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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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 June 30, 2019

OR

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

For the transition period from to
Commission File Number: 000-22339

RAMBUS INC .

(Exact name of registrant as specified in its charter)

Delaware	**94-3112828**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1050 Enterprise Way **Suite 700** **Sunnyvale , California**	**94089**
(Address of principal executive offices)	(ZIP Code)

Registrant's telephone number, including area code:
(408) 462-8000

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $.001 Par Value	RMBS	The NASDAQ Stock Market LLC (The NASDAQ Global Select Market)

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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

The number of shares outstanding of the registrant's Common Stock, par value $.001 per share, was 111,127,444 as of June 30, 2019 .

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Quarterly Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. These forward-looking statements include, without limitation, predictions regarding the following aspects of our future:

- Success in the markets of our products and services or our customers' products;
- Sources of competition;
- Research and development costs and improvements in technology;
- Sources, amounts and concentration of revenue, including royalties;
- Success in signing and renewing license agreements;
- Terms of our licenses and amounts owed under license agreements;
- Technology product development;
- Dispositions, acquisitions, mergers or strategic transactions and our related integration efforts;
- Impairment of goodwill and long-lived assets;
- Pricing policies of our customers;
- Changes in our strategy and business model, including the expansion of our portfolio of inventions, products, software, services and solutions to address additional markets in memory, chip, mobile payments, smart ticketing and security;
- Deterioration of financial health of commercial counterparties and their ability to meet their obligations to us;
- Effects of security breaches or failures in our or our customers' products and services on our business;
- Engineering, sales and general and administration expenses;
- Contract revenue;
- Operating results;
- International licenses, operations and expansion;
- Effects of changes in the economy and credit market on our industry and business;
- Ability to identify, attract, motivate and retain qualified personnel;
- Effects of government regulations on our industry and business;
- Manufacturing, shipping and supply partners and/or sale and distribution channels;
- Growth in our business;
- Methods, estimates and judgments in accounting policies;
- Adoption of new accounting pronouncements, including the adoption of the new leasing standard in 2019 on our financial position and results of operations;
- Effective tax rates, including as a result of the new U.S. tax legislation;
- Restructurings and plans of termination;
- Realization of deferred tax assets/release of deferred tax valuation allowance;
- Trading price of our common stock;
- Internal control environment;
- The level and terms of our outstanding debt and the repayment or financing of such debt;
- Protection of intellectual property;
- Any changes in laws, agency actions and judicial rulings that may impact the ability to enforce intellectual property rights;
- Indemnification and technical support obligations;
- Equity repurchase plans;
- Issuances of debt or equity securities, which could involve restrictive covenants or be dilutive to our existing stockholders;

- Effects of fluctuations in currency exchange rates;
- Outcome and effect of potential future intellectual property litigation and other significant litigation; and
- Likelihood of paying dividends.

You can identify these and other forward-looking statements by the use of words such as “may,” “future,” “shall,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “intends,” “potential,” “continue,” “projecting” or the negative of such terms, or other comparable terminology. Forward-looking statements also include the assumptions underlying or relating to any of the foregoing statements.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under Part II: Item 1A, “Risk Factors.” All forward-looking statements included in this document are based on our assessment of information available to us at this time. We assume no obligation to update any forward-looking statements.

PART I—FINANCIAL INFORMATION
Item 1. Financial Statements

RAMBUS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2019	December 31, 2018
	(In thousands, except shares and par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 114,186	$ 115,924
Marketable securities	223,532	161,840
Accounts receivable	28,225	50,863
Unbilled receivables	177,897	176,613
Inventories	9,326	6,772
Assets held for sale	78,388	—
Prepaids and other current assets	9,350	15,738
Total current assets	640,904	527,750
Intangible assets, net	29,748	59,936
Goodwill	153,144	207,178
Property, plant and equipment, net	41,590	57,028
Operating lease right-of-use assets	16,081	—
Deferred tax assets	4,399	4,435
Unbilled receivables, long-term	419,532	497,003
Other assets	6,763	7,825
Total assets	$ 1,312,161	$ 1,361,155
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,794	$ 7,392
Accrued salaries and benefits	13,966	16,938
Deferred revenue	6,448	19,374
Income taxes payable, short-term	17,461	16,390
Operating lease liabilities	8,381	—
Liabilities held for sale	13,706	—
Other current liabilities	16,668	9,191
Total current liabilities	84,424	69,285
Convertible notes, long-term	145,314	141,934
Long-term imputed financing obligation	—	36,297
Long-term operating lease liabilities	9,548	—
Long-term income taxes payable	69,359	77,280
Other long-term liabilities	30,290	24,247
Total liabilities	338,935	349,043
Commitments and contingencies (Notes 11 and 15)		
Stockholders' equity:		
Convertible preferred stock, $.001 par value:		
Authorized: 5,000,000 shares		
Issued and outstanding: no shares at June 30, 2019 and December 31, 2018	—	—
Common stock, $.001 par value:		
Authorized: 500,000,000 shares		
Issued and outstanding: 111,127,444 shares at June 30, 2019 and 109,017,708 shares at December 31, 2018	111	109
Additional paid-in capital	1,246,877	1,226,588
Accumulated deficit	(263,381)	(204,294)
Accumulated other comprehensive loss	(10,381)	(10,291)
Total stockholders' equity	973,226	1,012,112
Total liabilities and stockholders' equity	$ 1,312,161	$ 1,361,155

See Notes to Unaudited Condensed Consolidated Financial Statements

RAMBUS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(In thousands, except per share amounts)			
Revenue:				
Royalties	$ 27,050	$ 30,049	$ 51,903	$ 51,423
Product revenue	16,031	8,087	24,995	15,400
Contract and other revenue	15,216	18,322	29,783	36,061
Total revenue	58,297	56,458	106,681	102,884
Operating costs and expenses:				
Cost of product revenue*	6,310	4,199	10,737	8,556
Cost of contract and other revenue	6,717	11,089	13,488	23,211
Research and development*	37,890	37,696	78,509	77,813
Sales, general and administrative*	24,908	24,483	52,553	54,681
Restructuring charges (recoveries)	2,528	(1,022)	2,859	2,223
Impairment of assets held for sale	16,990	—	16,990	—
Total operating costs and expenses	95,343	76,445	175,136	166,484
Operating loss	(37,046)	(19,987)	(68,455)	(63,600)
Interest income and other income (expense), net	6,972	8,249	14,385	17,365
Interest expense	(2,534)	(4,634)	(4,805)	(9,055)
Interest and other income (expense), net	4,438	3,615	9,580	8,310
Loss before income taxes	(32,608)	(16,372)	(58,875)	(55,290)
Provision for (benefit from) income taxes	4,372	(1,015)	4,681	(4,244)
Net loss	$ (36,980)	$ (15,357)	$ (63,556)	$ (51,046)
Net loss per share:				
Basic	$ (0.33)	$ (0.14)	$ (0.58)	$ (0.47)
Diluted	$ (0.33)	$ (0.14)	$ (0.58)	$ (0.47)
Weighted average shares used in per share calculation:				
Basic	110,875	107,737	110,287	108,542
Diluted	110,875	107,737	110,287	108,542

* Includes stock-based compensation:

Cost of product revenue	$ 1	$ 2	$ 2	$ 5
Research and development	$ 3,058	$ 3,286	$ 6,268	$ 6,478
Sales, general and administrative	$ 4,021	$ (1,400)	$ 7,999	$ 2,919

See Notes to Unaudited Condensed Consolidated Financial Statements

RAMBUS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2019**	**2018**	**2019**	**2018**
Net loss	$ (36,980)	$ (15,357)	$ (63,556)	$ (51,046)
Other comprehensive income (loss):				
Foreign currency translation adjustment	(1,749)	(4,660)	(174)	(1,771)
Unrealized gain (loss) on marketable securities, net of tax	36	112	84	(692)
Total comprehensive loss	$ (38,693)	$ (19,905)	$ (63,646)	$ (53,509)

See Notes to Unaudited Condensed Consolidated Financial Statements

RAMBUS INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	For the Three Months Ended June 30, 2019					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Gain (Loss)	Total
	Shares	Amount				
	(In thousands)					
Balances at March 31, 2019	**110,396**	**$ 110**	**$ 1,234,846**	**$ (226,401)**	**$ (8,668)**	**$ 999,887**
Net loss	—	—	—	(36,980)	—	(36,980)
Foreign currency translation adjustment	—	—	—	—	(1,749)	(1,749)
Unrealized gain on marketable securities, net of tax	—	—	—	—	36	36
Issuance of common stock upon exercise of options, equity stock and employee stock purchase plan	731	1	4,951	—	—	4,952
Stock-based compensation	—	—	7,080	—	—	7,080
Balances at June 30, 2019	**111,127**	**$ 111**	**$ 1,246,877**	**$ (263,381)**	**$ (10,381)**	**$ 973,226**

	For the Three Months Ended June 30, 2018					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Gain (Loss)	Total
	Shares	Amount				
	(In thousands)					
Balances at March 31, 2018	**107,485**	**$ 107**	**$ 1,196,158**	**$ (74,255)**	**$ (3,012)**	**$ 1,118,998**
Net loss	—	—	—	(15,357)	—	(15,357)
Foreign currency translation adjustment	—	—	—	—	(4,660)	(4,660)
Unrealized gain on marketable securities, net of tax	—	—	—	—	112	112
Issuance of common stock upon exercise of options, equity stock and employee stock purchase plan	528	1	4,534	—	—	4,535
Repurchase and retirement of common stock under repurchase plan	(668)	(1)	7,741	(7,771)	—	(31)
Stock-based compensation	—	—	1,888	—	—	1,888
Balances at June 30, 2018	**107,345**	**$ 107**	**$ 1,210,321**	**$ (97,383)**	**$ (7,560)**	**$ 1,105,485**

	For the Six Months Ended June 30, 2019					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Gain (Loss)	Total
	Shares	Amount				
	(In thousands)					
Balances at December 31, 2018	**109,018**	**$ 109**	**$ 1,226,588**	**$ (204,294)**	**$ (10,291)**	**$ 1,012,112**
Net loss	—	—	—	(63,556)	—	(63,556)
Foreign currency translation adjustment	—	—	—	—	(174)	(174)
Unrealized gain on marketable securities, net of tax	—	—	—	—	84	84
Issuance of common stock upon exercise of options, equity stock and employee stock purchase plan	2,109	2	6,020	—	—	6,022
Stock-based compensation	—	—	14,269	—	—	14,269
Cumulative effect adjustment from adoption of ASC 842	—	—	—	4,469	—	4,469
Balances at June 30, 2019	**111,127**	**$ 111**	**$ 1,246,877**	**$ (263,381)**	**$ (10,381)**	**$ 973,226**

	For the Six Months Ended June 30, 2018					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Gain (Loss)	Total
	Shares	Amount				
	(In thousands)					
Balances at December 31, 2017	**109,764**	**$ 110**	**$ 1,212,798**	**$ (636,227)**	**$ (5,097)**	**$ 571,584**
Net loss	—	—	—	(51,046)	—	(51,046)
Foreign currency translation adjustment	—	—	—	—	(1,771)	(1,771)
Unrealized loss on marketable securities, net of tax	—	—	—	—	(692)	(692)
Issuance of common stock upon exercise of options, equity stock and employee stock purchase plan	1,367	1	692	—	—	693
Repurchase and retirement of common stock under repurchase plan	(3,786)	(4)	(12,571)	(37,456)	—	(50,031)
Stock-based compensation	—	—	9,402	—	—	9,402
Cumulative effect adjustment from adoption of ASU 2016-01	—	—	—	1,058	—	1,058
Cumulative effect adjustment from the adoption of ASC 606	—	—	—	626,288	—	626,288
Balances at June 30, 2018	**107,345**	**$ 107**	**$ 1,210,321**	**$ (97,383)**	**$ (7,560)**	**$ 1,105,485**

See Notes to Unaudited Condensed Consolidated Financial Statements

RAMBUS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2019	2018
	(In thousands)	
Cash flows from operating activities:		
Net loss	$ (63,556)	$ (51,046)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Stock-based compensation	14,269	9,402
Depreciation	9,932	5,529
Amortization of intangible assets	9,910	19,269
Non-cash interest expense and amortization of convertible debt issuance costs	3,379	5,396
Impairment of assets held for sale	16,990	—
Deferred income taxes	(266)	(10,202)
Non-cash restructuring	—	670
Loss on equity investment	175	—
Gain from sale of marketable equity security	—	(291)
Gain from sale of assets held for sale	—	(1,266)
Loss from disposal of property, plant and equipment	153	47
Change in operating assets and liabilities:		
Accounts receivable	19,028	(13,665)
Unbilled receivables	75,328	67,905
Prepaid expenses and other assets	4,636	(2,615)
Inventories	(2,593)	(1,040)
Accounts payable	1,080	(798)
Accrued salaries and benefits and other liabilities	(773)	4,780
Income taxes payable	(6,966)	(5,204)
Deferred revenue	(8,740)	(6,441)
Operating lease liabilities	(4,526)	—
Net cash provided by operating activities	67,460	20,430
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,783)	(5,287)
Purchases of marketable securities	(277,706)	(79,207)
Maturities of marketable securities	216,382	131,823
Proceeds from sale of equity security	—	1,350
Proceeds from sale of assets held for sale	—	3,754
Investment in privately-held company	(1,000)	—
Proceeds from sale of property, plant and equipment	—	10
Net cash provided by (used in) investing activities	(65,107)	52,443
Cash flows from financing activities:		
Proceeds received from issuance of common stock under employee stock plans	10,219	5,850
Principal payments against lease financing obligation	—	(499)
Payments of taxes on restricted stock units	(4,271)	(5,195)
Payments under installment payment arrangement	(2,480)	—
Repurchase and retirement of common stock, including prepayment under accelerated share repurchase program	—	(50,031)
Net cash provided by (used in) financing activities	3,468	(49,875)
Effect of exchange rate changes on cash and cash equivalents	—	(558)
Less: net decrease in cash classified within assets held for sale	(7,545)	—

Net increase (decrease) in cash, cash equivalents and restricted cash	(1,724)	22,440
Cash, cash equivalents and restricted cash at beginning of period	116,252	225,844
Cash, cash equivalents and restricted cash at end of period	$ 114,528	$ 248,284
Non-cash investing and financing activities during the period:		
Property, plant and equipment received and accrued in accounts payable and other liabilities	$ 26,762	$ 1,793

The following table provides a reconciliation of the cash, cash equivalents and restricted cash balances as of June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Cash and cash equivalents	$ 114,186	$ 115,924
Restricted cash	342	328
Cash, cash equivalents and restricted cash	$ 114,528	$ 116,252

See Notes to Unaudited Condensed Consolidated Financial Statements

RAMBUS INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Rambus Inc. (“Rambus” or the “Company”) and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in the accompanying unaudited condensed consolidated financial statements.

