

**U.S. SALES COMPENSATION PLAN
TERMS AND CONDITIONS**

RICH BAKOS

SALES REPRESENTATIVE NAME

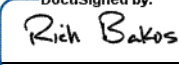


Receipt and Acknowledgment of Sales Compensation Plan Terms and Conditions

The undersigned ("Representative") hereby acknowledges receipt and acceptance of this Sales Compensation Plan Terms and Conditions.

The parties hereby acknowledge and agree to the terms of this Sales Compensation Plan Terms and Conditions.

REPRESENTATIVE

DocuSigned by:

Signature

Rich Bakos

Name

4/1/2015

Date

LOGRHYTHM, INC.

DocuSigned by:

Signature

Mark C. Vellequette

Name

Chief Financial Officer

Title

4/1/2015

Effective Date



Table of Contents

Sales Compensation Plan Terms and Conditions

General..... 4

Quota Assignment 7

Earning Commission Dollars 8

Qualified Bookings 9

Commission Calculation.....10

Accelerators and Bonuses11

Commission Settlements13

General

The sales compensation plan for LogRhythm is constructed to reflect LogRhythm's business goals for the year. In so doing, LogRhythm wants to compensate the Representatives for achievement of those goals. This Sales Compensation Plan Terms and Conditions and the annual Quota and Comp Plan applicable to Representative together make up the "Sales Compensation Plan." Any conflicting terms of the annual Quota and Comp Plan shall govern over any terms of the Sales Compensation Plan Terms and Conditions.

The Sales Compensation Plan contains the entire agreement between the Representative and LogRhythm on this subject, and supersedes any and all prior compensation arrangements or discussions between LogRhythm and the Representative.

Successful sales planning rests upon some key concepts. The first and most fundamental among these is the ability to attain targeted goals as defined by LogRhythm. Further, the drive toward reaching these goals must be supported by a process that, at once, supports the timely completion of sales transactions, while protecting LogRhythm's business interests. Finally, oversight must accompany any process to ensure that those protections are maintained in a consistent and uniform manner.

This document will define the goals that are the focal point of each year's **Total Target Attainment (TTA)** sales compensation plan. In addition, it describes the process and controls put into place to make certain the business that the sales force conducts on LogRhythm's behalf is done in a manner consistent with the overall requirements of LogRhythm.

All payments made pursuant to the Sales Compensation Plan shall be subject to the withholding of applicable income and employment taxes. LogRhythm may at its discretion modify a commission calculation based on a clerical error or windfall.

1. Sales Department Business Objectives:

- A. Achieve annual order quota and revenue objectives.
- B. Achieve sales targets monthly, quarterly and yearly.
- C. Work to increase repeat order business.
- D. Increase LogRhythm's customer base.

- E. Shorten the sales cycle, and encourage timely Customer acceptance of LogRhythm products.
- F. Control discounting to increase product margin.
- G. Manage expenses within operating budget.
- H. Limit non-standard contract and payment terms.
- I. Improve accuracy and completeness of data in common business systems.

2. Reservation of Rights

LogRhythm management reserves the right to modify or amend the Sales Compensation Plan on a prospective basis at its sole discretion. LogRhythm management reserves the right to tailor specific Salary and Compensation Plans for particular LogRhythm accounts, as well as make quota changes prospectively during the course of the year. Notification of changes to the Sales Compensation Plan will be made to the Representative in writing. The following is a non-exclusive list of factors that may prompt such change:

- A. A general price change applicable to the existing product line.
- B. A change in the existing product line or the addition of new products.
- C. Realignment of territories.
- D. Resignation or termination of one or more Sales Representatives.
- E. Mergers or acquisitions
- F. Any other significant market changes.

