally scuffed at low level. Minor chips to edges of polished plaster.	5-7
2.3	Doors	Frameless glass door to Meeting Room 1 with brushed steel handle.	Door in satisfactory condition.	5-7
2.4	Floor	Raised access floor with 1no. grommet and 1no. floor box.	In satisfactory condition.	5-7
3.0	**Meeting Room 2**			
3.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling, integral lighting and plasterboard perimeter. 1no. smoke detector. Lighting PIR controlled.	In satisfactory condition with some minor soiling.	8-10
3.2	Walls and Windows	Painted plaster walls and columns with timber skirting. Full height glazing to atrium in powder coated aluminium frames with roller blinds. Double power socket and data socket to north partition.	Glazing in good condition. Decorations in satisfactory condition although generally scuffed at low level.	8-10
3.3	Doors	Timber door to Reception with brushed aluminium pull handle.	Doors in satisfactory condition although lightly scuffed at the edge and with a loose pull handle.	8-10

Part 4th Floor, 55 Baker Street, London W1U 8AN

Item	Location/Element	Description	Condition	Photograph No.
3.4	Floor	Raised access floor with 2no. grommets and 1no. floor box.	In satisfactory condition.	8-10
4.0	**Cleaner's Cupboard**			
4.1	Ceiling	Decorated plaster ceiling. 1no. speaker and 1no. smoke detector.	In satisfactory condition.	11-12
4.2	Walls	Painted plaster walls with timber skirting. Fluorescent light to south wall. 1no. air supply vent with egg crate grill.	Decorations in satisfactory condition although generally scuffed at low level. Light not working. Air supply grid soiled.	11-12
4.3	Doors	2no. powder coated aluminium riser doors. Flush timber door to Reception with lever handle and thumb turn lock.	Doors in satisfactory condition.	11-12
4.4	Floor	Raised floor with sheet vinyl	Vinyl generally stained	11-12
4.5	Fixtures	Butlers sink with ceramic tile splash back, hot and cold water taps. 2no. timber shelves on west wall.	Sink lightly stained but in satisfactory condition.	11-12
5.0	**Store 1 (to rear of Reception)**			
5.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling, integral lighting and plasterboard perimeter. 1no. smoke detector. Lighting PIR controlled.	In satisfactory condition with some minor soiling.	13-14
5.2	Walls and Windows	Painted plaster walls and columns with timber skirting. 3no. double power sockets, 3no. data sockets and 2no. blank data points.	Decorations in satisfactory condition although generally scuffed at low level. Fixing adhesive on south wall.	13-14
5.3	Floor	Raised access floor.	In satisfactory condition.	13-14

Part 4th Floor, 55 Baker Street, London W1U 8AN

Item	Location/Element	Description	Condition	Photograph No.
6.0	**South Open Plan Office**			
6.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling, integral lighting and plasterboard perimeter. 1no. speaker, 8no. smoke detectors and 1no. sensor. Lighting PIR controlled.	In satisfactory condition with some minor soiling. Fixing holes in 4no. ceiling panels adjacent to south west corner of the light well. Impact damage to the nose cone of the 8 th chilled beam from the east elevation adjacent to a column.	15-25
6.2	Walls and Windows	Painted plaster walls and columns with timber skirting. Full height glazing to atrium in powder coated aluminium frames with roller blinds. Panel radiators to south flank with double glazed windows above. Partition to Store 2 decorated with black paint. 2no. double power sockets and a data socket to west partition of tea point.	Glazing in good condition with the exception of 4 th pane from the west to the atrium which has cracked. Decorations in satisfactory condition although generally scuffed at low level. Partition to Meeting Room 3 covered in adhesive fixings. 10no. fixing holes at high level on the central rows of columns. Radiators generally marked.	15-25
6.3	Doors	Double timber flush doors with brushed aluminium kick plate, push plate, vision panel. Door entry access system.	Doors in satisfactory condition.	15-25
6.4	Floor	Raised access floor with 24no. grommets and 3no. floor boxes.	In satisfactory condition.	15-25
7.0	**Store 2 (to north of the Tea Point)**			
7.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling and integral lighting. 1no. smoke detector. Lighting PIR controlled.	In satisfactory condition with some minor soiling.	26-27

Part 4th Floor, 55 Baker Street, London W1U 8AN

Item	Location/Element	Description	Condition	Photograph No.
7.2	Walls and Windows	Painted plaster walls and columns with timber skirting. 1no. single power socket.	Decorations in satisfactory condition although generally scuffed at low level.	26-27
7.3	Floor	Raised access floor.	In satisfactory condition.	26-27
8.0	**Tea Point**			
8.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling, integral lighting and plasterboard perimeter. 1no. smoke detector. Lighting PIR controlled. 2no. blank disks to ceiling tiles.	In satisfactory condition with some minor soiling.	28-31
8.2	Walls and Windows	Painted plaster walls and columns with timber skirting. 1no. air supply vent with egg crate grill. Glass covered sign board on west elevation.	Decorations in satisfactory condition although generally scuffed at low level. Air supply grid soiled. 1no. redundant fixing screw on west elevation with damaged plaster around.	28-31
8.3	Doors	5no. powder coated aluminium riser doors.	Doors marked but in satisfactory condition.	28-31
8.4	Floor	Raised access floor.	In satisfactory condition.	28-31
8.5	Fixtures	Gloss white wall and base units. Laminated worktop with stainless steel sink, hot/cold water mixer tap and Zip tap. Stainless steel microwave surround (microwave removed). 2no. integral fridges. 1no. dish washer.	Door beneath sink has dropped.	28-31

Part 4th Floor, 55 Baker Street, London W1U 8AN

Item	Location/Element	Description	Condition	Photograph No.
9.0	**Breakout Area**			
9.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling, integral lighting and plasterboard perimeter. 2no. pendant feature lights, 1no. smoke detector and 2no. blank disks to ceiling tiles. Lighting PIR controlled.	In satisfactory condition with some minor soiling. 1no. ceiling tile holed adjacent to east elevation.	32-37
9.2	Walls and Windows	Painted plaster walls and columns with timber skirting. Full height glazing to south flank in powder coated aluminium frames with roller blinds. Panel radiators to east flank with double glazed windows above.	Glazing in good condition. Decorations in satisfactory condition although generally scuffed at low level. Radiators generally marked. Numerous fixing pins to Meeting Room 3 south partition.	32-37
9.3	Doors	Timber flush fire exit door with brushed aluminium kick plate and push plate/handle. Door entry access button, break glass emergency release and fire alarm break glass adjacent to entrance doors. Timber clad double doors to Meeting Room 3 with brushed aluminium pull handles.	Doors in satisfactory condition.	32-37
9.4	Floor	Raised access floor with 2no. grommets, 2no. floor boxes and 1no. circular hole in a raised floor tile.	In satisfactory condition.	32-37
10.0	**Meeting Room 3**			
10.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling, integral lighting and plasterboard perimeter. 2no. smoke heads and 1no. sensor. Lighting PIR controlled.	In satisfactory condition with some minor soiling. 1no. ceiling tile holed to centre of the room.	38-41

Part 4th Floor, 55 Baker Street, London W1U 8AN

Item	Location/Element	Description	Condition	Photograph No.
10.2	Walls and Windows	Painted plaster walls and columns with timber skirting. Panel radiators to east flank with double glazed windows above. 1no. double power socket and 1no. data point to north partition.	Glazing in good condition. Decorations in satisfactory condition although generally scuffed at low level. Radiators generally marked. 2no. fixing holes and 2no. redundant screws at high level on west flank partition. Water staining to 1no. radiator pipe.	38-41
10.3	Doors	Timber clad double doors to Breakout Area with brushed aluminium pull handles.	Doors in satisfactory condition.	38-41
10.4	Floor	Raised access floor with 3no. grommets and 1no. floor box.	In satisfactory condition.	38-41
11.0	**Store 3 (to north of Meeting Room 3)**			
11.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling and integral lighting. 1no. smoke head. Lighting PIR controlled.	In satisfactory condition with some minor soiling.	42-44
11.2	Walls and Windows	Painted plaster walls and columns with timber skirting. 2no. double power sockets and 2no. data points.	Glazing in good condition. Decorations in satisfactory condition although heavily scuffed.	42-44
11.3	Doors	1no. powder coated aluminium riser door.	Door heavily soiled but in satisfactory condition.	42-44
11.4	Floor	Raised access floor.	In satisfactory condition.	42-44
12.0	**East Open Plan Office**			
12.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling, integral lighting and plasterboard perimeter. 7no. smoke heads. Lighting PIR controlled.	In satisfactory condition with some minor soiling. Tiles do not meet partition to the north east office leaving the ceiling void exposed.	45-53