In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments (consisting only of normal recurring items) necessary to state fairly the financial position and results of operations for each interim period presented. Interim results are not necessarily indicative of results for a full year.

The unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) applicable to interim financial information. Certain information and Note disclosures included in the financial statements prepared in accordance with generally accepted accounting principles have been omitted in these interim statements pursuant to such SEC rules and regulations. The information included in this Form 10-Q should be read in conjunction with the consolidated financial statements and notes thereto in Form 10-K for the year ended December 31, 2018 .

Operating Segment Definitions

Operating segments are based upon Rambus' internal organization structure, the manner in which its operations are managed, the criteria used by its Chief Operating Decision Maker ("CODM") to evaluate segment performance and availability of separate financial information regularly reviewed for resource allocation and performance assessment.

The Company determined its CODM to be the Chief Executive Officer and determined its operating segments to be: (1) Memory and Interfaces Division ("MID"), which focuses on the design, development, manufacturing through partnerships and licensing of technology and solutions that is related to memory and interfaces; (2) Rambus Security Division ("RSD"), which focuses on the design, development, deployment and licensing of technologies for chip, system and in-field application security, anti-counterfeiting, smart ticketing and mobile payments; and (3) Emerging Solutions Division ("ESD"), which includes the Rambus Labs team and the development efforts in the area of emerging technologies.

For the three and six months ended June 30, 2019 , only MID and RSD were reportable segments as each of them met the quantitative thresholds for disclosure as a reportable segment. The results of the remaining operating segment were shown under “Other.”

Comparability

Effective January 1, 2019, Rambus adopted the new lease accounting standards. Prior periods were not retrospectively recast, so the consolidated balance sheet as of December 31, 2018 and the results of operations for the three and six months ended June 30, 2018 were prepared using accounting standards that were different than those in effect as of and for the three and six months ended June 30, 2019 . Therefore, the consolidated balance sheets as of June 30, 2019 and December 31, 2018 are not directly comparable, nor are the results of operations for the three and six months ended June 30, 2019 and 2018.

Reclassifications

Certain prior periods' amounts were reclassified to conform to the current year’s presentation. None of these reclassifications had an impact on reported net income for any of the periods presented.

2. Recent Accounting Pronouncements

Recent Accounting Pronouncements Adopted

In February 2016, the FASB issued ASU No. 2016-02, "Leases." This ASU requires lessees to recognize right-of-use assets and liabilities for operating leases, initially measured at the present value of the lease payments, on the balance sheet. In addition, it requires lessees to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. In July 2018, the FASB issued ASU No. 2018-10, "Codification Improvements to Topic 842, Leases," and ASU No. 2018-11, "Leases (Topic 842)," which allow the application of the new guidance at the beginning of the year of adoption, recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, in addition to the method of applying the new guidance retrospectively to each prior reporting period presented. The

amendments in ASU No. 2018-10 and ASU No. 2018-11 have the same effective and transition requirements as ASU 2016-02 (collectively referred to as the "New Leasing Standard").

The Company adopted the New Leasing Standard as of January 1, 2019 using the alternative transition method provided by ASU No. 2018-11 and did not recast comparative periods. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification. Additionally, the Company elected the practical expedient related to non-lease components in which the Company will not separate non-lease components from lease components. Finally, the Company made the policy election for the short-term leases exemptions, which allows the Company to not recognize lease assets and liabilities for leases having a term of 12 months or less. Upon adoption, the Company recognized $21.4 million and $23.9 million of lease assets and liabilities, respectively, on its unaudited condensed consolidated balance sheet. The difference between the lease assets and lease liabilities, net of the deferred tax impact which was not material, was recorded as an adjustment to the opening accumulated deficit. Additionally, in accordance with the New Leasing Standard, the Company was required to derecognize the Sunnyvale and Ohio facilities as imputed facility obligations (as accounted for under the previous leasing guidance) and recognize these facilities as operating leases on the unaudited condensed consolidated balance sheet. This change resulted in no longer recognizing interest expense associated with these imputed facility lease obligations, but instead, recognizing operating lease costs which will be included in operating costs and expenses on the unaudited condensed consolidated statement of operations. Furthermore, the Company derecognized $37.6 million of imputed financing obligation related to these facilities and $32.0 million of capitalized building property upon adoption of the New Leasing Standard. The adoption of the New Leasing Standard impacted the Company's opening accumulated deficit by $4.5 million .

Recent Accounting Pronouncements Not Yet Adopted

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement." The amendments in this ASU remove certain disclosures, modify certain disclosures and add additional disclosures. This ASU is effective for interim and annual reporting periods beginning after December 15, 2019. Early adoption is permitted. Certain disclosures in ASU 2018-13 would need to be applied on a retrospective basis and others on a prospective basis. The Company is currently evaluating the impact that this guidance will have on its condensed consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13. The purpose of this ASU is to require a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. In April 2019, the FASB issued ASU 2019-04, "Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments (ASU 2019-04)," which provided certain improvements to various ASUs, including ASU 2016-13. In May 2019, the FASB issued ASU No. 2019-05, "Financial Instruments-Credit Losses (Topic 326)," which provides an option to irrevocably elect the fair value option for certain financial assets previously measured at amortized cost basis. These ASUs and the related amendments are effective for interim and annual reporting periods beginning after December 15, 2019. The Company is currently evaluating the impact that this guidance will have on its financial condition and results of operations.

3. Revenue Recognition

The Company recognizes revenue upon transfer of control of promised goods and services in an amount that reflects the consideration it expects to receive in exchange for those goods and services. Unless indicated otherwise below, all of the goods and services are distinct and are accounted for as separate performance obligations.

Where an arrangement includes multiple performance obligations, the transaction price is allocated to these on a relative standalone selling price basis. The Company has established standalone selling prices for all of its offerings - specifically, the same pricing methodology is consistently applied to all licensing arrangements; all services offerings are priced within tightly controlled bands and all contracts that include support and maintenance state a renewal rate or price that is systematically enforced.

Rambus' revenue consists of royalty, product and contract and other revenue. Royalty revenue consists of patent and technology license royalties. Products consist of memory buffer chipsets sold directly and indirectly to module manufacturers and OEMs worldwide through multiple channels, including our direct sales force and distributors. Contract and other revenue consists of software license fees, engineering fees associated with integration of Rambus' technology solutions into its customers' products and support and maintenance fees.

1. *Royalty Revenue*

Rambus' patent and technology licensing arrangements generally range between 1 year and 7 years in duration and generally grant the licensee the right to use the Company's entire IP portfolio as it evolves over time. These arrangements do not typically grant the licensee the right to terminate for convenience and where such rights exist, termination is prospective,

with no refund of fees already paid by the licensee. There is no interdependency or interrelation between the IP included in the portfolio licensed upon contract inception and any IP subsequently made available to the licensee, and the Company would be able to fulfill its promises by transferring the portfolio and the additional IP use rights independently. However, the numbers of additions to, and removals from the portfolio (for example when a patent expires and renewal is not granted to the Company) in any given period have historically been relatively consistent; as such, the Company does not allocate the transaction price between the rights granted at contract inception and those subsequently granted over time as a function of these additions.

Patent and technology licensing arrangements result in fixed payments received over time, with guaranteed minimum payments on occasion, variable payments calculated based on the licensee's sale or use of the IP, or a mix of fixed and variable payments.

- For fixed-fee arrangements (including arrangements that include minimum guaranteed amounts), variable royalty arrangements that the Company has concluded are fixed in substance and the fixed portion of hybrid fixed/variable arrangements, the Company recognizes revenue upon control over the underlying IP use right transferring to the licensee, net of the effect of significant financing components calculated using customer-specific, risk-adjusted lending rates ranging between 3% and 6% , with the related interest income being recognized over time on an effective rate basis. Where a licensee has the contractual right to terminate a fixed-fee arrangement for convenience without any substantive penalty payable upon such termination, the Company applies the guidance in ASU No. 2014-09, Revenue from Contracts with Customers in Accounting Standards Codification (ASC) Topic 606 ("ASC 606" or "the New Revenue Standard") to the duration of the contract in which the parties have present enforceable rights and obligations and only recognizes revenue for amounts that are due and payable.

- For variable arrangements, the Company recognizes revenue based on an estimate of the licensee's sale or usage of the IP during the period of reference, typically quarterly, with a true-up being recorded when the Company receives the actual royalty report from the licensee.

2. *Product Revenue*

Product revenue is recognized upon shipment of product to customers, net of accruals for estimated sales returns and allowances, and to distributors, net of accruals for price protection and rights of return on products unsold by the distributors. To date, none of these accruals have been significant. The Company transacts with direct customers primarily pursuant to standard purchase orders for delivery of products and generally allows customers to cancel or change purchase orders within limited notice periods prior to the scheduled shipment date.

3. *Contract and Other Revenue*

Contract and other revenue consists of software license fees and engineering fees associated with integration of Rambus' technology solutions into its customers' related support and maintenance.

An initial software arrangement generally consists of a term-based or perpetual license, significant software customization services and support and maintenance services that include post-implementation customer support and the right to unspecified software updates and enhancements on a when and if available basis. The Company recognizes the license and customization services revenue based on man-days incurred during the reporting period as compared to the estimated total man-days necessary for each contract, and the support and maintenance revenue ratably over term. The Company recognizes license renewal revenue at the beginning of the renewal period. The Company recognizes revenue from professional services purchased in addition to an initial software arrangement on a cumulative catch-up basis if these services are not distinct from the services provided as part of the initial software arrangement, or as a separate contract if these services are distinct.

During the first quarter of 2016, the Company acquired Smart Card Software Ltd., which included Bell Identification Ltd. (Payment Product Group) and Ecebs Ltd. (Ticketing Products Group), which transact mostly in software and Software-as-a-Service arrangements, respectively.

The Company's Payment Product Group derives a significant portion of its revenue from heavily customized software in the mobile market, whereby the Payment Product Group's software solution interacts with third-party solutions and other payment platforms to provide the functionality the customer requires. Historically, these third-party solutions have evolved at a rapid pace, with the Payment Product Group being required to deliver as part of its support and maintenance services the patches and updates needed to maintain the functionality of its own software offering. As the utility of the solution to the end customer erodes very quickly without these updates, these are viewed as critical and the customized software solution and updates are not separately identifiable. As such, these arrangements are treated as a single performance obligation; revenue is deferred until completion of the customization services, and recognized ratably over the committed support and maintenance term, typically ranging from 1 year to 3 years .

The Company's Ticketing Products Group primarily derives revenue from ticketing services arrangements that systematically consist of a software component, support and maintenance, managed services and hosting services. The software could be hosted by third-party hosting service providers or the Company. All arrangements entered into subsequent to the acquisition preclude customers from taking possession of the software at any time during the hosting term and the Company has concluded that should a customer that was under contract as of the acquisition date ever request possession of the software, the Ticketing Products Group would have the ability to charge the customer, and enforce a claim to payment of a substantive fee in exchange for such right, and that the costs of setting up the environment needed to run the software would act as a significant disincentive to the customer taking possession of the software. Based on the above, the Company concluded that these services are a single performance obligation, with customers simultaneously receiving and consuming the benefits provided by the Ticketing Products Group's performance, and recognize ticketing services revenue ratably over the term, commencing upon completion of setup activities. The Company recognizes setup fees upon completion. While these activities do not transfer a service to the customer, the Company elected not to defer and amortize these fees over the expected duration of the customer relationship due to the immateriality of the amounts charged.

Significant Judgments

Historically and with the exception noted below, no significant judgment has generally been required in determining the amount and timing of revenue from the Company's contracts with customers.

- The Company has adequate tools and controls in place, and substantial experience and expertise in timely and accurately tracking man-days incurred in completing customization and other professional services, and quantifying changes in estimates.

Key estimates used in recognizing revenue predominantly consist of the following:

- All fixed-fee arrangements result in cash being received after control over the underlying IP use right has transferred to the licensee, and over a period exceeding a year. As such, all these arrangements include a significant financing component. The Company calculates a customer-specific lending rate using a Daily Treasury Yield Curve Rate that changes depending on the date on which the licensing arrangement was entered into and the term (in years) of the arrangement, and takes into consideration a licensee-specific risk profile determined based on a review of the licensee's "Full Company View" Dun & Bradstreet report obtained on the date the licensing arrangement was signed by the parties, with a risk premium being added to the Daily Treasury Yield Curve Rate considering the overall business risk, financing strength and risk indicators, as listed.