Non-Standard Transactions (e.g., transactions with unusually high risk models, lower margins, and/or transactions which cause additional engineering expenses to be incurred due to non-standard configurations, interfaces or features) are excluded from this plan. Non-Standard Transactions may also include those transactions where the final price is discounted beyond norms determined by LogRhythm Management in its sole discretion. Any commission payments and/or inclusion for Quota retirement for Non-Standard Transactions will be determined by LogRhythm Management in its sole discretion. LogRhythm shall have sole discretion to determine that any transaction is a Non-Standard Transaction.

Additionally, LogRhythm may from time to time announce additional Sales Promotions and compensation programs. The terms and conditions governing the Sales Promotions are as announced by LogRhythm and the terms and conditions of this Sales Compensation Plan shall govern the payment provisions of such Sales Promotions.

3. Compensation Elements

Representatives' On-Target Earnings ("OTE") represents the sum of the Base Salary and Target Commissions. Each Representative is assigned an OTE that will be the basis of their sales compensation calculations. In addition to OTE, Representatives may also be eligible for Bonuses and Accelerators as set forth in this document.

Compensation consists of the following elements:

1. Base Salary
2. Target Commission
3. Bonuses (if eligible)
4. Accelerators

Base Salary

Base Salary is the monthly amount that the employee and LogRhythm have agreed as the basic payroll payment. It shall be disbursed as long as the Representative is in the employment of LogRhythm.

Commissions

Participants are eligible for Commission Dollars (as defined below) as a result of the Representative booking sales to satisfy his/her Sales Quota. The computation for and conditions for earning Commission Dollars is explained in the Commission Calculation and Qualified Bookings sections later in this document.

Bonuses and Accelerators

Bonuses and Accelerators are milestone or business outcome specific and form the bulk of compensation upside. They typically come into play for attainment of Quotas or other specified objectives at 100% or more.

4. Expenses

Approved expenses incurred in the performance of assigned duties, and submitted to LogRhythm in accordance with LogRhythm's company policy, will be reimbursed.

5. Employment At-Will

Nothing in this document is to imply a guaranteed term of employment or the existence of an employment contract between LogRhythm and the Representative.

Quota Assignment

Sales Quota is the basis for attainment targets and compensation awards by LogRhythm. Each Representative will be assigned a Sales Quota that is based on LogRhythm's best assessment of an achievable amount of Qualified Bookings that can be produced over the quota period. The attainment of Sales Quota triggers any Bonuses and/or Accelerators that may be included in this Sales Compensation Plan.

The quota period is defined by the dates of the Calendar Year. Qualifying sales for quota attainment and commission payment may be subject to geographic or account restrictions or other restrictions (e.g., Non-Standard Transaction Designation) as determined by LogRhythm's management.

Sales Quota attainment for a Representative may be achieved either as a result of selling directly to an end-user or those sales that utilize third-party sales channel partners. In either case, these sales will have 100% of the Qualified Bookings included in the Representative's quota attainment calculation.

Sales Quota attainment for those Representatives who only manage indirect sales channels will be derived solely from the aggregate sales activities of those resellers that have been assigned to each individual Representative.

LogRhythm management reserves the right to allocate (split), order receipts and/or effect payment of commissions between two or more Representatives. Situations requiring this may include those where significant multiple location sales efforts are required to obtain an order or a collection or where one Representative is on a leave of absence and another Representative covers their territory. Any determination to split a commission payment among more than one Representative will be made at the time of the order receipt by the Senior Vice President of Sales and communicated to the Representative and Accounting at that time.

Sales Quota Attainment is achieved and Commissions Dollars are earned based upon Qualified Bookings as defined herein.

Your Sales Quota will be set by LogRhythm on an annual basis and communicated by you and, as set out elsewhere in this Sales Compensation Plan, may be modified or amended by LogRhythm at its' sole discretion.

Earning Commission Dollars

Commission Dollars are not fully ***earned*** unless and until all of the following occur: (1) Representative makes a Qualified Booking; (2) the Qualified Booking is in the Participant's Territory; (3) LogRhythm has been paid in full by the customer within 90-days of the payment due date; and (4) the customer does not return the product within ninety (90) days of the customer's contract effective date.