Item	Location/Element	Description	Condition	Photograph No.
12.2	Walls and Windows	Painted plaster walls and columns with timber skirting. Full height glazing in powder coated aluminium frames with roller blinds to east and west flanks.	Glazing in good condition. Decorations in satisfactory condition although generally scuffed at low level.	45-53
12.3	Doors	3no. powder coated aluminium riser doors. Timber flush door to North East Office with brushed aluminium kick plate, push plate and vision panel. Fire alarm break glass and 2no. redundant wires adjacent to the door.	Doors in satisfactory condition.	45-53
12.4	Floor	Raised access floor with 27no. grommets.	In satisfactory condition.	45-53
13.0	**North East Office**			
13.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling, integral lighting and plasterboard perimeter. 1no. speaker, 2no. smoke heads and 1no. sensor. Lighting PIR controlled.	In satisfactory condition with some minor soiling. 1no. ceiling panel displaced. Ceiling does not meet south partition above entrance door.	54-59
13.2	Walls and Windows	Painted plaster walls and columns with timber skirting. Full height glazing to north elevation in powder coated aluminium frame with roller blinds. Part glazed and part decorated plaster partitions to meeting rooms.	Glazing in good condition. Decorations in satisfactory condition although generally scuffed at low level. 2no. redundant fixing brackets to west partition.	54-59
13.3	Doors	Timber flush door to East Open Plan Office with brushed aluminium kick plate, push plate and vision panel. Fire alarm break glass and 2no. redundant wires adjacent to the door.	Doors in satisfactory condition.	54-59
13.4	Floor	Raised access floor with 5no. grommets and 1no. floor box.	In satisfactory condition.	54-59

Part 4th Floor, 55 Baker Street, London W1U 8AN

Item	Location/Element	Description	Condition	Photograph No.
14.0	**Meeting Room 4**			
14.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling, integral lighting and plasterboard perimeter. 1no. smoke heads. Lighting PIR controlled.	In satisfactory condition with some minor soiling.	60-61
14.2	Walls and Windows	Painted plaster walls and columns with timber skirting. Glass partition to west flank. Panel radiators to east flank with double glazed windows above.	Glazing in good condition. Decorations in satisfactory condition although generally scuffed at low level. Radiators generally marked.	60-61
14.3	Doors	Frameless glass door with brushed aluminium pull handles to the North East Office area.	Door in satisfactory condition.	60-61
14.4	Floor	Raised access floor with 2no. grommets and 1no. floor box.	In satisfactory condition.	60-61
15.0	**Meeting Room 5**			
15.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling, integral lighting and plasterboard perimeter. 1no. smoke head and 1no. speaker. Lighting PIR controlled.	In satisfactory condition with some minor soiling.	62-65
15.2	Walls and Windows	Painted plaster walls and columns with timber skirting. Glass partition to west flank. Panel radiators to east flank with double glazed windows above.	Glazing in good condition. Decorations in satisfactory condition although generally scuffed at low level. Radiators generally marked. 4no. redundant fixing brackets to the north partition. 6no. redundant fixing screws and 2no. redundant fixing holes to the west partition.	62-65
15.3	Doors	Frameless glass door with brushed aluminium pull handles to the North East Office area.	Door in satisfactory condition.	62-65

Part 4th Floor, 55 Baker Street, London W1U 8AN

Item	Location/Element	Description	Condition	Photograph No.
15.4	Floor	Raised access floor with 1no. grommet and 1no. floor box.	In satisfactory condition.	62-65
16.0	**Meeting Room 6**			
16.1	Ceiling	Metal tile suspended ceiling with exposed chilled beam cooling, integral lighting and plasterboard perimeter. 1no. smoke head. Lighting PIR controlled.	In satisfactory condition with some minor soiling.	66-68
16.2	Walls and Windows	Painted plaster walls and columns with timber skirting. Glass partition to west flank. Panel radiators to east flank with double glazed windows above.	Glazing in good condition. Decorations in satisfactory condition although generally scuffed at low level. Radiators generally marked.	66-68
16.3	Doors	Frameless glass door with brushed aluminium pull handles to the North East Office area.	Door in satisfactory condition.	66-68
16.4	Floor	Raised access floor with 1no. grommet and 2no. floor boxes.	In satisfactory condition.	66-68

Signed .... **(Landlord)**

For and on behalf of ....

Date ....

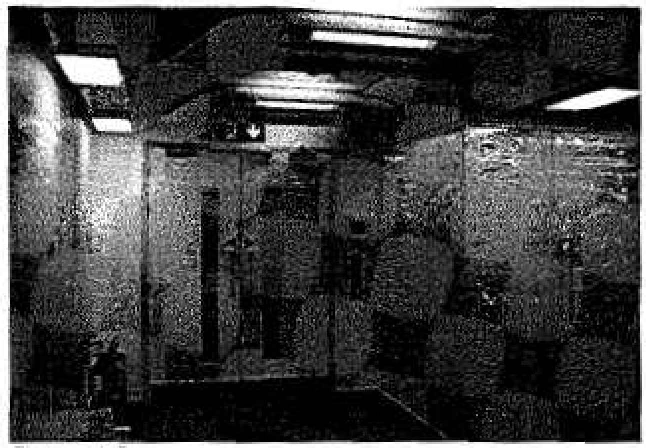
Signed .... **(Tenant)**

For and on behalf of ....

Date ....

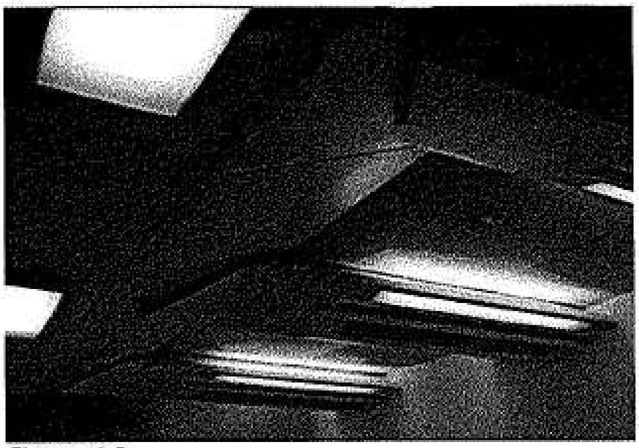
Appendix A - Photographic Schedule


Photograph 1.


Photograph 2.


Photograph 3.


Photograph 4.



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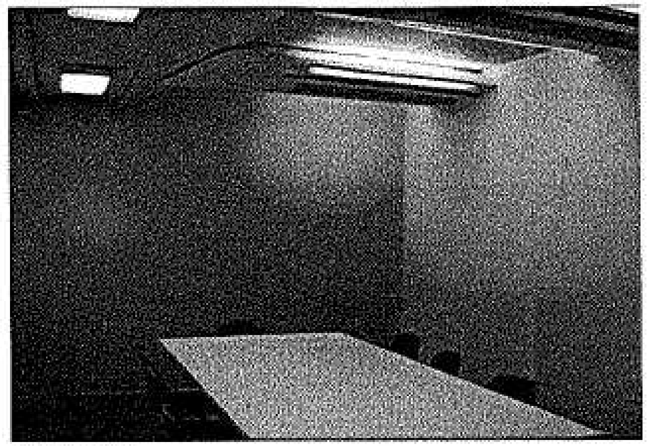
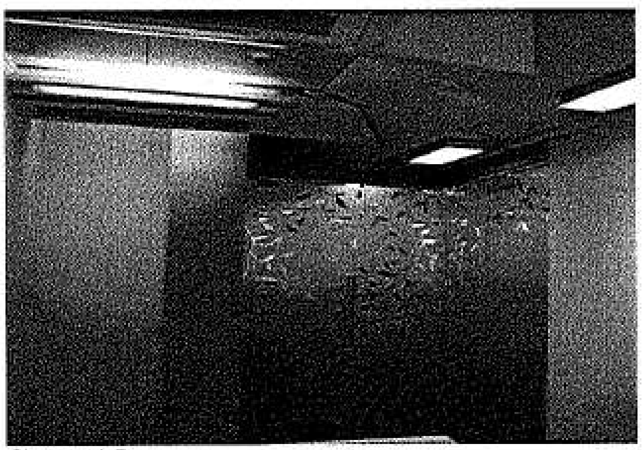
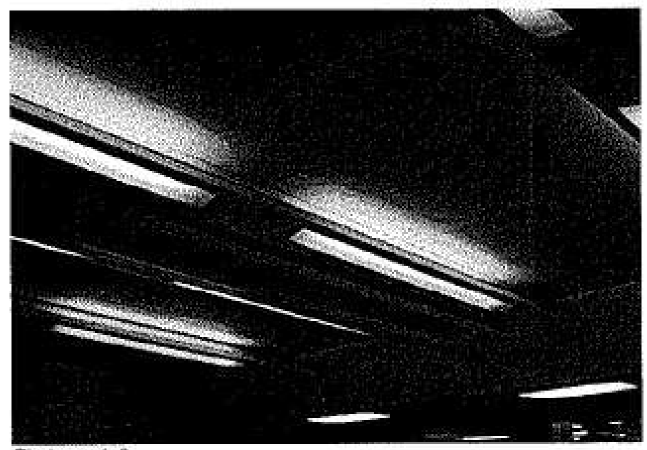


Photograph 6.