- The Company recognizes revenue on variable fee licensing arrangements on the basis of estimates. In connection with the adoption of the New Revenue Standard, the Company has set up specific procedures and controls to ensure timely and accurate quantification of variable royalties, and implemented new systems to enable the preparation of the estimates and reporting of the financial information required by the New Revenue Standard.

Contract Balances

Timing of revenue recognition may differ from the timing of invoicing to the Company's customers. The Company records contract assets when revenue is recognized prior to invoicing, and a contract liability when revenue is recognized subsequent to invoicing.

The contract assets are primarily related to the Company's fixed fee IP licensing arrangements and rights to consideration for performance obligations delivered but not billed as of June 30, 2019 . The contract assets are transferred to receivables when the billing occurs.

The Company's contract balances were as follows:

	As of	
(In thousands)	June 30, 2019	December 31, 2018
Unbilled receivables	$ 597,429	$ 673,616
Deferred revenue	6,448	19,566

During the three and six months ended June 30, 2019 , the Company recognized $8.1 million and $16.1 million , respectively, of revenue that was included in the contract balances as of December 31, 2018.

Revenue allocated to remaining performance obligations represents the transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, which includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. Contracted but unsatisfied performance obligations were approximately $19.6 million as of June 30, 2019 , which the Company primarily expects to recognize over the next 2 years .

4. Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by dividing the earnings by the weighted average number of common shares and potentially dilutive securities outstanding during the period. Potentially dilutive common shares consist of incremental common shares issuable upon exercise of stock options, employee stock purchases, restricted stock and restricted stock units and shares issuable upon the conversion of convertible notes. The dilutive effect of outstanding shares is reflected in diluted earnings per share by application of the treasury stock method. This method includes consideration of the amounts to be paid by the employees and the amount of unrecognized stock-based compensation related to future services. No potential dilutive common shares are included in the computation of any diluted per share amount when a net loss is reported.

The following table sets forth the computation of basic and diluted net income (loss) per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net loss per share:	(In thousands, except per share amounts)			
Numerator:				
Net loss	$ (36,980)	$ (15,357)	$ (63,556)	$ (51,046)
Denominator:				
Weighted-average shares outstanding - basic	110,875	107,737	110,287	108,542
Effect of potential dilutive common shares	—	—	—	—
Weighted-average shares outstanding - diluted	110,875	107,737	110,287	108,542
Basic net loss per share	$ (0.33)	$ (0.14)	$ (0.58)	$ (0.47)
Diluted net loss per share	$ (0.33)	$ (0.14)	$ (0.58)	$ (0.47)

For the three months ended June 30, 2019 and 2018 , options to purchase approximately 1.1 million and 1.3 million shares, respectively, and for the six months ended June 30, 2019 and 2018 , options to purchase approximately 1.2 million and 1.4 million shares, respectively, were excluded from the calculation because they were anti-dilutive after considering proceeds from exercise and related unrecognized stock-based compensation expense. For the three and six months ended June 30, 2019 , an additional 1.6 million and 1.5 million shares, respectively, and for the three and six months ended June 30, 2018 , an additional 3.4 million and 3.7 million shares, respectively, were excluded from the weighted average dilutive shares because there was a net loss position for the periods.

5. Intangible Assets and Goodwill

Goodwill

The following tables present goodwill information for each of the reportable segments for the six months ended June 30, 2019 :

Reportable Segment:	As of December 31, 2018	Reclassifications to Assets Held for Sale (1)	Effect of Exchange Rates (2)	As of June 30, 2019
MID	$ 66,643	$ —	$ —	$ 66,643
RSD	140,535	(53,882)	(152)	86,501
Total	$ 207,178	$ (53,882)	$ (152)	$ 153,144

(1) Refer to Note 16, "Assets and Liabilities Held for Sale," for additional information.
(2) Effect of exchange rates relates to foreign currency translation adjustments for the period.

Reportable Segment:	As of June 30, 2019 Gross Carrying Amount	Accumulated Impairment Losses	Reclassifications to Assets Held for Sale (1)	Net Carrying Amount
		(In thousands)		
MID	$ 66,643	$ —	$ —	$ 66,643
RSD	140,383	—	(53,882)	86,501
Other	21,770	(21,770)	—	—
Total	$ 228,796	$ (21,770)	$ (53,882)	$ 153,144

(1) Refer to Note 16, "Assets and Liabilities Held for Sale," for additional information.

Intangible Assets, Net

The components of the Company's intangible assets as of June 30, 2019 and December 31, 2018 were as follows:

	Useful Life	As of June 30, 2019 Gross Carrying Amount (1)	Accumulated Amortization (1)	Net Carrying Amount
		(In thousands)		
Existing technology	3 to 10 years	$ 234,620	$ (208,188)	$ 26,432
Customer contracts and contractual relationships	1 to 10 years	34,693	(32,977)	1,716
Non-compete agreements and trademarks	3 years	300	(300)	—
In-process research and development	Not applicable	1,600	—	1,600
Total intangible assets		$ 271,213	$ (241,465)	$ 29,748

(1) As of June 30, 2019 , the Company had reclassified approximately $19.8 million of net intangible assets related to the RSD segment to assets held for sale. Refer to Note 16, "Assets and Liabilities Held for Sale," for additional information.

	Useful Life	As of December 31, 2018 Gross Carrying Amount (1)	Accumulated Amortization (1)	Net Carrying Amount
		(In thousands)		
Existing technology	3 to 10 years	$ 258,903	$ (213,824)	$ 45,079
Customer contracts and contractual relationships	1 to 10 years	67,667	(54,410)	13,257
Non-compete agreements and trademarks	3 years	300	(300)	—
In-process research and development	Not applicable	1,600	—	1,600
Total intangible assets		$ 328,470	$ (268,534)	$ 59,936

(1) The changes in gross carrying amount and accumulated amortization reflect the effects of exchange rates during the period.

During the three and six months ended June 30, 2019 and 2018 , the Company did not purchase or sell any intangible assets.

Included in customer contracts and contractual relationships are favorable contracts which are acquired software and service agreements where the Company has no performance obligations. Cash received from these acquired favorable contracts reduces the favorable contract intangible asset. For the three months ended June 30, 2019 and 2018 , the Company received $0.2 million and $0.3 million , respectively, related to the favorable contracts. For the six months ended June 30, 2019 and 2018 , the Company received $0.7 million and $1.0 million , respectively, related to the favorable contracts. As of June 30, 2019 , the net balance of the favorable contract intangible assets was classified as an asset held for sale. Refer to Note 16, "Assets and Liabilities Held for Sale," for additional information. As of December 31, 2018 , the net balance of the favorable contract intangible assets was $0.9 million .

Amortization expense for intangible assets for the three and six months ended June 30, 2019 was $4.9 million and $9.9 million , respectively. Amortization expense for intangible assets for the three and six months ended June 30, 2018 was $8.7 million and $19.3 million , respectively. The estimated future amortization of intangible assets as of June 30, 2019 was as follows (amounts in thousands):

Years Ending December 31:	Amount
2019 (remaining 6 months)	$ 5,968
2020	11,905
2021	8,078
2022	1,261
2023	740
Thereafter	196
Total amortizable purchased intangible assets	$ 28,148
In-process research and development	1,600
Total intangible assets	$ 29,748

It is reasonably possible that the businesses could perform significantly below the Company's expectations or a deterioration of market and economic conditions could occur. This would adversely impact the Company's ability to meet its projected results, which could cause the goodwill in any of its reporting units or long-lived assets in any of its asset groups to become impaired. Significant differences between these estimates and actual cash flows could materially affect the Company's future financial results. If the Company determines that its goodwill or long-lived assets are impaired, it would be required to record a non-cash charge that could have a material adverse effect on its results of operations and financial position.

6. Segments and Major Customers

For the three and six months ended June 30, 2019 , MID and RSD were reportable segments as each of them met the quantitative thresholds for disclosure as a reportable segment. The results of the remaining operating segments were shown under “Other.”

The Company evaluates the performance of its segments based on segment operating income (loss), which is defined as revenue minus segment operating expenses. Segment operating expenses are comprised of direct operating expenses.

Segment operating expenses do not include sales, general and administrative expenses and the allocation of certain expenses managed at the corporate level, such as stock-based compensation, amortization, and certain bonus and acquisition costs. The “Reconciling Items” category includes these unallocated sales, general and administrative expenses, as well as corporate level expenses.

The tables below present reported segment operating income (loss) for the three and six months ended June 30, 2019 and 2018 , respectively.

	For the Three Months Ended June 30, 2019				For the Six Months Ended June 30, 2019			
	MID	RSD	Other	Total	MID	RSD	Other	Total
	(In thousands)				(In thousands)			
Revenues	$ 45,452	$ 12,845	$ —	$ 58,297	$ 79,942	$ 26,739	$ —	$ 106,681
Segment operating expenses	25,440	12,690	2,004	40,134	49,419	26,911	4,487	80,817
Segment operating income (loss)	$ 20,012	$ 155	$ (2,004)	$ 18,163	$ 30,523	$ (172)	$ (4,487)	$ 25,864
Reconciling items				(55,209)				(94,319)
Operating loss				$ (37,046)				$ (68,455)
Interest and other income (expense), net				4,438				9,580
Loss before income taxes				$ (32,608)				$ (58,875)

	For the Three Months Ended June 30, 2018				For the Six Months Ended June 30, 2018			
	MID	RSD	Other	Total	MID	RSD	Other	Total
	(In thousands)				(In thousands)			
Revenues	$ 34,976	$ 21,482	$ —	$ 56,458	$ 68,965	$ 31,478	$ 2,441	$ 102,884
Segment operating expenses	22,597	14,893	3,209	40,699	45,546	27,678	8,840	82,064
Segment operating income (loss)	$ 12,379	$ 6,589	$ (3,209)	$ 15,759	$ 23,419	$ 3,800	$ (6,399)	$ 20,820
Reconciling items				(35,746)				(84,420)
Operating loss				$ (19,987)				$ (63,600)
Interest and other income (expense), net				3,615				8,310
Loss before income taxes				$ (16,372)				$ (55,290)

The Company's CODM does not review information regarding assets on an operating segment basis. Additionally, the Company does not record intersegment revenue or expense.

Accounts receivable from the Company's major customers representing 10% or more of total accounts receivable at June 30, 2019 and December 31, 2018 , respectively, was as follows:

	As of	
Customer	June 30, 2019	December 31, 2018
Customer 1 (MID reportable segment)	30%	39%
Customer 2 (MID reportable segment)	11%	*
Customer 3 (MID reportable segment)	*	12%

* Customer accounted for less than 10% of total accounts receivable in the period

Revenue from the Company's major customers representing 10% or more of total revenue for the three and six months ended June 30, 2019 and 2018 , respectively, was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
Customer	2019	2018	2019	2018
Customer A (MID reportable segment)	15%	*	*	*
Customer B (MID and RSD reportable segment)	14%	*	15%	*
Customer C (MID reportable segment)	11%	*	11%	*
Customer D (MID and RSD reportable segments)	*	28%	*	16%
Customer E (MID and RSD reportable segments)	*	15%	*	*
Customer F (MID reportable segment)	*	11%	*	*
Customer G (MID reportable segment)	*	*	*	15%

* Customer accounted for less than 10% of total revenue in the period

Revenue from customers in the geographic regions based on the location of contracting parties was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2019	2018	2019	2018
Taiwan	$ 12,760	$ 348	$ 14,861	$ 16,458
South Korea	758	1,666	2,039	10,267
USA	29,964	29,864	64,203	41,085
Japan	2,527	12,278	5,146	16,312
Europe	2,640	3,605	6,015	7,471
Canada	1,423	1,885	2,481	3,295
Singapore	4,725	6,058	6,609	6,150
Asia-Other	3,500	754	5,327	1,846
Total	$ 58,297	$ 56,458	$ 106,681	$ 102,884

7. Marketable Securities

Rambus invests its excess cash and cash equivalents primarily in U.S. government-sponsored obligations, commercial paper, corporate notes and bonds, money market funds and municipal notes and bonds that mature within three years . As of June 30, 2019 and December 31, 2018 , all of the Company's cash equivalents and marketable securities had a remaining maturity of less than one year .

All cash equivalents and marketable securities are classified as available-for-sale. Total cash, cash equivalents and marketable securities are summarized as follows:

	As of June 30, 2019				
(In thousands)	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Weighted Rate of Return
Money market funds	$ 38,437	$ 38,437	$ —	$ —	1.77%
U.S. Government bonds and notes	28,178	28,173	6	(1)	2.31%
Corporate notes, bonds, commercial paper and other	234,428	234,459	11	(42)	2.37%
Total cash equivalents and marketable securities	301,043	301,069	17	(43)	
Cash	36,675	36,675	—	—	
Total cash, cash equivalents and marketable securities	$ 337,718	$ 337,744	$ 17	$ (43)	

	As of December 31, 2018				
(In thousands)	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Weighted Rate of Return
Money market funds	$ 10,080	$ 10,080	$ —	$ —	2.23%
U.S. Government bonds and notes	32,630	32,634	—	(4)	2.28%
Corporate notes, bonds, commercial paper and other	183,998	184,095	—	(97)	2.37%
Total cash equivalents and marketable securities	226,708	226,809	—	(101)	
Cash	51,056	51,056	—	—	
Total cash, cash equivalents and marketable securities	$ 277,764	$ 277,865	$ —	$ (101)	

Available-for-sale securities are reported at fair value on the balance sheets and classified as follows:

	As of	
	June 30, 2019	December 31, 2018
	(In thousands)	
Cash equivalents	$ 77,511	$ 64,868
Short term marketable securities	223,532	161,840
Total cash equivalents and marketable securities	301,043	226,708
Cash	36,675	51,056
Total cash, cash equivalents and marketable securities	$ 337,718	$ 277,764

The Company continues to invest in highly rated quality, highly liquid debt securities. The Company holds all of its marketable securities as available-for-sale, marks them to market, and regularly reviews its portfolio to ensure adherence to its investment policy and to monitor individual investments for risk analysis, proper valuation, and unrealized losses that may be other than temporary.