Commissions Dollars are paid in advance of being earned in two installments as follows:

- 75% of the Commission Dollars will be advanced within thirty-one days following the month of the Qualified Booking subject to chargeback in the event the customer fails to pay the invoice in full within 90 days of the due date and/or the customer returns the product within ninety (90) days of the customer's contract effective date.
- 25% of the Commission Dollars will be advanced within thirty days following the month in which payment is received from the customer by LogRhythm subject to chargeback in the event the customer returns the product within ninety (90) days of the customer's contract effective date.

For products which are not paid for by the customer in full with 90 days of the invoice due date or which are returned by a Customer within 90 days of the contract effective date, the associated Commission Dollars will be charged back to the Representative at the same rate originally paid to the Representative. Such charge backs may alter Sales Quota attainment and may alter the original Accelerators and Bonuses and adjustment to such and will be calculated accordingly.

The Commission Dollars will be calculated using the appropriate rates for each Representative as outlined in the Sales Compensation Plan.

Qualified Bookings

Sales Quotas and Accelerators are calculated based on the sale meeting LogRhythm's criteria for a Qualified Booking, which is as follows:

- A Qualified Booking is an opportunity in Salesforce that has been marked as Closed/Won and for which the responsible account representative has ensured completion of the following:

- Obtained a signed quote for direct deals or purchase order (PO) for channel;

Note 1: A Qualified Booking is one which includes complete and final documentation regarding the terms of sale and does not contain any terms which would preclude LogRhythm's ability to deliver or invoice the customer on the same date the opportunity was marked Closed/Won.

Note 2: If LogRhythm receives a PO then a Qualified Booking is one in which the PO contains no terms which are inconsistent with the quote. For example, FOB terms and payment terms must be the same on the quote and PO.

- Entered a complete and approved fulfillment order (FO) into Salesforce;

Note 3: A Qualified Booking is one in which the PO, FO, and any other documentation contains no language or terms that precludes the opportunity from being shipped and invoiced on the same date the opportunity was marked Closed/Won. The intent is that the opportunity is currently shippable, even though the order may not actually be shipped in the current period due to operational reasons (e.g., inventory). The same principle applies to maintenance renewals: a Qualified Booking for a maintenance renewal is one in which the customer has obtained all necessary approvals for LogRhythm to bill the customer for the maintenance renewal on the date the opportunity was marked Closed/Won.

- The Qualified Booking value of the sale does not include:
 - Taxes/duties
 - Shipping costs
 - Third party referral fees paid by LogRhythm after the sale
 - Non-Standard Transactions

Commission Calculation

Representatives shall be compensated for Commission Dollars in the following way:

- Divide the Target Commission Dollars by the Sales Quota to get the Base Commission Rate.
- The Target Commission Dollars represents commissions earned at exactly 100% of Sales Quota attainment for the Calendar Year.
- The sum of the Target Commission Dollars and the annualized Base Salary comprises the OTE for the year.
- Payouts of Target Commission Dollars will be according to the following schedule:
 - For Qualified Bookings up to 100% of Sales Quota LogRhythm will pay commissions at the Base Commission Rate.

Sales Bracket:	Commission Multiplier
Tier 1: 0% to 100% of Quarterly Quota	1.00x Base Commission Rate

Any significant changes in Calendar Year business or market conditions may cause these rates to be amended prospectively in order to reflect current LogRhythm objectives.

Accelerators and Bonuses

Accelerators and Bonuses are created to provide a lucrative upside for achievement of the Sales Quota and for directing that achievement in specific ways that maximize company objectives. All accelerators are paid according to the schedule outlined in the Commission Dollars section of this document. All bonuses are payable the first pay period of the first month after receipt by LogRhythm of the customer payment, unless otherwise noted.

Milestone Accelerators

During the sales year, there are a series of monetary and timing milestones that LogRhythm would like to reach. Incentives in the form of accelerators and bonuses have been put into place to focus the sales force to meet these milestones.