Photograph 7.



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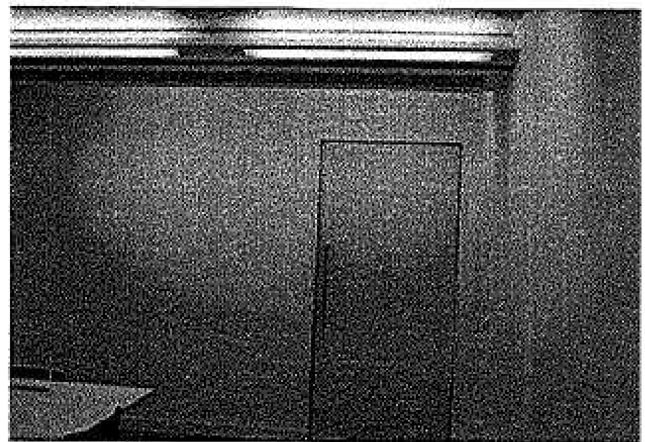
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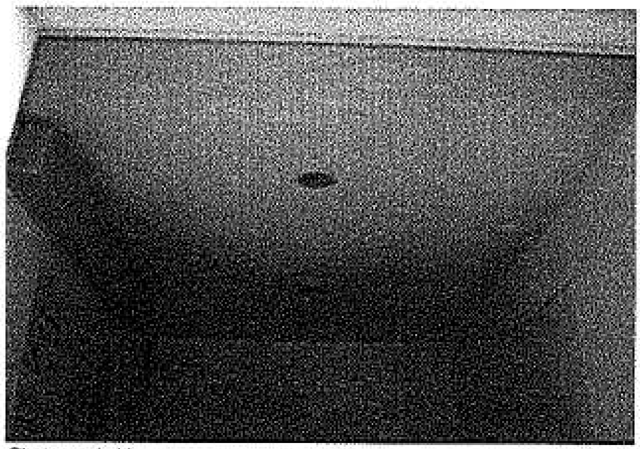
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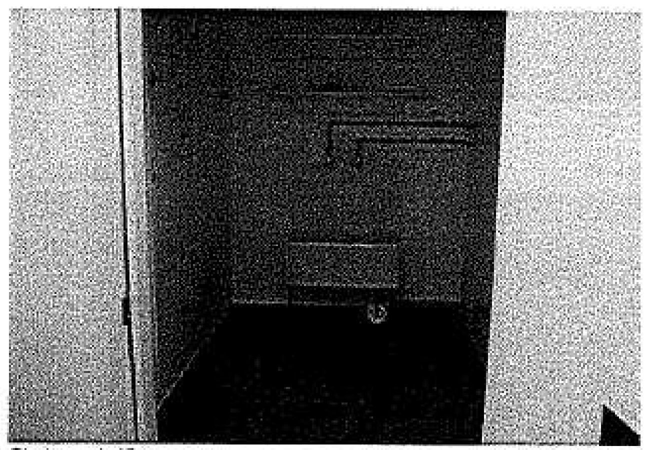
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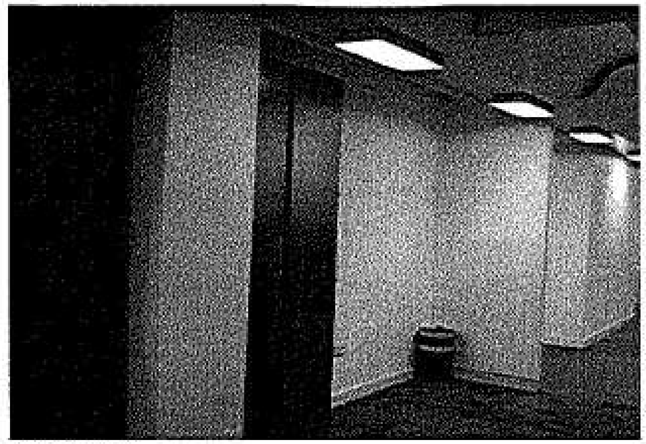
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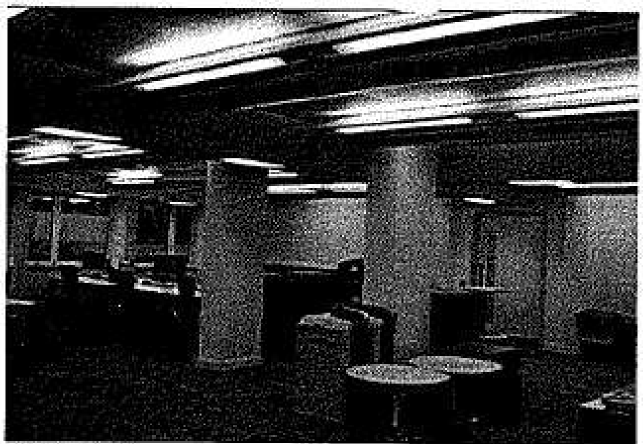

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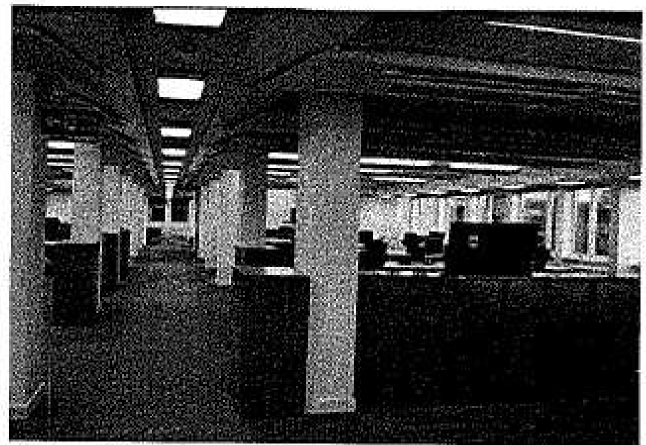

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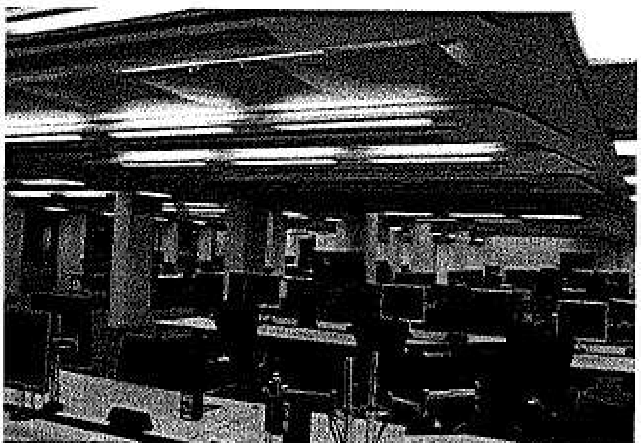

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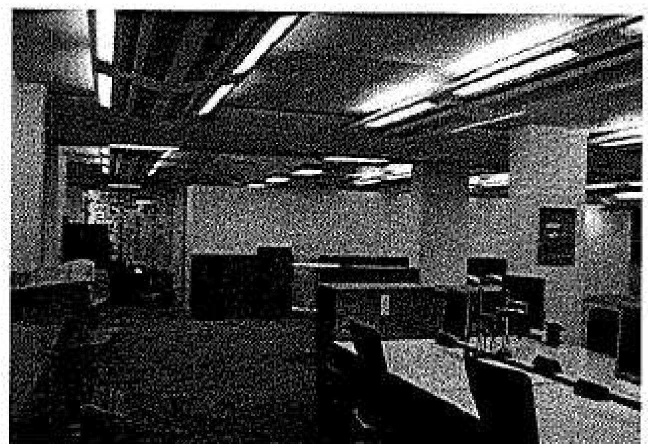