The estimated fair value of cash equivalents and marketable securities classified by the length of time that the securities have been in a continuous unrealized loss position at June 30, 2019 and December 31, 2018 are as follows:

	Fair Value		Gross Unrealized Loss	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
	(In thousands)			
Less than one year				
U.S. Government bonds and notes	$ 4,243	$ 32,630	$ (1)	$ (4)
Corporate notes, bonds and commercial paper	154,836	183,998	(42)	(97)
Total Corporate notes, bonds, and commercial paper and U.S. Government bonds and notes	$ 159,079	$ 216,628	$ (43)	$ (101)

The gross unrealized loss at June 30, 2019 and December 31, 2018 was not material in relation to the Company's total available-for-sale portfolio. The gross unrealized loss can be primarily attributed to a combination of market conditions as well as the demand for and duration of the U.S. government-sponsored obligations and corporate notes and bonds. There is no need to sell these investments, and the Company believes that it can recover the amortized cost of these investments. The Company has found no evidence of impairment due to credit losses in its portfolio. Therefore, these unrealized losses were recorded in other comprehensive income. However, the Company cannot provide any assurance that its portfolio of cash, cash equivalents and marketable securities will not be impacted by adverse conditions in the financial markets, which may require the Company in the future to record an impairment charge for credit losses which could adversely impact its financial results.

See Note 8, "Fair Value of Financial Instruments," for discussion regarding the fair value of the Company's cash equivalents and marketable securities.

8. Fair Value of Financial Instruments

The following table presents the financial instruments that are carried at fair value and summarizes the valuation of its cash equivalents and marketable securities by the above pricing levels as of June 30, 2019 and December 31, 2018 :

	As of June 30, 2019			
	Total	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Money market funds	$ 38,437	$ 38,437	$ —	$ —
U.S. Government bonds and notes	28,178	—	28,178	—
Corporate notes, bonds, commercial paper and other	234,428	—	234,428	—
Total available-for-sale securities	$ 301,043	$ 38,437	$ 262,606	$ —

	As of December 31, 2018			
	Total	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Money market funds	$ 10,080	$ 10,080	$ —	$ —
U.S. Government bonds and notes	32,630	—	32,630	—
Corporate notes, bonds, commercial paper and other	183,998	—	183,998	—
Total available-for-sale securities	$ 226,708	$ 10,080	$ 216,628	$ —

The Company monitors its investments for other-than-temporary impairment and records appropriate reductions in carrying value when necessary. The Company monitors its investments for other-than-temporary losses by considering current factors,

including the economic environment, market conditions, operational performance and other specific factors relating to the business underlying the investment, reductions in carrying values when necessary and the Company's ability and intent to hold the investment for a period of time which may be sufficient for anticipated recovery in the market. Any other-than-temporary loss is reported under "Interest and other income (expense), net" in the condensed consolidated statement of operations.

During the second half of 2018, the Company made an investment in a non-marketable equity security of a private company which is a level 3 measurement. This equity investment is accounted for under the equity method of accounting, and the Company accounts for its equity method share of the income (loss) on a quarterly basis. As of June 30, 2019 , the Company's 27.7% ownership percentage amounts to a $4.1 million equity interest in this equity investment and it is included in other assets on the accompanying consolidated balance sheets. The Company recorded an immaterial amount in its consolidated statements of operations representing its share of the investee's loss for the six months ended June 30, 2019 .

For the three and six months ended June 30, 2019 and 2018 , there were no transfers of financial instruments between different categories of fair value.

The following table presents the financial instruments that are not carried at fair value but require fair value disclosure as of June 30, 2019 and December 31, 2018 :

	As of June 30, 2019			As of December 31, 2018		
(In thousands)	Face Value	Carrying Value	Fair Value	Face Value	Carrying Value	Fair Value
1.375% Convertible Senior Notes due 2023 (the "2023 Notes")	$ 172,500	$ 145,314	$ 169,266	$ 172,500	$ 141,934	$ 150,075

The fair value of the convertible notes at each balance sheet date is determined based on recent quoted market prices for these notes which is a level 2 measurement. As discussed in Note 10, "Convertible Notes," as of June 30, 2019 , the 2023 Notes are carried at their aggregate face value of $172.5 million , less any unamortized debt discount and unamortized debt issuance costs. The carrying value of other financial instruments, including accounts receivable, accounts payable and other liabilities, approximates fair value due to their short maturities.

9. Leases

The Company leases office space, domestically and internationally, under operating leases. The Company's leases have remaining lease terms between one year and four years . Operating leases are included in operating lease right-of-use ("ROU") assets, operating lease liabilities, and long-term operating lease liabilities in the Company's unaudited condensed consolidated balance sheets. The Company does not have any finance leases. The Company determines if an arrangement is a lease, or contains a lease, at inception. The Company assesses all relevant facts and circumstances in making the determination of the existence of a lease. For leases with terms greater than 12 months, the Company records the related asset and obligation at the present value of lease payments over the term. Many of the Company's leases include rental escalation clauses, renewal options and/or termination options that are factored into the determination of lease payments when appropriate. Leases with an initial term of 12 months or less are not recorded on the balance sheet, and the Company does not separate non-lease components from lease components. Refer to Note 18, "Subsequent Events" for discussion related to the new lease signed in July 2019 which will serve as the Company’s new corporate headquarters.

The Company used its incremental borrowing rate to measure the lease liabilities at the adoption date for its existing operating leases that commenced prior to January 1, 2019 which was based on the remaining lease term and remaining lease payments for such leases. On an ongoing basis, as most of the Company's leases do not provide an implicit rate, the Company will use its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company will use the implicit rate when readily determinable.

The table below reconciles the undiscounted cash flows for the first five years and total of the remaining years to the operating lease liabilities recorded on the unaudited condensed consolidated balance sheet as of June 30, 2019 (in thousands):

Years ending December 31,	**Amount**
2019 (remaining 6 months)	$ 4,962
2020	6,125
2021	4,242
2022	3,117
2023	645
Thereafter	—
Total minimum lease payments	19,091
Less: amount of lease payments representing interest	(1,162)
Present value of future minimum lease payments	17,929
Less: current obligations under leases	(8,381)
Long-term lease obligations	$ 9,548

As of June 30, 2019 , the weighted-average remaining lease term for the Company's operating leases was 2.8 years , and the weighted-average discount rate used to determine the present value of the Company's operating leases was 4.5% .

Operating lease costs are included in research and development and selling, general and administrative costs on the statement of operations, and were $2.2 million and $4.5 million for the three and six months ended June 30, 2019 , respectively.

Cash paid for amounts included in the measurement of operating lease liabilities was $5.1 million for the six months ended June 30, 2019 .

10. Convertible Notes

The Company's convertible notes are shown in the following table:

(In thousands)	As of June 30, 2019	As of December 31, 2018
2023 Notes	$ 172,500	$ 172,500
Unamortized discount - 2023 Notes	(25,386)	(28,517)
Unamortized debt issuance costs - 2023 Notes	(1,800)	(2,049)
Total convertible notes	$ 145,314	$ 141,934
Less current portion	—	—
Total long-term convertible notes	$ 145,314	$ 141,934

Interest expense related to the notes for the three and six months ended June 30, 2019 and 2018 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(In thousands)			
2023 Notes coupon interest at a rate of 1.375%	$ 593	$ 593	$ 1,186	$ 1,186
2023 Notes amortization of discount and debt issuance costs at an additional effective interest rate of 4.9%	1,701	1,610	3,379	3,199
2018 Notes coupon interest at a rate of 1.125%	—	228	—	281
2018 Notes amortization of discount and debt issuance costs at an additional effective interest rate of 5.5%	—	1,106	—	2,197
Total interest expense on convertible notes	$ 2,294	$ 3,537	$ 4,565	$ 6,863

11. Commitments and Contingencies

As of June 30, 2019 , the Company's material contractual obligations were as follows (in thousands):

	Total	Remainder of 2019	2020	2021	2022	2023
Contractual obligations (1) (2)						
Other contractual obligations	$ 1,236	$ 768	$ 234	$ 234	$ —	$ —
Software licenses (3)	29,118	5,877	10,494	8,997	3,750	—
Convertible notes	172,500	—	—	—	—	172,500
Interest payments related to convertible notes	9,494	1,186	2,372	2,372	2,372	1,192
Total	$ 212,348	$ 7,831	$ 13,100	$ 11,603	$ 6,122	$ 173,692

(1) The above table does not reflect possible payments in connection with uncertain tax benefits of approximately $24.3 million including $22.2 million recorded as a reduction of long-term deferred tax assets and $2.1 million in long-term income taxes payable as of June 30, 2019 . As noted below in Note 14, "Income Taxes," although it is possible that some of the unrecognized tax benefits could be settled within the next 12 months, the Company cannot reasonably estimate the outcome at this time.

(2) For the Company's lease commitments as of June 30, 2019 , refer to Note 9, "Leases."

(3) The Company has commitments with various software vendors for agreements generally having terms longer than one year .

Refer to Note 2, "Recent Accounting Pronouncements" and Note 9, "Leases," for a discussion related to the Company's facility leases due to the adoption of the New Leasing Standard on January 1, 2019.

Additionally, the Company's lease-related obligations as of December 31, 2018 were as follows (in thousands):

	Total	2019	2020	2021	2022	2023
Lease-related obligations						
Imputed financing obligation (1)	$ 8,081	$ 5,677	$ 2,404	$ —	$ —	$ —
Leases	19,415	5,333	4,883	4,960	3,271	968
Total	$ 27,496	$ 11,010	$ 7,287	$ 4,960	$ 3,271	$ 968

(1) With respect to the imputed financing obligation, the main components of the difference between the amount reflected in the table above and the amount reflected on the unaudited condensed consolidated balance sheet are the interest on the imputed financing obligation and the estimated common area expenses over the future periods. The amount includes the amended Ohio lease and the amended Sunnyvale lease.

Indemnification

From time to time, the Company indemnifies certain customers as a necessary means of doing business. Indemnification covers customers for losses suffered or incurred by them as a result of any patent, copyright, or other intellectual property infringement or any other claim by any third party arising as result of the applicable agreement with the Company. The Company generally attempts to limit the maximum amount of indemnification or liability that the Company could be exposed to under these agreements, however, this is not always possible. The fair value of the liability as of June 30, 2019 and December 31, 2018 was not material.

12. Equity Incentive Plans and Stock-Based Compensation

A summary of shares available for grant under the Company’s plan is as follows:

	Shares Available for Grant
Shares available as of December 31, 2018	10,074,046
Stock options granted	—
Stock options forfeited	346,687
Nonvested equity stock and stock units granted (1) (2)	(6,360,359)
Nonvested equity stock and stock units forfeited (1)	1,146,367
Total available for grant as of June 30, 2019	5,206,741

(1) For purposes of determining the number of shares available for grant under the 2015 Equity Incentive Plan (the “2015 Plan”) against the maximum number of shares authorized, each share of restricted stock granted reduces the number of shares available for grant by 1.5 shares and each share of restricted stock forfeited increases shares available for grant by 1.5 shares.

(2) Amount includes approximately 0.9 million shares that have been reserved for potential future issuance related to certain performance unit awards granted in the first quarter of 2019 and discussed under the section titled "Nonvested Equity Stock and Stock Units" below.

General Stock Option Information

The following table summarizes stock option activity under the 2015 Plan for the six months ended June 30, 2019 and information regarding stock options outstanding, exercisable, and vested and expected to vest as of June 30, 2019 .

	Options Outstanding			
	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
	(In thousands, except per share amounts)			
Outstanding as of December 31, 2018	3,235,891	$ 10.25		
Options granted	—	$ —		
Options exercised	(924,619)	$ 7.44		
Options forfeited	(346,687)	$ 13.86		
Outstanding as of June 30, 2019	1,964,585	$ 10.93	5.20	$ 3,703
Vested or expected to vest at June 30, 2019	1,948,806	$ 10.92	5.18	$ 3,703
Options exercisable at June 30, 2019	1,535,956	$ 10.46	4.34	$ 3,703

Employee Stock Purchase Plan

Under the 2015 Employee Stock Purchase Plan ("2015 ESPP"), the Company issued 429,396 shares at a price of $7.95 per share during the six months ended June 30, 2019 . Under the 2015 ESPP, the Company issued 297,497 shares at a price of $11.66 per share during the six months ended June 30, 2018 . As of June 30, 2019 , approximately 1.9 million shares under the 2015 ESPP remain available for issuance.

Stock-Based Compensation

For the six months ended June 30, 2019 and 2018 , the Company maintained stock plans covering a broad range of potential equity grants including stock options, nonvested equity stock and equity stock units and performance based instruments. In addition, the Company sponsors the 2015 ESPP, whereby eligible employees are entitled to purchase common stock semi-annually, by means of limited payroll deductions, at a 15% discount from the fair market value of the common stock as of specific dates.

Stock Options

There were no stock options granted during the three and six months ended June 30, 2019 . During the three and six months ended June 30, 2019 , the Company recorded stock-based compensation expense related to stock options of $0.2 million and $0.5 million , respectively.

During the three months ended June 30, 2018 , the Company granted approximately 0.1 million stock options with an estimated grant-date fair value of $0.3 million . During the six months ended June 30, 2018 , the Company granted approximately 0.6 million stock options with an estimated grant-date fair value of $2.6 million . During the three and six months ended June 30, 2018 , the Company recorded stock-based compensation expense related to stock options of $0.5 million and $1.0 million , respectively.