1. Quarterly Commission Accelerators

When a Representative has reached or exceeded his/her quarterly quota, the following multipliers will be applied to the Base Commission Rate, for all Qualified Bookings within the quarter beyond the Year-to-Date (YTD) Sales Quota achievement, based upon Sales Bracket (defined below). The Quarterly Commission Accelerators only apply in the event that the Representative has also met the cumulative year to date Sales Quotas by quarter end.

Sales Bracket:	Commission Multiplier
Tier 2: 101% to 150% of YTD Quota	1.25x Base Commission Rate
Tier 3: 151% of YTD Quota to 110% of Annual Quota	1.50x Base Commission Rate

Qualified Bookings in any quarter that do not meet or exceed the Representative's YTD Sales Quota will be advanced at the Base Commission Rate with no accelerator. Also, accelerators can be charged back if a chargeback of an advance resulted in an accelerator being advanced where it should not have been.

2. Annual Commission Accelerator

When a Sales Representative has achieved 110% of his/her annual quota, all sales beyond 110% of the Annual Quota will be advanced at an accelerated rate of 2.00 times the Base Commission Rate.

Sales Bracket:	Commission Multiplier
Tier 4: Qualified Bookings greater than 110% of Annual Quota for all Sales Representatives with the exception of employees who are on a Managers Plan which will be > 100% of Annual Quota	2.0x Base Commission Rate

Commission Settlements

The following will apply for account liability and commission settlement:

1. Promotion or Change in Territory

A. All Commission Dollars and Bonuses earned before the effective date of the Promotion or Change in Territory will be paid to the Representative in accordance with the earned Commission Calculation section.

B. The Representative will be liable for any charge-backs affecting any Qualified Booking originally credited to the Representative. The charge-backs shall not, on a per-sale basis, exceed the amount originally paid to the Representative.

C. Subject to the review and final determination by LogRhythm, the Representative may retain a qualified opportunity that is rated at a 60% or higher probability of closing in the quarter after promotion or territory change for a period of 30 days to allow time for the Representative to complete the sale. LogRhythm may, in its sole discretion, either shorten or extend the 30 day retention period. Commissions on such opportunities will only be paid once earned (i.e., they will not be advanced) and will be paid less any chargebacks that occur between the promotion or change in territory and the date upon which the commission is earned).

2. Resignation or Termination (other than for gross misconduct)

A. LogRhythm management will issue a final settlement statement to the terminating Representative after the effective termination date stating the amount of Commission Dollars and Bonuses payable. Upon termination, only the following amounts are eligible for payment to the departing Representative:

- ❖ The initial 75% of Commission Dollars advanced for the Representative's Qualified Bookings that occurred before the termination date.
- ❖ The remaining 25% of Commission Dollars of eligible Qualified Bookings advanced if payments are received by LogRhythm within ninety (90) days of the termination date, less any chargebacks occurring during the ninety (90) day period.
- ❖ Bonus amounts associated with Qualified Bookings earned before the date of termination.

Specifically, the Representative has not earned and will not be paid the remaining 25% of Commission Dollars ordinarily paid upon receipt of payment and any Bonus amounts for all sales invoices that remain unpaid within ninety (90) days of the termination date.

B. Commission Dollars and eligible Bonuses due will be paid on the pay period following one hundred twenty days after the effective termination date of the Representative's employment for those Qualified Bookings which have been fulfilled,



net of any charge-backs outstanding at the time of termination or incurred during the period following such termination, or as otherwise required by law.

C. Representative agrees that Representative will return to LogRhythm any Commission Dollars and/or Bonuses advanced for Qualified Bookings which have not been paid by the Customer within ninety (90) days of the Representative's termination date of employment.

3. Termination for gross misconduct

A. If the Representative is dismissed summarily for gross misconduct the Representative will only be entitled to payment for Commissions or Bonuses earned in accordance with the Commission Dollars, prior to termination to the extent allowed by law.