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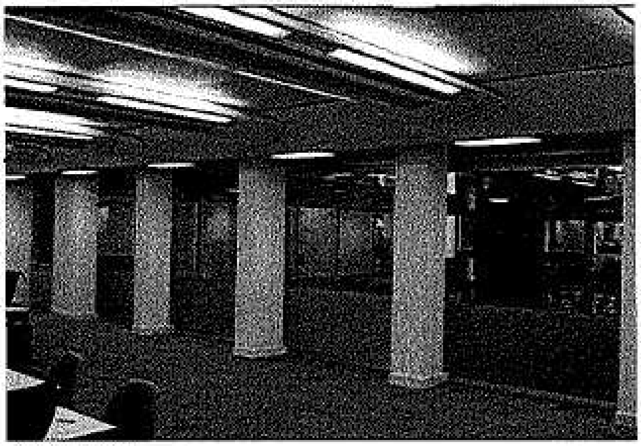
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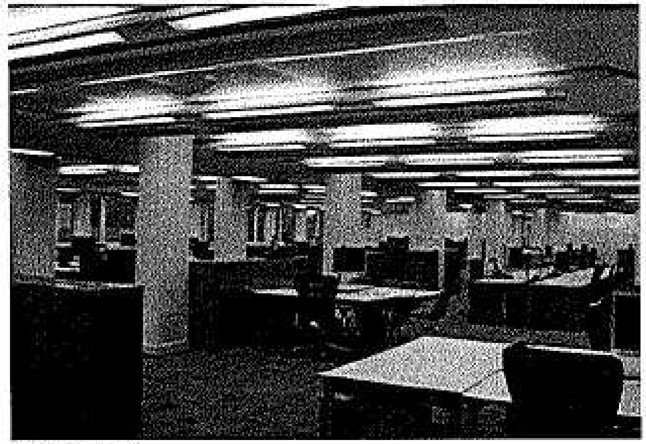
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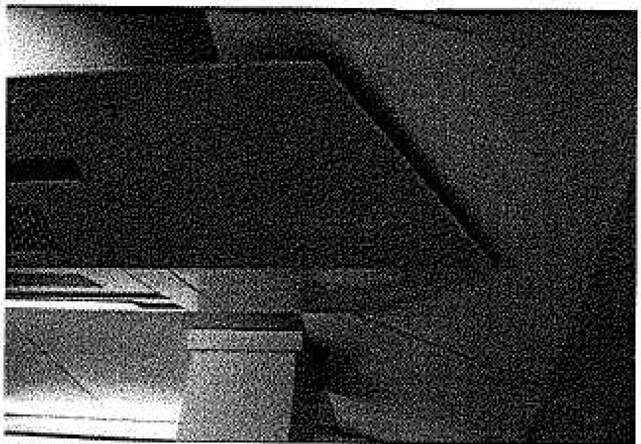

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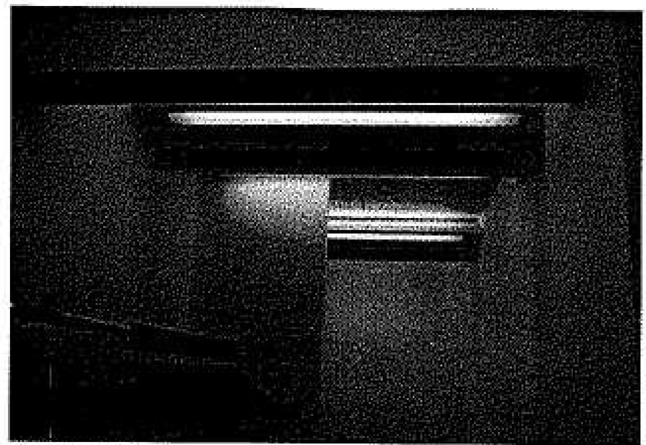

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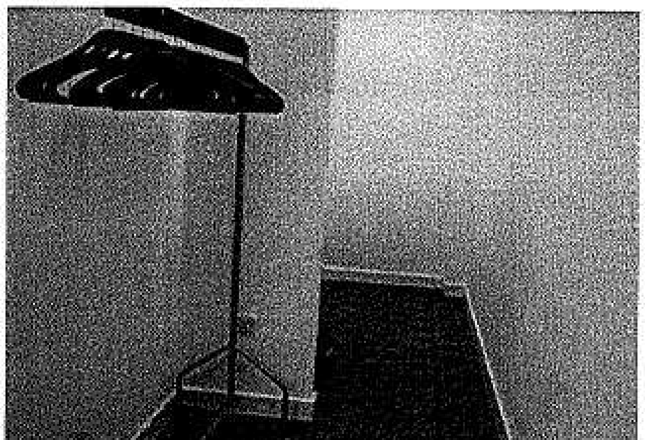

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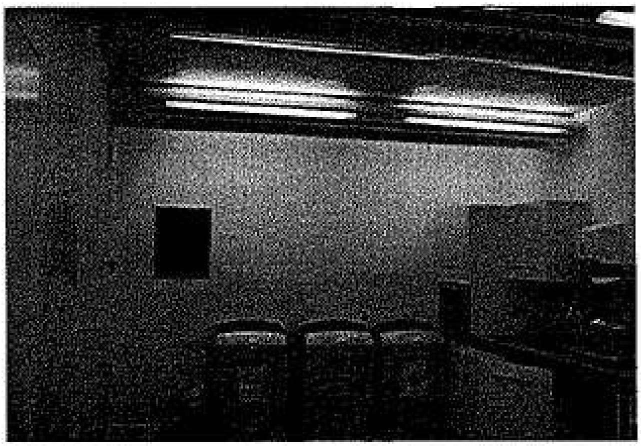
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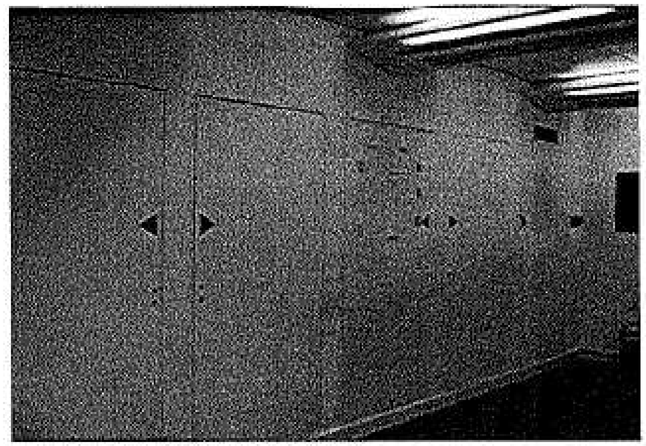
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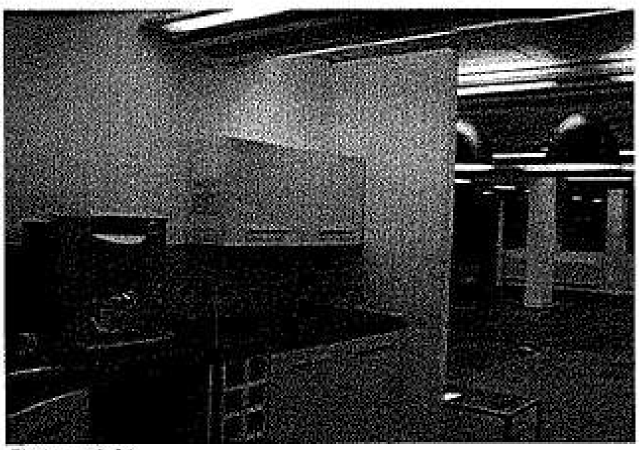
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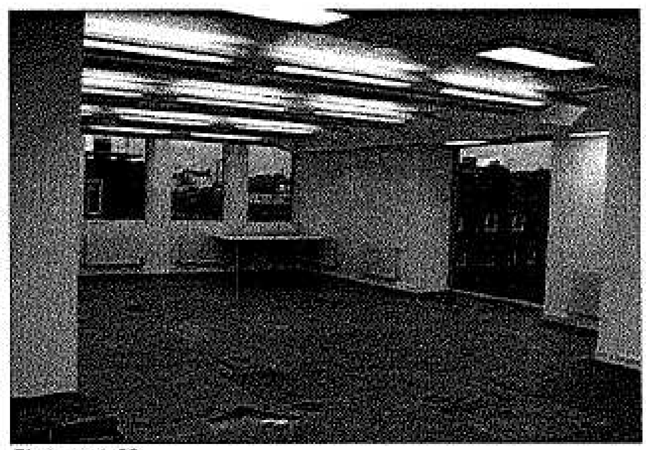
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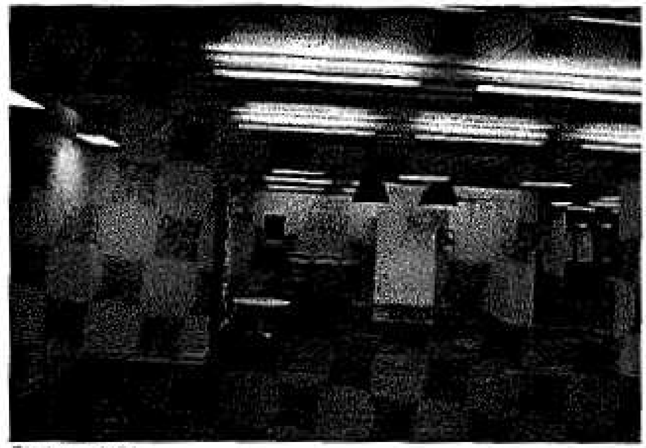