As of June 30, 2019 , there was $3.0 million of total unrecognized compensation cost, net of expected forfeitures, related to non-vested stock-based compensation arrangements granted under the stock option plans. That cost is expected to be recognized over a weighted-average period of 2.3 years .

Employee Stock Purchase Plan

For the three and six months ended June 30, 2019 , the Company recorded compensation expense related to the 2015 ESPP of $0.3 million and $0.8 million , respectively. For the three and six months ended June 30, 2018 , the Company recorded compensation expense related to the 2015 ESPP of $0.3 million and $0.8 million , respectively. As of June 30, 2019 , there was $0.4 million of total unrecognized compensation cost related to stock-based compensation arrangements granted under the 2015 ESPP. That cost is expected to be recognized over four months .

Valuation Assumptions

The fair value of stock awards is estimated as of the grant date using the Black-Scholes-Merton ("BSM") option-pricing model assuming a dividend yield of 0% and the additional weighted-average assumptions as listed in the table below.

The following table presents the weighted-average assumptions used to estimate the fair value of stock options granted that contain only service conditions in the periods presented.

	Equity Incentive Plan	
	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
Stock Options		
Expected stock price volatility	24%	24% - 29%
Risk free interest rate	2.7%	2.6% - 2.7%
Expected term (in years)	5.8	5.8
Weighted-average fair value of stock options granted to employees	$ 3.94	$ 4.21

There were no stock options granted during the three and six months ended June 30, 2019 .

	Employee Stock Purchase Plan	
	Six Months Ended June 30,	
	2019	2018
Employee Stock Purchase Plan		
Expected stock price volatility	32%	27%
Risk free interest rate	2.44%	2.05%
Expected term (in years)	0.5	0.5
Weighted-average fair value of purchase rights granted under the purchase plan	$ 2.80	$ 3.14

Nonvested Equity Stock and Stock Units

The Company grants nonvested equity stock units to officers, employees and directors. During the three and six months ended June 30, 2019 , the Company granted nonvested equity stock units totaling approximately 0.3 million and 3.7 million shares under the 2015 Plan, respectively. During the three and six months ended June 30, 2018 , the Company granted nonvested equity stock units totaling approximately 0.3 million and 2.4 million shares under the 2015 Plan, respectively. These awards have a service condition, generally a service period of four years , except in the case of grants to directors, for which the service period is one year . For the three and six months ended June 30, 2019 , the nonvested equity stock units were valued at the date of grant giving them a fair value of approximately $3.4 million and $35.6 million , respectively. For the three and six months ended June 30, 2018 , the nonvested equity stock units were valued at the date of grant giving them a fair value of approximately $4.5 million and $31.5 million , respectively. During the first quarters of 2019 and 2018, the Company granted performance unit awards to certain Company executive officers with vesting subject to the achievement of certain performance conditions. The ultimate number of performance units that can be earned can range from 0% to 200% of target depending on performance relative to target over the applicable period. The shares earned will vest on the third anniversary of the date of grant. The Company's shares available for grant have been reduced to reflect the shares that could be earned at the maximum target.

For the three and six months ended June 30, 2019 , the Company recorded stock-based compensation expense of approximately $6.5 million and $12.9 million , respectively, related to all outstanding nonvested equity stock grants. For the three and six months ended June 30, 2018 , the Company recorded stock-based compensation expense of approximately $1.1 million and $7.6 million , respectively, related to all outstanding nonvested equity stock grants. Unrecognized stock-based compensation related to all nonvested equity stock grants, net of estimated forfeitures, was approximately $45.5 million at June 30, 2019 . This amount is expected to be recognized over a weighted average period of 2.6 years .

The following table reflects the activity related to nonvested equity stock and stock units for the six months ended June 30, 2019 :

Nonvested Equity Stock and Stock Units	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at December 31, 2018	4,859,135	$ 12.71
Granted	3,691,157	$ 9.70
Vested	(1,201,894)	$ 12.55
Forfeited	(674,764)	$ 11.63
Nonvested at June 30, 2019	6,673,634	$ 11.18

13. Stockholders' Equity

Share Repurchase Program

During the three and six months ended June 30, 2019 , the Company did not repurchase any shares of its common stock under its share repurchase program.

On January 21, 2015, the Company's Board approved a share repurchase program authorizing the repurchase of up to an aggregate of 20.0 million shares. Share repurchases under the plan may be made through the open market, established plans, or privately negotiated transactions in accordance with all applicable securities laws, rules, and regulations. There is no expiration date applicable to the plan.

As of June 30, 2019 , there remained an outstanding authorization to repurchase approximately 3.6 million shares of the Company's outstanding common stock under the current share repurchase program.

The Company records stock repurchases as a reduction to stockholders' equity. The Company records a portion of the purchase price of the repurchased shares as an increase to accumulated deficit when the price of the shares repurchased exceeds the average original proceeds per share received from the issuance of common stock.

14. Income Taxes

The Company recorded a provision for (benefit from) income taxes of $4.4 million and $(1.0) million for the three months ended June 30, 2019 and 2018 , respectively, and $4.7 million and $(4.2) million for the six months ended June 30, 2019 and 2018 , respectively. The provision for income taxes for the three and six months ended June 30, 2019 was driven by a combination of the valuation allowance recorded on U.S. deferred tax assets, foreign withholding taxes and the projected annual effective tax rate for the foreign jurisdictions for 2019. The benefit from income taxes for the three months ended June 30, 2018 was mainly due to projected pretax losses from which the Company can benefit from. The benefit from income taxes for the six months ended June 30, 2018 was due to projected pretax losses in foreign jurisdictions from which the Company can benefit.

During the three months ended June 30, 2019 and 2018 , the Company paid withholding taxes of $4.5 million and $5.0 million , respectively. During the six months ended June 30, 2019 and 2018 , the Company paid withholding taxes of $8.8 million and $11.1 million , respectively.

As of June 30, 2019 , the Company's unaudited condensed consolidated balance sheets included net deferred tax assets, before valuation allowance, of approximately $176.6 million , which consists of net operating loss carryovers, tax credit carryovers, amortization, employee stock-based compensation expenses and certain liabilities.

The Company periodically evaluates the realizability of its net deferred tax assets based on all available evidence, both positive and negative. During the third quarter of 2018, the Company assessed the changes in its underlying facts and circumstances and evaluated the realizability of its existing deferred tax assets based on all available evidence, both positive and negative, and the weight accorded to each, and concluded a full valuation allowance associated with U.S. federal and state deferred tax assets was appropriate at that time. The basis for this conclusion was derived primarily from the fact that the Company completed its forecasting process during the third quarter of 2018. At a domestic level, losses were expected in future

periods in part due to the impact of the adoption of ASC 606. In addition, the decrease in the U.S. federal tax rate from 35% to 21% as a result of U.S. tax reform had further reduced the Company's ability to utilize its deferred tax assets. In light of the above factors, the Company concluded that it was not more likely than not that it could realize its U.S. deferred tax assets. As such, during the third quarter of 2018, the Company set up and continues to maintain a full valuation allowance against its U.S. federal deferred tax assets.

The Company has U.S. federal deferred tax assets related to research and development credits, foreign tax credits and other tax attributes that can be used to offset U.S. federal taxable income in future periods. These credit carryforwards will expire if they are not used within certain time periods. It is possible that some or all of these attributes could ultimately expire unused.

As of June 30, 2019 , the Company has a total valuation allowance of $190.9 million on U.S. federal, state and foreign deferred tax assets, resulting in net deferred tax liability of $14.3 million .

The Company maintains liabilities for uncertain tax positions within its long-term income taxes payable accounts and as a reduction to existing deferred tax assets to the extent tax attributes are available to offset such liabilities. These liabilities involve judgment and estimation and are monitored by management based on the best information available including changes in tax regulations, the outcome of relevant court cases and other information.

As of June 30, 2019 , the Company had approximately $24.3 million of unrecognized tax benefits, including $22.2 million recorded as a reduction of long-term deferred tax assets and $2.1 million in long-term income taxes payable. If recognized, approximately $2.1 million would be recorded as an income tax benefit. As of December 31, 2018 , the Company had $23.5 million of unrecognized tax benefits, including $21.4 million recorded as a reduction of long-term deferred tax assets and $2.1 million recorded in long-term income taxes payable.

Although it is possible that some of the unrecognized tax benefits could be settled within the next 12 months, the Company cannot reasonably estimate the outcome at this time.

The Company recognizes interest and penalties related to uncertain tax positions as a component of the income tax provision. At June 30, 2019 and December 31, 2018 , an immaterial amount of interest and penalties is included in long-term income taxes payable.

Rambus files income tax returns for the U.S., California, India, the U.K., the Netherlands and various other state and foreign jurisdictions. The U.S. federal returns are subject to examination from 2016 and forward. The California returns are subject to examination from 2010 and forward. In addition, any research and development credit carryforward or net operating loss carryforward generated in prior years and utilized in these or future years may also be subject to examination. The India returns are subject to examination from fiscal year ending March 2012 and forward. The Company is currently under examination by California for the 2010 and 2011 tax years. The Company’s India subsidiary is under examination by the Indian tax administration for tax years beginning with 2011, except for 2014, which was assessed in the Company's favor. These examinations may result in proposed adjustments to the income taxes as filed during these periods. Management regularly assesses the likelihood of outcomes resulting from income tax examinations to determine the adequacy of their provision for income taxes and believes their provision for unrecognized tax benefits is adequate.

Additionally, the Company's future effective tax rates could be adversely affected by earnings being higher than anticipated in countries where the Company has higher statutory rates or lower than anticipated in countries where it has lower statutory rates, by changes in valuation of its deferred tax assets and liabilities or by changes in tax laws or interpretations of those laws.

15. Litigation and Asserted Claims

Rambus is not currently a party to any material pending legal proceeding; however, from time to time, Rambus may become involved in legal proceedings or be subject to claims arising in the ordinary course of its business. Although the results of litigation and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these ordinary course matters will not have a material adverse effect on our business, operating results, financial position or cash flows. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management attention and resources and other factors.

The Company records a contingent liability when it is probable that a loss has been incurred and the amount is reasonably estimable in accordance with accounting for contingencies.

16. Assets and Liabilities Held for Sale

During the second quarter of 2019, the Company entered into a share purchase agreement with Visa International Service Association (the "Purchaser"), pursuant to which the Purchaser has agreed to acquire all of the outstanding shares of the Company's subsidiary, Smart Card Software Limited, which comprises the Company's Payments and Ticketing businesses. The Payments and Ticketing businesses are part of the Company's RSD operating segment. The decision to sell these businesses reflects the Company's ongoing review of its business to focus on products and offerings that are core to its semiconductor business.

The gross proceeds from the divestiture are expected to be approximately $75.0 million , subject to net working capital adjustments and transaction costs. The pending sale of the legal entities comprising the Company's Payments and Ticketing businesses is expected to be completed in the second half of 2019. The Company measured these businesses at the lower of their carrying value or fair value less any costs to sell, and subsequently recognized an impairment of approximately $17.0 million during the quarter ended June 30, 2019.

The operating results of these businesses do not qualify for reporting as discontinued operations. The reported results and financial position of the businesses do not necessarily reflect the total value of the businesses that the Company expects to realize upon their sale.

The following table presents information related to the assets and liabilities of the businesses that were classified as held for sale as of June 30, 2019:

(In thousands)	June 30, 2019
Assets	
Cash and cash equivalents	$ 7,545
Accounts receivable	4,023
Unbilled receivables	859
Prepaids and other current assets	2,997
Intangible assets, net	19,793
Goodwill	53,882
Property, plant and equipment, net	1,168
Operating lease right-of-use assets	1,373
Other assets	206
Total assets held for sale	$ 91,846
Liabilities	
Accounts payable	$ 502
Accrued salaries and benefits	1,630
Deferred revenue	4,378
Operating lease liabilities	1,488
Other liabilities	5,708
Total liabilities held for sale	$ 13,706
Total net assets held for sale	$ 78,140
Total net assets held for sale	$ 78,140
Foreign currency translation adjustment related to Payments and Ticketing businesses	10,318
Total net assets including foreign currency translation adjustment	88,458
Estimated fair value less costs to sell	(71,468)
Impairment of assets held for sale	$ 16,990

17. Restructuring Charges

The 2019 Plan

In June 2019, the Company initiated a restructuring program to reduce overall expenses which is expected to improve future profitability by reducing spending on research and development efforts and sales, general and administrative programs (the "2019 Plan"). In connection with this restructuring program, the Company initiated a plan of termination resulting in a reduction of 4% of the Company's headcount. The Company estimated that it would incur a cash payout related to the reduction in force of approximately $2.6 million , which is related to severance and termination benefits. During the three months ended June 30, 2019 , the Company recorded a charge of approximately $2.5 million related primarily to the reduction in workforce, of which $0.5 million was related to the MID reportable segment, $0.3 million was related to the RSD reportable segment, $0.6 million was related to the Other reportable segment, and $1.1 million was related to corporate support functions. The majority of the 2019 Plan is expected to be completed by the end of 2019.