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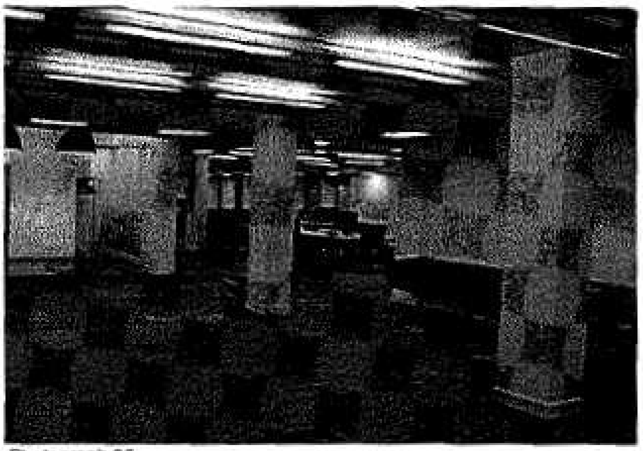

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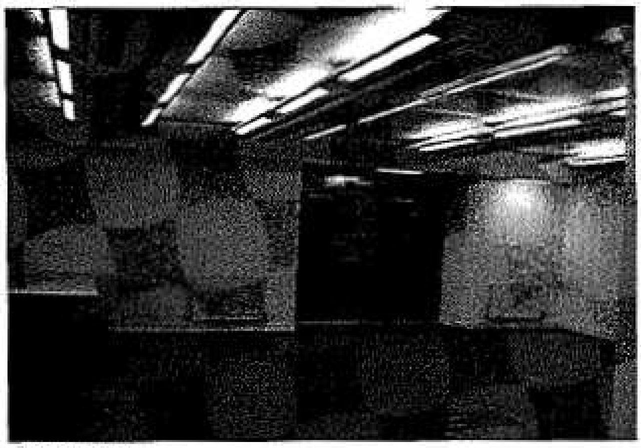

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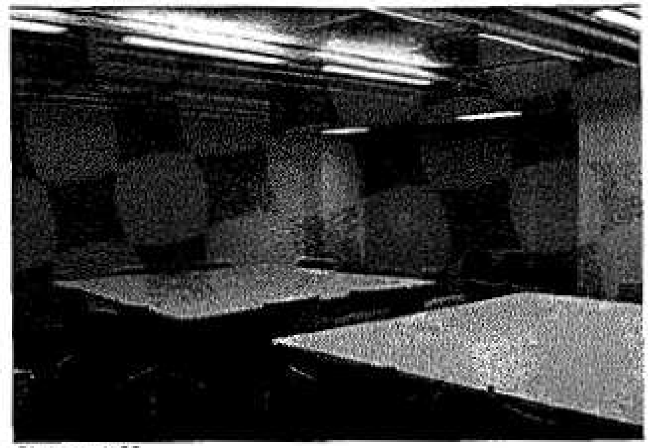

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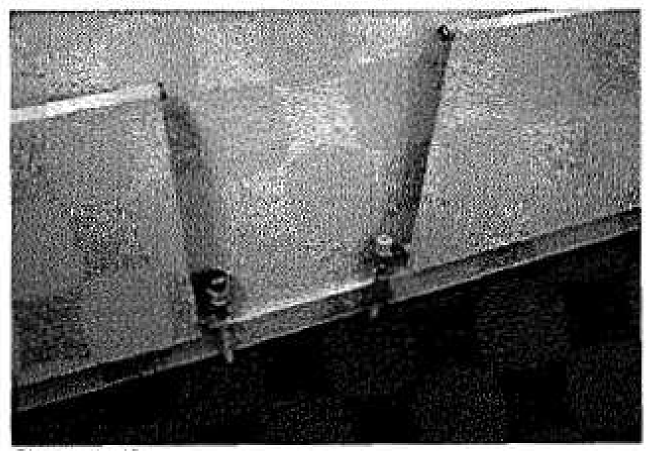

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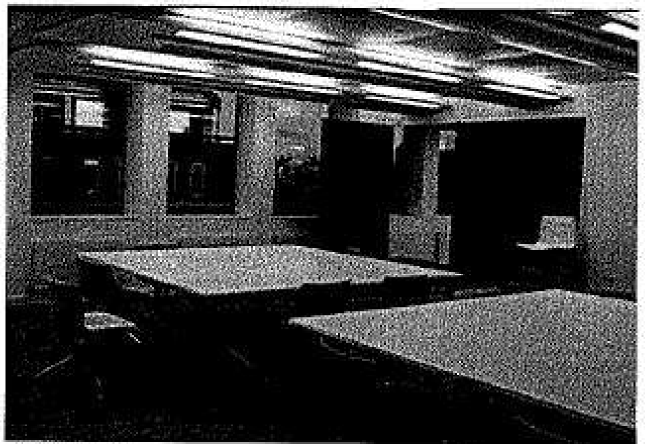
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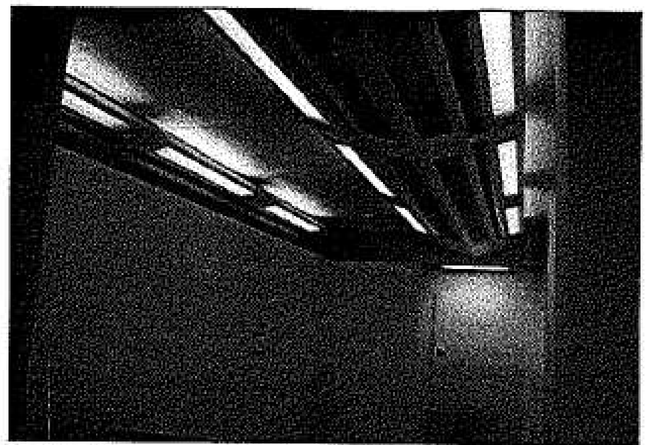
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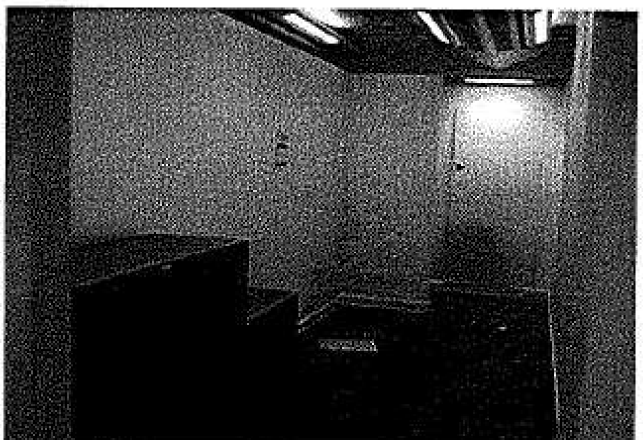
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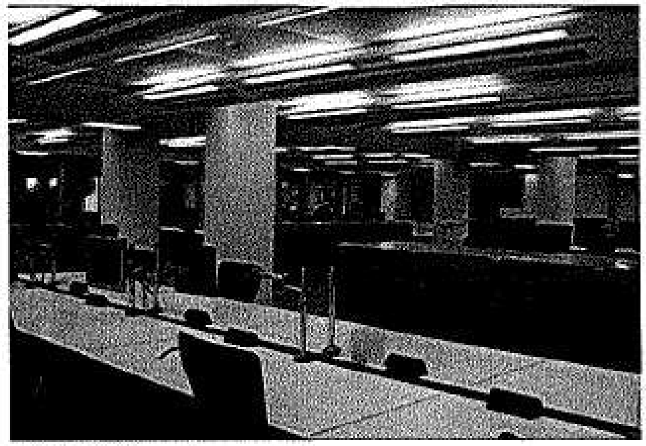
Photograph 45.