18. Subsequent Events

On July 8, 2019, the Company entered into a definitive triple net space lease agreement with 237 North First Street Holdings, LLC (the “Landlord”), whereby the Company will lease approximately 90,000 square feet of office space located at 4453 North First Street in San Jose, California (the “Lease”). The office space will serve as the Company’s corporate headquarters and include engineering, marketing and administrative functions. The Company expects to move to the new premises during the summer of 2020. The Lease has a term of 128 months from the commencement date. The starting rent of the Lease is approximately $3.26 per square foot on a triple net basis. The annual base rent increases each year to certain fixed amounts over the course of the term as set forth in the Lease and will be $4.38 per square foot in the eleventh year. In addition to the base rent, the Company will also pay operating expenses, insurance expenses, real estate taxes and a management fee. The Lease also allows for an option to expand, wherein the Company has the right of first refusal to rent additional space in the building. The Company has a one-time option to extend the Lease for a period of 60 months and may elect to terminate the Lease, via written notice to the Landlord, in the event the office space is damaged or destroyed. The lease of the Company’s current Sunnyvale, California headquarters expires on June 30, 2020.

On July 29, 2019, the Company announced an agreement to acquire Northwest Logic Inc. ("Northwest Logic"), a privately held digital controller company for approximately $30 million in cash, including retention bonus payments and certain adjustments for working capital, to augment its interface IP offerings with best-in-class digital controllers. The Company anticipates integrating Northwest Logic's offerings and design team into its IP Cores business. Given the timing of the acquisition, the Company is currently evaluating the purchase price allocation for this transaction. As a result, the Company is unable to provide the amount recognized as of the acquisition date for the major classes of assets acquired and liabilities assumed.

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

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 as described in more detail under "Note Regarding Forward-Looking Statements." Our forward-looking statements are based on current expectations, forecasts and assumptions and are subject to risks, uncertainties and changes in condition, significance, value and effect. As a result of the factors described herein, and in the documents incorporated herein by reference, including, in particular, those factors described under "Risk Factors," we undertake no obligation to publicly disclose any revisions to these forward-looking statements to reflect events or circumstances occurring subsequent to filing this report with the Securities and Exchange Commission.

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Executive Summary

During the second quarter of 2019, we announced an agreement with Visa International Service Association to acquire our Payments and Ticketing business, executing on our strategic refocus on our semiconductor business. Key 2019 second quarter financial results included:

- Revenue of $58.3 million ;
- Total operating costs and expenses of $95.3 million ;
- Diluted net loss per share of $0.33 ;
- Cash flows provided by operating activities of approximately $38.7 million; and
- Unbilled receivables of $597.4 million as of June 30, 2019 .

Business Overview

Dedicated to making data faster and safer, Rambus creates innovative hardware, software, and services that drive technology advancements from the data center to the mobile edge. Our architecture licenses, IP cores, chips, software, and services span memory and interfaces, security, and emerging technologies to positively impact the modern world. We collaborate with the industry, partnering with leading chip and system designers, foundries, and service providers. Integrated into a wide array of devices and systems, our products power and secure diverse applications, including Big Data, Internet of Things ("IoT") security, mobile payments, and smart ticketing.

Building upon the foundation of technologies for memory, SerDes, and other chip interfaces, we have expanded our portfolio of inventions and solutions to address chip and system security, mobile payments, and smart ticketing. We intend to continue our growth into new technology fields, consistent with our mission to create value through our innovations and to make those technologies available through the shipment of products, the delivery of services, and licensing business models. Key to our efforts is continuing to hire and retain world-class inventors, scientists, and engineers to lead the development and deployment of inventions and technology solutions for our fields of focus.

Our strategy is to continue to augment our patent license business model to provide additional technology, products, and services while creating and leveraging strategic synergies to increase revenue. In support of our strategy, Rambus has transitioned to focus on two key high-growth markets - the data center and the mobile edge - with an approach and product roadmap that leverage our core competencies and supplement with ingredient components to both differentiate and accelerate our position in complementary markets.

Organization

We have organized the business into three operational units: (1) Memory and Interfaces, or MID, which focuses on the design, development, manufacturing through partnerships, and licensing of technology and solutions that is related to memory and interfaces; (2) Rambus Security, or RSD, which focuses on the design, development, deployment, and licensing of technologies for chip, system and in-field application security, anti-counterfeiting, smart ticketing, and mobile payments; and (3) Emerging Solutions, or ESD, which includes the Rambus Labs team and the development efforts in the area of emerging technologies.

As of June 30, 2019 , MID and RSD met quantitative thresholds for disclosure as reportable segments. Results for the remaining operating segment was shown under "Other." For additional information concerning segment reporting, see Note 6, "Segments and Major Customers," of Notes to Unaudited Condensed Consolidated Financial Statements of this Form 10-Q.

Revenue Sources

On January 1, 2018, we adopted ASU No. 2014-09, Revenue from Contracts with Customers in Accounting Standards Codification (ASC) Topic 606 ("ASC 606", "the New Revenue Standard") and all the related amendments using the modified retrospective method.

The most significant impacts of the New Revenue Standard relate to the following:

- Revenue recognized for certain patent and technology licensing arrangements has changed under the New Revenue Standard. Revenue for (i) fixed-fee arrangements (including arrangements that include minimum guaranteed amounts), (ii) variable royalty arrangements that we have concluded are fixed in substance and (iii) the fixed portion of hybrid fixed/variable arrangements is recognized upon control over the underlying intellectual property ("IP") use right transferring to the licensee rather than upon billing under ASC Topic 605, "Revenue Recognition" ("ASC 605"), net of the effect of significant financing components calculated using customer-specific, risk-adjusted lending rates and recognized over time on an effective rate basis. As a consequence of the acceleration of revenue recognition and for matching purposes, all withholding taxes to be paid over the term of these licensing arrangements were expensed on the date the licensing revenue was recognized.

- Adoption of the New Revenue Standard resulted in revenue recognition being accelerated for variable royalties and the variable portion of hybrid fixed/variable patent and technology licensing arrangements. Under the New Revenue Standard, royalty revenue is being recognized on the basis of management's estimates of sales or usage, as applicable, of the licensed IP in the period of reference, with a true-up being recorded in subsequent periods based on actual sales or usage as reported by licensees (rather than upon receiving royalty reports from licensees as was the case under ASC 605).

- Adoption of the New Revenue Standard also resulted in revenue recognition being accelerated for certain professional services arrangements, including arrangements consisting of significant software customization or modification and development arrangements. Under the New Revenue Standard, such arrangements are accounted for based on man-days incurred during the reporting period as compared to estimated total man-days necessary for contract completion, as the customer either controls the asset as it is created or enhanced by us or, where the asset has no alternative use to us, we are entitled to payment for performance to date and expect to fulfill the contract. Revenue recognition is no longer capped to the lesser of inputs in the period or accepted billable project milestones as was the case under ASC 605.

Our inventions and technology solutions are offered to our customers through patent, technology, software and IP core licenses, as well as product sales and services. Today, our primary source of revenue is derived from patent licenses, through which we provide our customers a license to use a certain portion of our broad portfolio of patented inventions. The license provides our customers with a defined right to use our innovations in the customer's own digital electronics products, systems or services, as applicable. The licenses may also define the specific field of use where our customers may use or employ our inventions in their products. License agreements are structured with fixed, variable or a hybrid of fixed and variable royalty payments over certain defined periods ranging for periods of up to ten years. Leading consumer product, industrial, semiconductor, and system companies such as AMD, Broadcom, Cisco, Freescale, Fujitsu, IBM, Intel, Micron, Nanya, NVIDIA, Panasonic, Qualcomm, Renesas, Samsung, SK hynix, STMicroelectronics, Toshiba, and Xilinx have licensed our patents. The vast majority of our patents were secured through our internal research and development efforts across all of our business units.

We also offer our customers technology licenses to support the implementation and adoption of our technology in their products or services. Our customers include leading companies such as IBM, Panasonic, Qualcomm, Samsung, Sony, and Toshiba. Our technology license offerings include a range of technologies for incorporation into our customers' products and systems. We also offer a range of services as part of our technology licenses which can include know-how and technology transfer, product design and development, system integration, and other services. These technology license agreements may have both a fixed price (non-recurring) component and ongoing use fees and in some cases, royalties. Further, under technology licenses, our customers typically receive licenses to our patents necessary to implement these solutions in their products with specific rights and restrictions to the applicable patents elaborated in their individual contracts with us.

Revenues from royalties accounted for 46% and 49% of our consolidated revenue for the three and six months ended June 30, 2019 , respectively, as compared to 53% and 50% for the three and six months ended June 30, 2018 , respectively.

The remainder of our revenue is product revenue, contract services and other revenue, which includes our product sales, IP core licenses, software licenses and related implementation, support and maintenance fees, and engineering services fees. The timing and amounts invoiced to customers can vary significantly depending on specific contract terms and can therefore have a significant impact on deferred revenue or accounts receivable in any given period. Product revenue accounted for 28% and 23% of our consolidated revenue for the three and six months ended June 30, 2019 , respectively, as compared to 14% and 15% for the three and six months ended June 30, 2018 , respectively. Contract and other revenue accounted for 26% and 28% of our consolidated revenue for the three and six months ended June 30, 2019 , respectively, as compared to 32% and 35% for the three and six months ended June 30, 2018 , respectively.

Expenses

Cost of product revenue for the three months ended June 30, 2019 increased approximately $2.1 million as compared to the same period in 2018. Cost of product revenue for the six months ended June 30, 2019 increased approximately $2.1 million as compared to the same period in 2018. The increase in both periods was primarily due to increased cost of sales associated with higher sales of memory products.

Engineering expenses continue to play a key role in our efforts to maintain product innovations. Our engineering expenses for the three months ended June 30, 2019 decreased $4.2 million as compared to the same period in 2018 primarily due to decreased amortization costs of $3.3 million, headcount related expenses of $1.2 million, engineering development tool costs of $0.5 million, bonus accrual expense of $0.5 million and stock-based compensation expense of $0.2 million, offset by increased depreciation expense of $1.0 million and consulting costs of $1.0 million. Engineering expenses for the six months ended June 30, 2019 decreased $9.0 million as compared to the same period in 2018 primarily due to decreased amortization costs of $8.2 million, headcount related expenses of $2.1 million, engineering development tool costs of $0.9 million, prototyping costs of $0.6 million, allocated information technology costs of $0.5 million and bonus accrual expense of $0.4 million, offset by increased consulting expenses of $1.7 million, depreciation expense of $1.6 million and facilities costs of $0.9 million.

Sales, general and administrative expenses for the three months ended June 30, 2019 increased slightly as compared to the same period in 2018 primarily due to increased stock-based compensation expense of $5.4 million primarily due to the termination of the former chief executive officer at the end of June 2018, offset by decreased headcount related expenses of $2.1 million, consulting costs of $0.8 million, sales and marketing costs of $0.8 million, amortization cost of $0.5 million, travel expenses of $0.4 million, and depreciation expense of $0.3 million. Sales, general and administrative expenses for the six months ended June 30, 2019 decreased $2.1 million as compared to the same period in 2018 primarily due to decreased headcount related expenses of $2.1 million, sales and marketing costs of $1.3 million, consulting costs of $1.2 million, amortization cost of $1.2 million, depreciation expense of $0.8 million, travel expenses of $0.6 million, bonus accrual expense of $0.6 million, and recruiting costs of $0.2 million, offset by increased stock-based compensation expense of $5.1 million primarily due to the termination of the former chief executive officer at the end of June 2018, and facilities costs of $1.5 million.

The increase in facilities costs were primarily due to the adoption of ASU No. 2016-02, "Leases," ASU No. 2018-10, "Codification Improvements to Topic 842, Leases," and ASU No. 2018-11, "Leases (Topic 842)" (collectively referred to as the “New Leasing Standard”) beginning in 2019 as discussed in “Results of Operations” of this Form 10-Q.

Intellectual Property

As of June 30, 2019 , our semiconductor, security, and other technologies are covered by 2,107 U.S. and foreign patents. Additionally, we have 541 patent applications pending. Some of the patents and pending patent applications are derived from a common parent patent application or are foreign counterpart patent applications. We have a program to file applications for and obtain patents in the United States and in selected foreign countries where we believe filing for such protection is appropriate and would further our overall business strategy and objectives. In some instances, obtaining appropriate levels of protection may involve prosecuting continuation and counterpart patent applications based on a common parent application. We believe our patented innovations provide our customers with the ability to achieve improved performance, lower risk, greater cost-effectiveness, and other benefits in their products and services.

Trends

There are a number of trends that may have a material impact on us in the future, including but not limited to, the evolution of memory and SerDes technology, adoption of mobile payment, smart ticketing and security solutions, the use and adoption of our inventions or technologies generally, industry consolidation, and global economic conditions with the resulting impact on sales of consumer electronic systems.

We have a high degree of revenue concentration. Our top five customers represented approximately 54% and 49% of our revenue for the three and six months ended June 30, 2019 , respectively, as compared to 66% and 58% for the three and six months ended June 30, 2018 , respectively. The particular customers which account for revenue concentration have varied from period-to-period as a result of the addition of new contracts, expiration of existing contracts, renewals of existing contracts, industry consolidation, and the volumes and prices at which the customers have recently sold to their customers. These variations are expected to continue in the foreseeable future.

Our revenue from companies headquartered outside of the United States accounted for approximately 49% and 40% of our total revenue for the three and six months ended June 30, 2019 , respectively, as compared to 47% and 60% for the three and six months ended June 30, 2018 , respectively. We expect that revenue derived from international customers will continue to represent a significant portion of our total revenue in the future. To date, the majority of the revenue from international customers has been denominated in U.S. dollars. However, to the extent that such customers' sales to their customers are not denominated in U.S. dollars, any revenue that we receive as a result of such sales could be subject to fluctuations in currency exchange rates. In addition, if the effective price of licensed products sold by our foreign customers were to increase as a result of fluctuations in the exchange rate of the relevant currencies, demand for licensed products could fall, which in turn would reduce our revenue. We do not use financial instruments to hedge foreign exchange rate risk. For additional information concerning international revenue, see Note 6, "Segments and Major Customers," of Notes to Unaudited Condensed Consolidated Financial Statements of this Form 10-Q.