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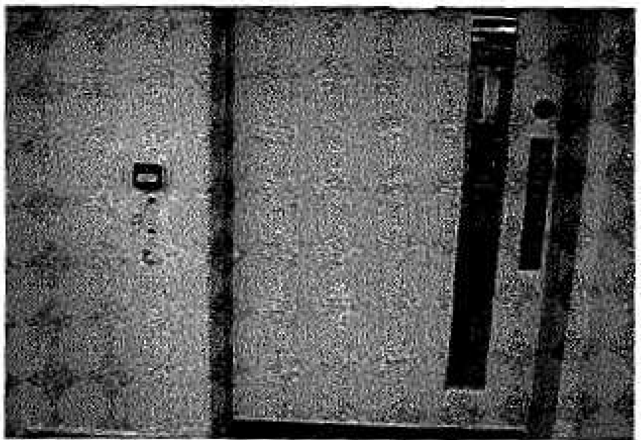

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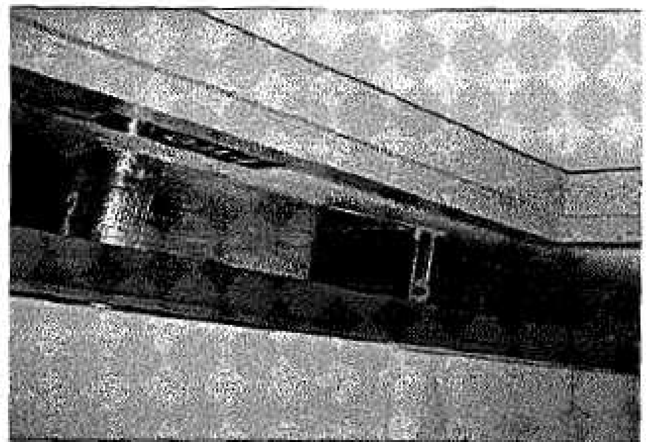

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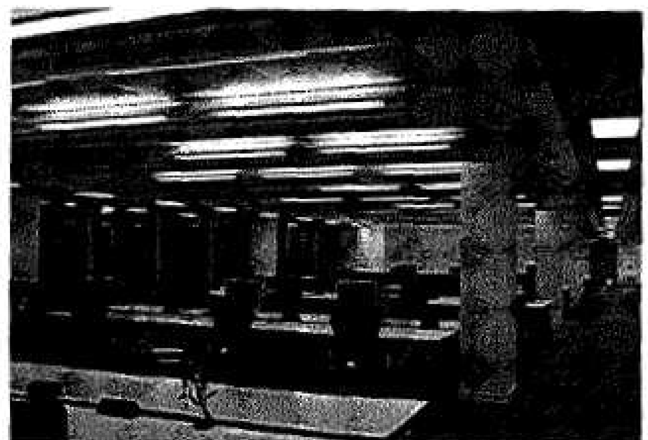

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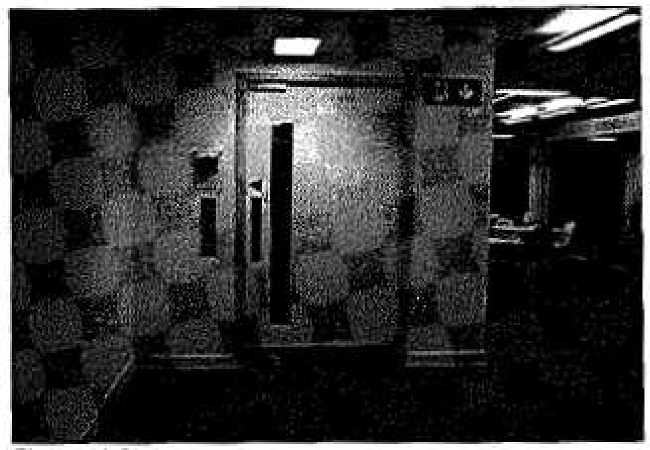
Photograph 53.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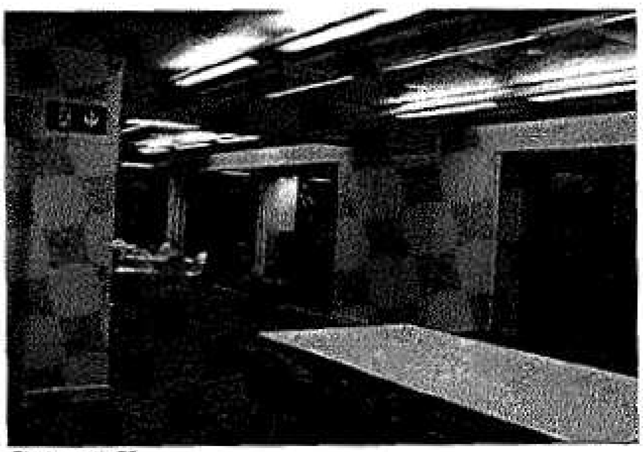
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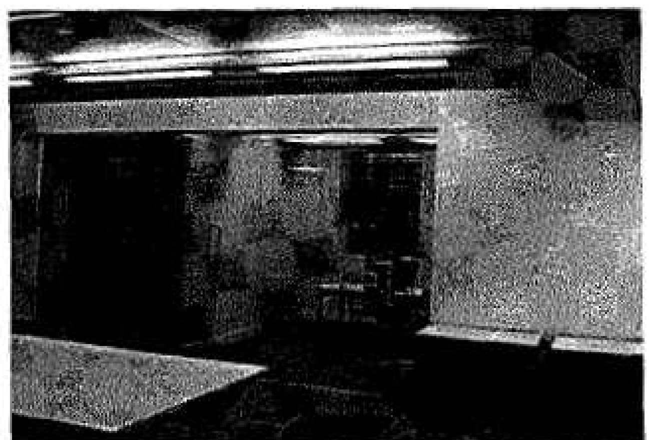
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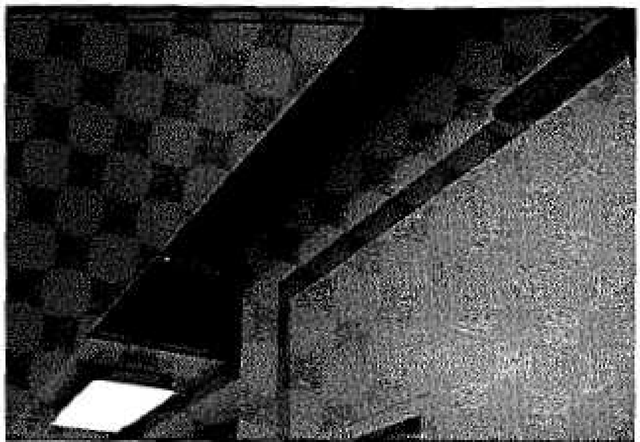
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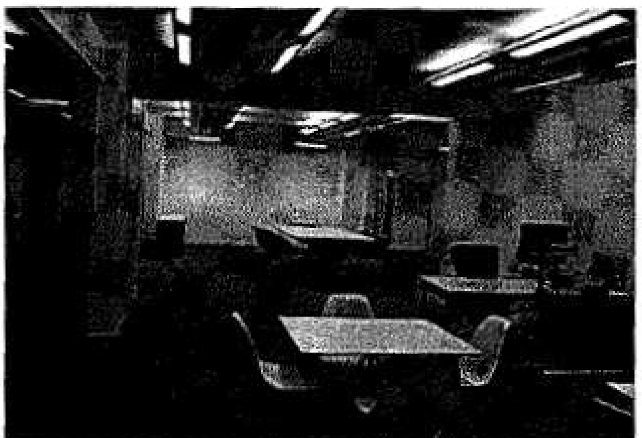
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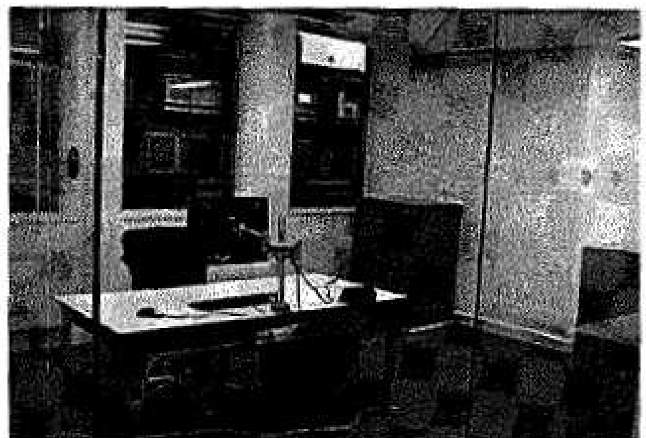
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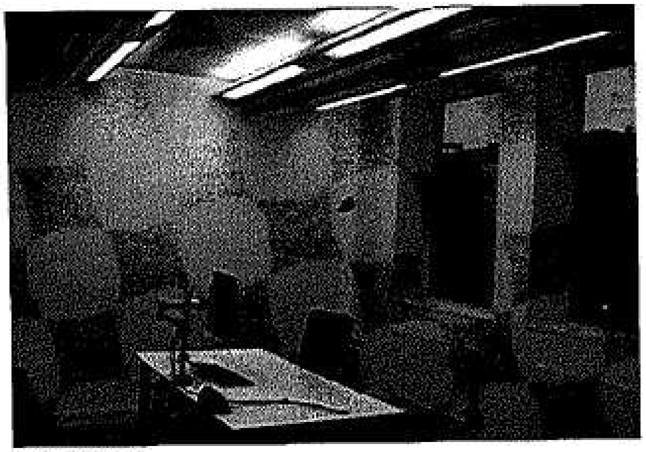
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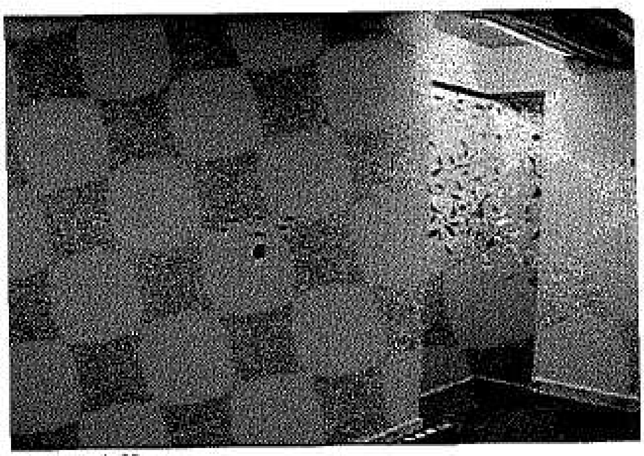
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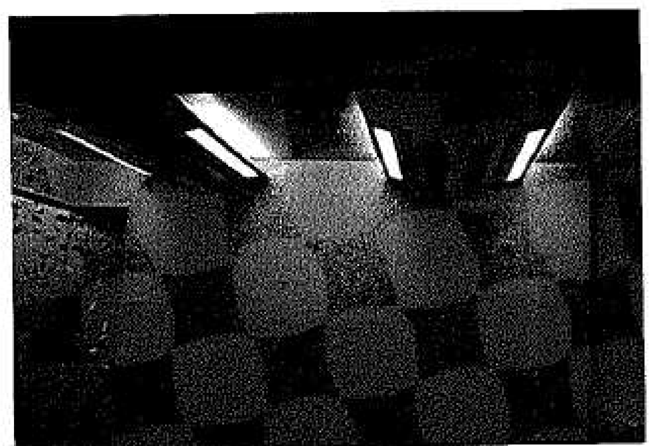
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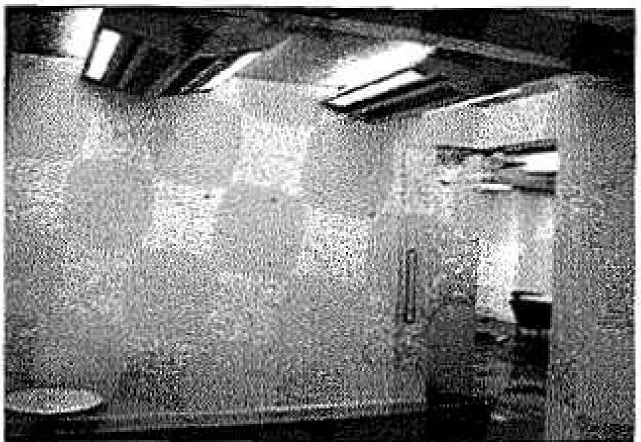
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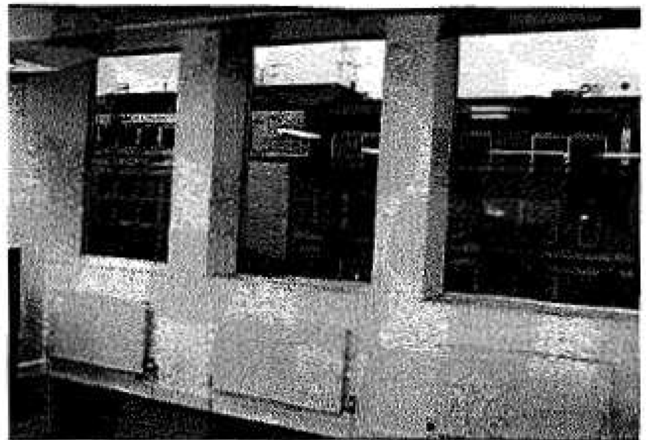
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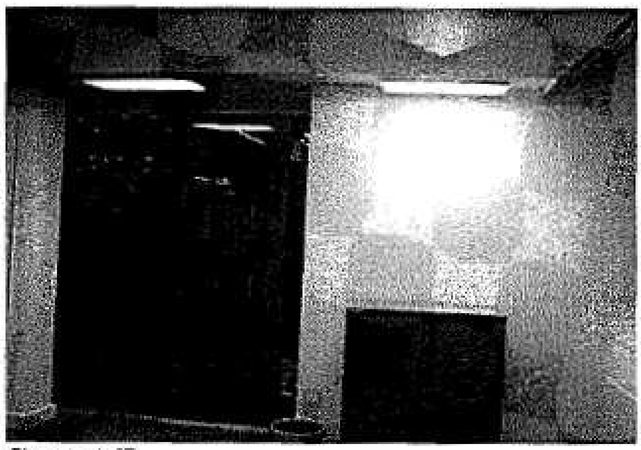
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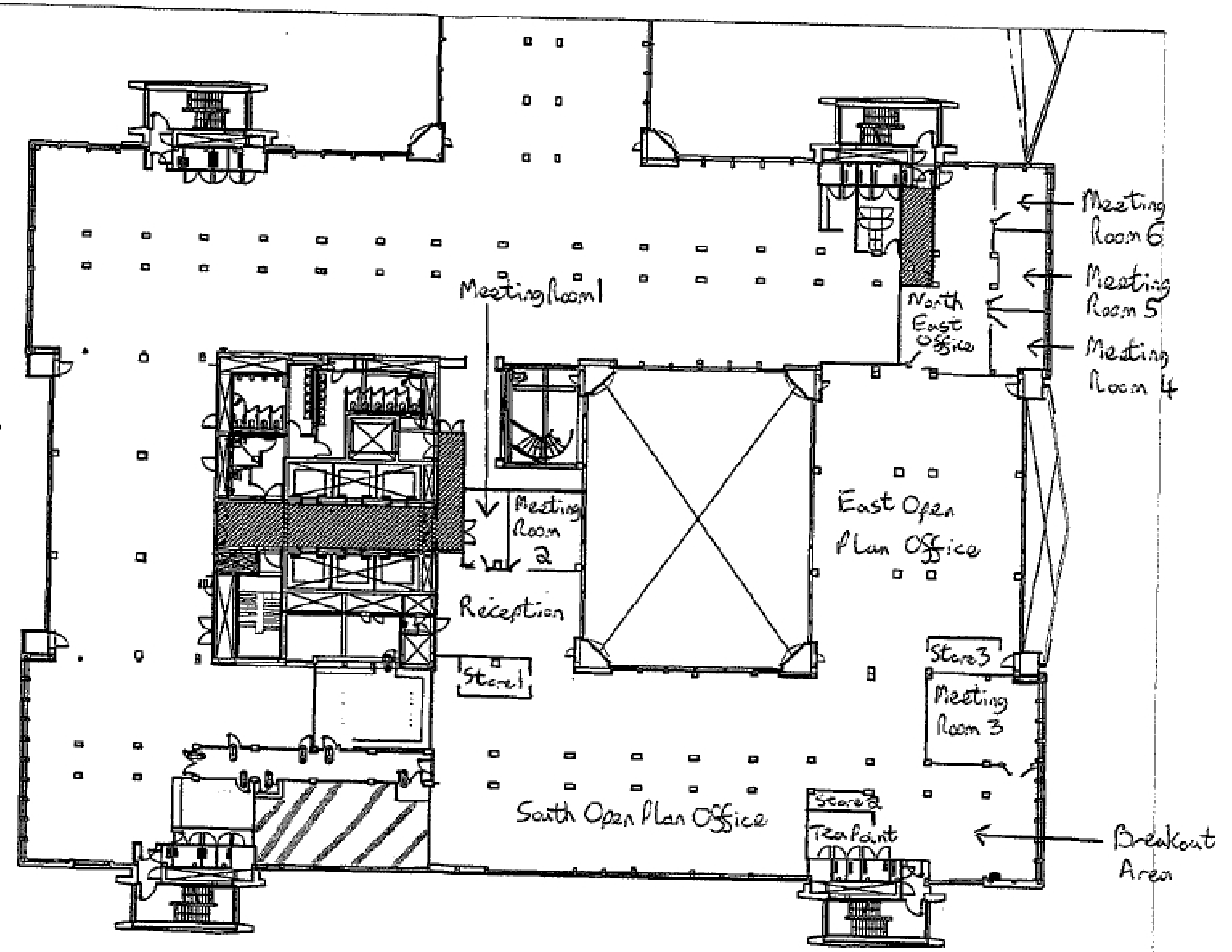
Photograph 68.

Appendix B - Indicative Reference Plan



Hatching indicates common parts areas

0 5m 10m 20m

NOTES

This drawing is for incorporation within the lease and registering with the HM Land Registry only. This plan should not be used for construction purposes.