Our licensing cycle for new licensees as well as renewals for existing licensees is lengthy, costly and unpredictable without any degree of certainty. We may incur costs in any particular period before any associated revenue stream begins, if at all. Our lengthy license negotiation cycles could make our future revenue difficult to predict because we may not be successful in entering into licenses with our customers in the amounts projected, or on our anticipated timelines.

The semiconductor industry is intensely competitive and highly cyclical, limiting our visibility with respect to future sales. To the extent that macroeconomic fluctuations negatively affect our principal customers, the demand for our products and technology may be significantly and adversely impacted and we may experience substantial period-to-period fluctuations in our operating results.

The royalties we receive from our semiconductor customers are partly a function of the adoption of our technologies by system companies. Many system companies purchase semiconductors containing our technologies from our customers and do not have a direct contractual relationship with us. Our customers generally do not provide us with details as to the identity or volume of licensed semiconductors purchased by particular system companies. As a result, we face difficulty in analyzing the extent to which our future revenue will be dependent upon particular system companies.

Global demand for effective security technologies continues to increase. In particular, highly integrated devices such as smart phones are increasingly used for applications requiring security such as mobile payments, corporate information and user data. Our RSD operating segment is primarily focused on positioning its DPA countermeasures, security cores, CryptoManager™ technology solutions, and the introduction of in-field applications mobile payments and smart ticketing solutions to our offerings to capitalize on these trends and growing adoption among technology partners and customers.

Cost of product revenue in total and as a percentage of revenue increased during the three and six months ended June 30, 2019 as compared to the same period in the prior year. Engineering costs in total and as a percentage of revenue decreased during the three and six months ended June 30, 2019 as compared to the same period in the prior year. Sales, general and administrative expenses in total increased and as a percentage of revenue decreased during the three months ended June 30, 2019 as compared to the same period in the prior year. Sales, general and administrative expenses in total and as a percentage of revenue decreased during the six months ended June 30, 2019 as compared to the same period in the prior year. In the near term, we expect these costs in total to be higher as we intend to continue to make investments in the infrastructure and technologies required to increase our product innovation in semiconductor, security and other technologies. In addition, while we have not been involved in material litigation since 2014, to the extent litigation is again necessary, the amount and timing of any future general and administrative costs are uncertain.

As a part of our overall business strategy, from time to time, we evaluate businesses and technologies for potential acquisition that are aligned with our core business and designed to supplement our growth, including the acquisitions of SCS, the assets of the Snowbush IP group and the Memory Interconnect Business during 2016. Similarly, we periodically re-evaluate our core business offerings for strategic alignment. For instance, we recently announced our agreement with Visa International Service Association to sell our Payments and Ticketing businesses.

Results of Operations

The following table sets forth, for the periods indicated, the percentage of total revenue represented by certain items reflected in our unaudited condensed consolidated statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue:				
Royalties	46.4 %	53.2 %	48.7 %	50.0 %
Product revenue	27.5 %	14.3 %	23.4 %	15.0 %
Contract and other revenue	26.1 %	32.5 %	27.9 %	35.0 %
Total revenue	100.0 %	100.0 %	100.0 %	100.0 %
Operating costs and expenses:				
Cost of product revenue*	10.8 %	7.4 %	10.1 %	8.3 %
Cost of contract and other revenue	11.5 %	19.6 %	12.6 %	22.6 %
Research and development*	65.0 %	66.8 %	73.6 %	75.6 %
Sales, general and administrative*	42.7 %	43.4 %	49.3 %	53.1 %
Restructuring charges (recoveries)	4.4 %	(1.8)%	2.7 %	2.2 %
Impairment of assets held for sale	29.1 %	— %	15.9 %	— %
Total operating costs and expenses	163.5 %	135.4 %	164.2 %	161.8 %
Operating loss	(63.5)%	(35.4)%	(64.2)%	(61.8)%
Interest income and other income (expense), net	12.0 %	14.6 %	13.5 %	16.9 %
Interest expense	(4.4)%	(8.2)%	(4.5)%	(8.8)%
Interest and other income (expense), net	7.6 %	6.4 %	9.0 %	8.1 %
Loss before income taxes	(55.9)%	(29.0)%	(55.2)%	(53.7)%
Provision for (benefit from) income taxes	7.5 %	(1.8)%	4.4 %	(4.1)%
Net loss	(63.4)%	(27.2)%	(59.6)%	(49.6)%

* Includes stock-based compensation:

Cost of product revenue	0.0%	0.0 %	0.0%	0.0%
Research and development	5.2%	5.8 %	5.9%	6.3%
Sales, general and administrative	6.9%	(2.5)%	7.5%	2.8%

(Dollars in millions)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Change in Percentage	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018	Change in Percentage
Total Revenue						
Royalties	$ 27.1	$ 30.1	(10.0)%	$ 51.9	$ 51.4	0.9 %
Product revenue	16.0	8.1	98.2 %	25.0	15.4	62.3 %
Contract and other revenue	15.2	18.3	(17.0)%	29.8	36.1	(17.4)%
Total revenue	$ 58.3	$ 56.5	3.3 %	$ 106.7	$ 102.9	3.7 %

Royalty Revenue

Our royalty revenue, which includes patent and technology license royalties, decreased approximately $3.0 million to $27.1 million for the three months ended June 30, 2019 from $30.1 million for the same period in 2018. The decrease was due primarily to decreased royalties from various customers. Our royalty revenue increased approximately $0.5 million to $51.9 million for the six months ended June 30, 2019 from $51.4 million for the same period in 2018. The increase was due primarily to increased royalties from various customers.

Additionally, on January 1, 2018, we adopted ASC 606. This accounting change will not impact billings or the cash flow from royalty arrangements. We may experience greater variability in quarterly and annual revenue in future periods as a result of the revenue accounting treatment applied to future fixed-fee licensing arrangements.

Furthermore, we are continuously in negotiations for licenses with prospective customers. We expect patent royalties will continue to vary from period to period based on our success in adding new customers, renewing or extending existing agreements, as well as the level of variation in our customers' reported shipment volumes, sales price and mix, offset in part by the proportion of customer payments that are fixed or hybrid in nature. We also expect that our technology royalties will continue to vary from period to period based on our customers' shipment volumes, sales prices, and product mix.

Royalty Revenue by Reportable Segments

Royalty revenue from the MID reportable segment increased approximately $2.6 million to $20.9 million for the three months ended June 30, 2019 from $18.3 million for the same period in 2018. Royalty revenue from the MID reportable segment increased approximately $2.5 million to $40.3 million for the six months ended June 30, 2019 from $37.8 million for the same period in 2018. The increase in both periods was due to increased royalties from various customers.

Royalty revenue from the RSD reportable segment decreased approximately $5.6 million to $6.2 million for the three months ended June 30, 2019 from $11.8 million for the same period in 2018. Royalty revenue from the RSD reportable segment decreased approximately $1.6 million to $11.6 million for the six months ended June 30, 2019 from $13.2 million for the same period in 2018. The decrease in both periods was due primarily to decreased royalties from various customers.

Royalty revenue from the Other segment was zero for the three and six months ended June 30, 2019 and immaterial for the three and six months ended June 30, 2018 .

Product Revenue

Product revenue consists of revenue from the sale of memory and security products. Product revenue increased approximately $7.9 million to $16.0 million for the three months ended June 30, 2019 from $8.1 million for the same period in 2018. Product revenue increased approximately $9.6 million to $25.0 million for the six months ended June 30, 2019 from $15.4 million for the same period in 2018. The increase in both periods was primarily due to higher sales of memory products.

We believe that product revenue will continue to increase in 2019, mainly from the sale of our memory products. Our ability to continue to grow product revenue is dependent on, among other things, our ability to continue to obtain orders from customers and our ability to meet our customers' demands.

Product Revenue by Reportable Segments

Product revenue from the MID reportable segment increased approximately $8.1 million to $15.7 million for the three months ended June 30, 2019 from $7.6 million for the same period in 2018. Product revenue from the MID reportable segment increased approximately $10.6 million to $24.5 million for the six months ended June 30, 2019 from $13.9 million for the same period in 2018. The increase in both periods was due to higher volume of memory product sales.

Product revenue from the RSD reportable segment was immaterial for both the three and six months ended June 30, 2019 and 2018.

Product revenue from the Other segment was zero for the three and six months ended June 30, 2019 and immaterial for the three and six months ended June 30, 2018 .

Contract and Other Revenue

Contract and other revenue consist of revenue from technology development projects. Contract and other revenue decreased approximately $3.1 million to $15.2 million for the three months ended June 30, 2019 from $18.3 million for the same period in 2018. Contract and other revenue decreased approximately $6.3 million to $29.8 million for the six months ended June 30, 2019 from $36.1 million for the same period in 2018. The decrease in both periods was primarily due to lower revenue from various memory and security technology development projects.

We believe that contract and other revenue will fluctuate over time based on our ongoing technology development contractual requirements, the amount of work performed, the timing of completing engineering deliverables, and the changes to work required, as well as new technology development contracts booked in the future.

Contract and Other Revenue by Reportable Segments

Contract and other revenue from the MID reportable segment decreased approximately $0.3 million to $8.8 million for the three months ended June 30, 2019 from $9.1 million for the same period in 2018. Contract and other revenue from the MID reportable segment decreased approximately $2.1 million to $15.1 million for the six months ended June 30, 2019 from $17.2 million for the same period in 2018. The decrease in both periods was primarily due to lower revenue from various memory technology projects.

Contract and other revenue from the RSD reportable segment decreased approximately $2.8 million to $6.4 million for the three months ended June 30, 2019 from $9.2 million for the same period in 2018. Contract and other revenue from the RSD reportable segment decreased approximately $3.0 million to $14.7 million for the six months ended June 30, 2019 from $17.7 million for the same period in 2018. The decrease in both periods was primarily due to lower revenue from various security technology development projects.

Contract and other revenue from the Other segment was zero for the three and six months ended June 30, 2019 and immaterial for the three and six months ended June 30, 2018 .

Cost of product revenue:

(Dollars in millions)	Three Months Ended June 30,		Change in Percentage	Six Months Ended June 30,		Change in Percentage
	2019	2018		2019	2018	
Cost of product revenue	$ 6.3	$ 4.2	50.3%	$ 10.7	$ 8.6	25.5%

Cost of product revenue increased approximately $2.1 million to $6.3 million for the three months ended June 30, 2019 from $4.2 million for the same period in 2018. Cost of product revenue increased approximately $2.1 million to $10.7 million for the six months ended June 30, 2019 from $8.6 million for the same period in 2018. The increase in both periods was primarily due to increased cost of sales associated with higher sales of memory products.

In the near term, we expect costs of product revenue to be higher as we expect higher sales of our various products in 2019 as compared to 2018.

Engineering costs:

(Dollars in millions)	Three Months Ended June 30,		Change in Percentage	Six Months Ended June 30,		Change in Percentage
	2019	2018		2019	2018	
Engineering costs						
Cost of contract and other revenue	$ 2.9	$ 4.0	(26.4)%	$ 5.8	$ 7.3	(20.7)%
Amortization of intangible assets	3.8	7.1	(46.6)%	7.7	15.9	(51.7)%
Stock-based compensation	—	—	— %	—	—	— %
Total cost of contract and other revenue	6.7	11.1	(39.4)%	13.5	23.2	(41.9)%
Research and development	34.8	34.4	1.2 %	72.2	71.3	1.3 %
Stock-based compensation	3.1	3.3	(6.9)%	6.3	6.5	(3.2)%
Total research and development	37.9	37.7	0.5 %	78.5	77.8	0.9 %
Total engineering costs	$ 44.6	$ 48.8	(8.6)%	$ 92.0	$ 101.0	(8.9)%

Total engineering costs decreased $4.2 million for the three months ended June 30, 2019 as compared to the same period in 2018 primarily due to decreased amortization costs of $3.3 million, headcount related expenses of $1.2 million, engineering development tool costs of $0.5 million, bonus accrual expense of $0.5 million and stock-based compensation expense of $0.2 million, offset by increased depreciation expense of $1.0 million and consulting costs of $1.0 million.

Total engineering costs decreased $9.0 million for the six months ended June 30, 2019 as compared to the same period in 2018 primarily due to decreased amortization costs of $8.2 million, headcount related expenses of $2.1 million, engineering development tool costs of $0.9 million, prototyping costs of $0.6 million, allocated information technology costs of $0.5 million and bonus accrual expense of $0.4 million, offset by increased consulting expenses of $1.7 million, depreciation expense of $1.6 million and facilities costs of $0.9 million as discussed below.

On January 1, 2019, we adopted the New Leasing Standard using the alternative transition method. In accordance with the New Leasing Standard, we were required to derecognize the Sunnyvale and Ohio facilities as imputed facility obligations (as accounted for under the previous leasing guidance) and recognize these facilities as operating leases. This change resulted in no longer recognizing interest expense associated with these imputed facility lease obligations, but instead, recognizing lease expense which would be included in operating costs and expenses. For additional information on the impact of the new accounting standard on our leases, see Note 2, “Recent Accounting Pronouncements” and Note 9, “Leases,” of Notes to Unaudited Condensed Consolidated Financial Statements of this Form 10-Q.

In the near term, we expect engineering costs to be higher as we continue to make investments in the infrastructure and technologies required to maintain our product innovation in semiconductor, security and other technologies.