Knight Frank

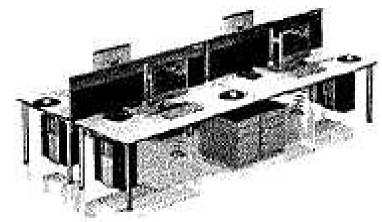
CLIENT Knight Frank
PROJECT 55 Baker Street

LOCATION 55 Baker Street
London
W1U 8AN

DRAWING 4th Floor Legal Demise Plan

SCALE 1:250 @A3
DATE 23 April 2008
DRAWN GB
CHECKED RS

DO NOT SCALE FROM THIS DRAWING
STATUS For Info

Item	Description	Quantity	Picture	Condition
Haworth Zody System 89 Task Chair	Task Chair, polished aluminium frame and five star base, armrest upstands and wish bone, all other framework in black, coat hanger in powder coated black, black mesh back, seat upholstered in black crepe from the Haworth 82 range colour 009 (black) 4d armrests and sliding seat.	110		Minor dust marks to chairs. General scratching to pedestal legs.
Ahred A500 Open Plan Desk	Single desk dimensions 1600w x 800d mm, top finish white ciranol top, metalwork finish silver paint finish to frame.	108		Good condition, minor marks commensurate with use. Minor scratching to legs.
DPG / Formfittings Desktop Power Modules	DPG/formfitting desktop power, 2 power individually switched, in black with 3 pin plug connection, 1 metre of mains lead.	108	No Image	
Ahrend Pedestals	Stainless steel pedestal. 3 drawers including pen drawer.	110	No Image	20 No. Keys missing, 2 No. drawers broken, 1 No. key broken in lock

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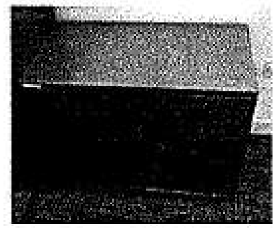
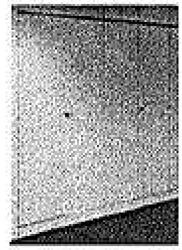
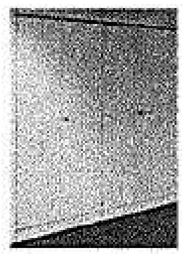
Retained Furniture Inventory

Item	Description	Quantity	Picture	Condition
Bisley Bespoke AV Credenza	Silver Grey carcass included specified filing internals 720mm (2 high).	1		Minor dust marks.
Spacestore Storage Wall	2040mm wide modules. All modules capped at 2390mm high floor to top of door height, 2358mm (2233mm doors). Various internal fittings of shelves / file carcuses.	1		Minor scratches.
Spacestore Storage Wall	1020mm wide modules. All modules capped at 2390mm high floor to top of door height, 2358mm (2233 doors). Various internal fittings of shelves / file carcuses.	1		Minor scratches. 1 No loose handles.

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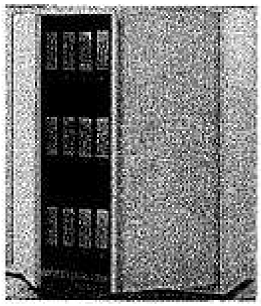
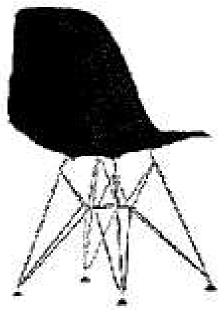
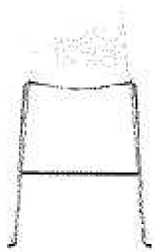
Retained Furniture Inventory

Item	Description	Quantity	Picture	Condition
Bisley Steel Storage	Silver grey carcass included specified filing internals both 1133mm (3 high).	8		General dust/dirt accumulation. Keys not present.
Vitra Eames DSR Chair	Café chair, chrome 4 leg wire base seat shell in blue '11'	16 turquoise 12 white		Minor isolated marks commensurate with use.
Arper Catifa 46 stool	Barstool, chrome sled base, single colour white, polypropylene shell, 575w x 510d x 720h mm.	7		Good condition.

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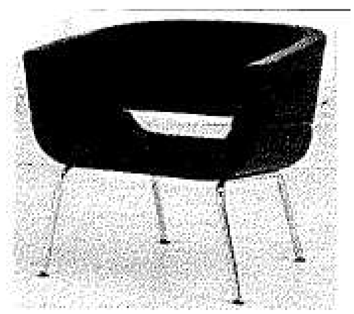
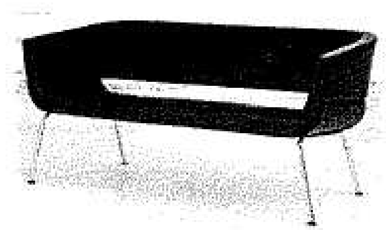
Retained Furniture Inventory

Item	**Description**	**Quantity**	**Picture**	**Condition**
Aper Duna Chair	Lounge chair, chrome 4 leg frame. Upholstered in Kvadrat Topaz 2 ‘966’.	8		Good condition.
Allermiur Lola A821 chair	Armchair range, chrome frame, upholstered in blue pentland ‘1515’ 770w x 670d x 745h mm.	2 dark grey 2 light grey		Light soiling to arms and seat fabric loose over cushion.
Allermiur Lola A822 Sofa	Sofa range, chrome frame, upholstered in blue pentland ‘1515’ 1525w x 670d x 745h mm.	1		Good condition. Fabric loose to cushion.

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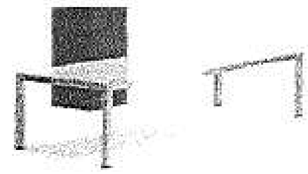
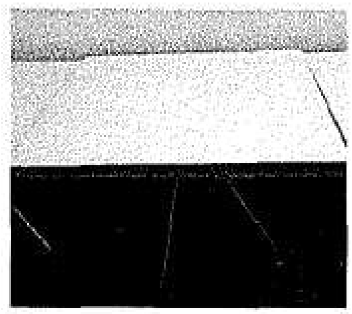
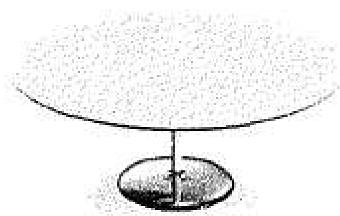
Retained Furniture Inventory

Item	**Description**	**Quantity**	**Picture**	**Condition**
Hitch Mylius HM26e Coffee Table	Coffee table, brushed stainless steel frame, etched glass top, 1500w x 550d x 360h mm.	1		Good condition.
Ryan Comma Table	Café table, satin stainless steel frame, top in white 'blanc chamonix', chamfered under edge, 900w x 900d x 720d mm.	7		Good condition. Minor warping to 1Nr table top.
Arper Duna Table	Coffee table, polished chrome pedestal based, white lacquered stem and top, 800mm diameter x 500h mm.	4		Good general condition. Dirty

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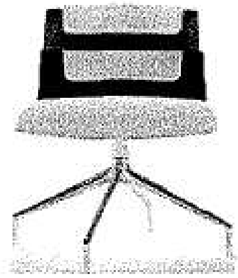
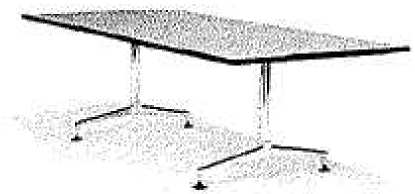
Retained Furniture Inventory

Item	Description	Quantity	Picture	Condition
B&B Italia Otto Chair	Meeting chair, bright aluminium spider base of glides, no arms, upholstered in Torre 25132150 Dark Charcoal Grey.	5 Light Grey, 6 Dark Grey, 14 Black, 4 Blue.		Good condition, minor staining to fabric.
Kusch Ona 8400 Table	Meeting table, bright chrome column, pedestal bright chrome with plastic glides, plate thickness 25mm, T-legs, Top finished in DBS-0105-60 pearl white, ABS lipping white, lipping PVC 2mm. 1800wx 800dx 735h mm.	8		Good condition
Under work top fridge	Integrated worktop height fridge	2	No Image	good condition

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Retained Furniture Inventory

Item	**Description**	**Quantity**	**Picture**	**Condition**
Recycling Bins	Nexus 100 Recycling Bins - One each for bottles, cans, plastic cups, general waste and confidential waste.	5		Good condition

EXHIBIT 31.1

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

I, Jeremy Stoppelman, certify that:

1. I have reviewed this report on Form 10-Q of Yelp Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jeremy Stoppelman

Jeremy Stoppelman
Chief Executive Officer
Date: May 4, 2012

EXHIBIT 31.2

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

I, Rob Krolik, certify that:

1. I have reviewed this report on Form 10-Q of Yelp Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Rob Krolik

Rob Krolik
Chief Financial Officer
Date: May 4, 2012

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2012 of Yelp Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeremy Stoppelman, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeremy Stoppelman
Jeremy Stoppelman
Chief Executive Officer
(Principal Executive Officer)
Date: May 4, 2012

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Yelp Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

EXHIBIT 32.2

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

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2012 of Yelp Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Rob Krolik, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Rob Krolik
Rob Krolik
Chief Financial Officer
(Principal Financial Officer)
Date: May 4, 2012