Sales, general and administrative costs:

(Dollars in millions)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Change in Percentage	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018	Change in Percentage
Sales, general and administrative costs						
Sales, general and administrative costs	$ 20.9	$ 25.9	(19.3)%	$ 44.6	$ 51.8	(13.9)%
Stock-based compensation	4.0	(1.4)	NM*	8.0	2.9	NM*
Total sales, general and administrative costs	$ 24.9	$ 24.5	1.7 %	$ 52.6	$ 54.7	(3.9)%

* NM — percentage is not meaningful

Total sales, general and administrative costs increased slightly for the three months ended June 30, 2019 as compared to the same period in 2018 primarily due to increased stock-based compensation expense of $5.4 million primarily due to the termination of the former chief executive officer at the end of June 2018, offset by decreased headcount related expenses of $2.1 million, consulting costs of $0.8 million, sales and marketing costs of $0.8 million, amortization cost of $0.5 million, travel expenses of $0.4 million, and depreciation expense of $0.3 million.

Total sales, general and administrative costs decreased $2.1 million for the six months ended June 30, 2019 as compared to the same period in 2018 primarily due to decreased headcount related expenses of $2.1 million, sales and marketing costs of $1.3 million, consulting costs of $1.2 million, amortization cost of $1.2 million, depreciation expense of $0.8 million, travel expenses of $0.6 million, bonus accrual expense of $0.6 million, and recruiting costs of $0.2 million, offset by increased stock-based compensation expense of $5.1 million primarily due to the termination of the former chief executive officer at the end of June 2018, and facilities costs of $1.5 million (primarily due to the adoption of the New Leasing Standard beginning in 2019 as discussed above).

In the future, sales, general and administrative costs will vary from period to period based on the trade shows, advertising, legal, acquisition and other sales, marketing and administrative activities undertaken, and the change in sales, marketing and administrative headcount in any given period. In the near term, we expect our sales, general and administrative costs to remain relatively flat.

Restructuring charges (recoveries):

(Dollars in millions)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Change in Percentage	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018	Change in Percentage
Restructuring charges (recoveries)	$ 2.5	$ (1.0)	NM*	$ 2.9	$ 2.2	28.6%

* NM — percentage is not meaningful

During the second quarter of 2019, we initiated a restructuring program to reduce overall expenses which is expected to improve future profitability by reducing spending on research and development efforts and sales, general and administrative programs (the "2019 Plan"). As a result, we recorded restructuring charges of $2.5 million related to the 2019 Plan.

During the first quarter of 2018, we announced our plans to close our lighting division and manufacturing operations in Brecksville, Ohio. We believed that such business was not core to our strategy and growth objectives. During the first quarter of

2019, we recorded additional restructuring charges of $0.3 million related to the facility due to a change in the estimated costs to close the facility.

Refer to Note 17, "Restructuring Charges," of Notes to Unaudited Condensed Consolidated Financial Statements of this Form 10-Q for further discussion.

Impairment of assets held for sale:

(Dollars in millions)	Three Months Ended June 30,		Change in	Six Months Ended June 30,		Change in
	2019	2018	Percentage	2019	2018	Percentage
Impairment of assets held for sale	$ 17.0	$ —	100.0%	$ 17.0	$ —	100.0%

During the second quarter of 2019, we entered into a share purchase agreement with Visa International Service Association (the "Purchaser"), pursuant to which the Purchaser has agreed to acquire all of the outstanding shares of our subsidiary, Smart Card Software Limited, which comprises our Payments and Ticketing businesses. The Payments and Ticketing businesses are part of our RSD operating segment. The decision to sell these businesses reflects our ongoing review of our business to focus on products and offerings that are core to our semiconductor business.

The gross proceeds from the divestiture are expected to be approximately $75.0 million , subject to net working capital adjustments and transaction costs. We measured these businesses at the lower of their carrying value or fair value less any costs to sell, and subsequently recognized an impairment of approximately $17.0 million during the quarter ended June 30, 2019.

Refer to Note 16, "Assets and Liabilities Held for Sale," of Notes to Unaudited Condensed Consolidated Financial Statements of this Form 10-Q for further discussion.

Interest and other income (expense), net:

(Dollars in millions)	Three Months Ended June 30,		Change in	Six Months Ended June 30,		Change in
	2019	2018	Percentage	2019	2018	Percentage
Interest income and other income (expense), net	$ 6.9	$ 8.2	(15.5)%	$ 14.4	$ 17.4	(17.2)%
Interest expense	(2.5)	(4.6)	(45.3)%	(4.8)	(9.1)	(46.9)%
Interest and other income (expense), net	$ 4.4	$ 3.6	22.8 %	$ 9.6	$ 8.3	15.3 %

Interest income and other income (expense), net, consists primarily of interest income of $5.3 million and $11.0 million for the three and six months ended June 30, 2019, respectively, due to the significant financing component of licensing agreements as a result of the adoption of the New Revenue Standard as of January 1, 2018. Interest income and other income (expense), net, also includes interest income generated from investments in high quality fixed income securities and any gains or losses from the re-measurement of our monetary assets or liabilities denominated in foreign currencies.

Beginning January 1, 2019, interest expense for all periods disclosed primarily consists of interest expense associated with the non-cash interest expense related to the amortization of the debt discount and issuance costs on the 1.375% convertible senior notes due 2023 (the "2023 Notes") and the 1.125% convertible senior notes due 2018 (the "2018 Notes"), as well as the coupon interest related to these notes. We expect our non-cash interest expense to increase steadily as the notes reach maturity.

Prior to 2019, interest expense also included the interest expense associated with our imputed facility lease obligations on the Sunnyvale and Ohio facilities. In accordance with the New Leasing Standard, we were required to derecognize the Sunnyvale and Ohio facilities as imputed facility obligations (as accounted for under the previous leasing standard) and recognize these facilities as operating leases. This change resulted in no longer recognizing interest expense associated with these imputed facility lease obligations, but instead, recognizing lease expense which would be included in operating costs and expenses. For additional information on the impact of the new accounting standard on our leases, see Note 2, "Recent Accounting Pronouncements" and Note 9, "Leases," of the Notes to Unaudited Condensed Consolidated Financial Statements of this Form 10-Q.

Provision for (benefit from) income taxes:

(Dollars in millions)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Change in Percentage	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018	Change in Percentage
Provision for (benefit from) income taxes	$ 4.4	$ (1.0)	NM*	$ 4.7	$ (4.2)	NM*
Effective tax rate	(13.4)%	6.2%		(8.0)%	7.7%	

* NM — percentage is not meaningful

The provision for income taxes reported for the three and six months ended June 30, 2019 was driven by a combination of the valuation allowance recorded on U.S. deferred tax assets and the projected annual effective tax rate for the foreign jurisdictions for 2019. Our income tax provision (benefit) for the three months ended June 30, 2019 and 2018 reflected an effective tax rate of (13.4)% and 6.2% respectively. Our income tax provision (benefit) for the six months ended June 30, 2019 and 2018 reflected an effective tax rate of (8.0)% and 7.7% respectively. Our effective tax rate for the three and six months ended June 30, 2019 differed from the statutory rate primarily due to U.S. and foreign current taxes payable and no benefit for current losses due to the full valuation allowance against U.S. deferred tax assets. Our effective tax rate for the three months ended June 30, 2018 was different from the U.S. statutory tax rate primarily due to projected pretax losses from which we can benefit from. Our effective tax rate for the six months ended June 30, 2018 was different from the U.S. statutory tax rate primarily due to projected pretax losses in foreign jurisdictions from which we can benefit.

We recorded a provision for (benefit from) income taxes of $4.4 million and $(1.0) million for the three months ended June 30, 2019 and 2018, respectively, and $4.7 million and $(4.2) million for the six months ended June 30, 2019 and 2018, respectively. During the three months ended June 30, 2019 and 2018, we paid withholding taxes of $4.5 million and $5.0 million, respectively. During the six months ended June 30, 2019 and 2018, we paid withholding taxes of $8.8 million and $11.1 million, respectively.

We periodically evaluate the realizability of our net deferred tax assets based on all available evidence, both positive and negative. During the third quarter of 2018, we assessed the changes in our underlying facts and circumstances and evaluated the realizability of our existing deferred tax assets based on all available evidence, both positive and negative, and the weight accorded to each, and concluded a full valuation allowance associated with U.S. federal and state deferred tax assets was appropriate at that time. The basis for the conclusion was derived primarily from the fact that we completed our forecasting process during the third quarter of 2018. At a domestic level, losses were expected in future periods in part due to the impact of the adoption of ASC 606. In addition, the decrease in the U.S. federal tax rate from 35% to 21% as a result of U.S. tax reform had further reduced our ability to utilize our deferred tax assets. In light of the above factors, we concluded that it was not more likely than not that we could realize our U.S. deferred tax assets. As such, during the third quarter of 2018, we set up and continue to maintain a full valuation allowance against our U.S. federal deferred tax assets.

We have U.S. federal deferred tax assets related to research and development credits, foreign tax credits and other tax attributes that can be used to offset U.S. federal taxable income in future periods. These credit carryforwards will expire if they are not used within certain time periods. It is possible that some or all of these attributes could ultimately expire unused.

As of June 30, 2019, we have a total valuation allowance of $190.9 million on U.S. federal, state and foreign deferred tax assets, resulting in net deferred tax liability of $14.3 million.

Liquidity and Capital Resources

	As of June 30, 2019	As of December 31, 2018
	(In millions)	
Cash and cash equivalents	$ 114.2	$ 115.9
Marketable securities	223.5	161.9
Total cash, cash equivalents, and marketable securities	$ 337.7	$ 277.8

	Six Months Ended June 30,	
	2019	2018
	(In millions)	
Net cash provided by operating activities	$ 67.5	$ 20.4
Net cash provided by (used in) investing activities	$ (65.1)	$ 52.4
Net cash provided by (used in) financing activities	$ 3.5	$ (49.9)

Liquidity

We currently anticipate that existing cash, cash equivalents and marketable securities balances and cash flows from operations will be adequate to meet our cash needs for at least the next 12 months. Additionally, the majority of our cash and cash equivalents is in the United States. Our cash needs for the six months ended June 30, 2019 were funded primarily from cash collected from our customers.

We do not anticipate any liquidity constraints as a result of either the current credit environment or investment fair value fluctuations. Additionally, we have the intent and ability to hold our debt investments that have unrealized losses in accumulated other comprehensive gain (loss) for a sufficient period of time to allow for recovery of the principal amounts invested. Further, we have no significant exposure to European sovereign debt. We continually monitor the credit risk in our portfolio and mitigate our credit risk exposures in accordance with our policies.

As a part of our overall business strategy, from time to time, we evaluate businesses and technologies for potential acquisitions that are aligned with our core business and designed to supplement our growth.

To provide us with more flexibility in returning capital to our stockholders, on January 21, 2015, our Board authorized a share repurchase program authorizing the repurchase of up to an aggregate of 20.0 million shares. During the six months ended June 30, 2019 , we did not repurchase any shares of our common stock under our share repurchase program.

As of June 30, 2019 , there remained an outstanding authorization to repurchase approximately 3.6 million shares of our outstanding common stock under the current share repurchase program. See “Share Repurchase Program” below.

Operating Activities

Cash provided by operating activities of $67.5 million for the six months ended June 30, 2019 was primarily attributable to the cash generated from customer licensing, software license, and related implementation, support and maintenance fees, product sales, and engineering services fees. Changes in operating assets and liabilities for the six months ended June 30, 2019 primarily included decreases in accounts receivable, unbilled receivables, prepaids and other current assets and deferred revenue, offset by increases in inventories.

Cash provided by operating activities of $20.4 million for the six months ended June 30, 2018 was primarily attributable to the cash generated from customer licensing, software license and related implementation, support and maintenance fees, product sales, and engineering services fees. Changes in operating assets and liabilities for the six months ended June 30, 2018 primarily included increases in unbilled receivables, accounts receivable, and prepaids and other current assets, offset by decreases in deferred revenue and accounts payable.

Investing Activities

Cash used in investing activities of $65.1 million for the six months ended June 30, 2019 primarily consisted of purchases of available-for-sale marketable securities of $277.7 million and $2.8 million paid to acquire property, plant and equipment, offset by proceeds from the maturities of available-for-sale marketable securities of $216.4 million .

Cash provided by investing activities of $52.4 million for the six months ended June 30, 2018 primarily consisted of proceeds from the maturities of available-for-sale marketable securities of $131.8 million, proceeds from the sale of assets held for sale of $3.8 million and proceeds from the sale of equity securities of $1.3 million, offset by purchases of available-for-sale marketable securities of $79.2 million and $5.3 million paid to acquire property, plant and equipment.

Financing Activities

Cash provided by financing activities of $3.5 million for the six months ended June 30, 2019 was primarily due to $10.2 million proceeds from the issuance of common stock under equity incentive plans, offset by $4.3 million in payments of taxes on restricted stock units and $2.5 million in payments under installment payment arrangements to acquire fixed assets.

Cash used in financing activities of $49.9 million for the six months ended June 30, 2018 was primarily due to an aggregate payment of $50.0 million to Citibank N.A., as part of our accelerated share repurchase program, and $5.2 million in payments of taxes on restricted stock units, offset by $5.9 million proceeds from the issuance of common stock under equity incentive plans.

Contractual Obligations

As of June 30, 2019 , our material contractual obligations were (in thousands):

	Total	Remainder of 2019	2020	2021	2022	2023
Contractual obligations (1) (2)						
Other contractual obligations	$ 1,236	$ 768	$ 234	$ 234	$ —	$ —
Software licenses (3)	29,118	5,877	10,494	8,997	3,750	—
Convertible notes	172,500	—	—	—	—	172,500
Interest payments related to convertible notes	9,494	1,186	2,372	2,372	2,372	1,192
Total	$ 212,348	$ 7,831	$ 13,100	$ 11,603	$ 6,122	$ 173,692

(1) The above table does not reflect possible payments in connection with uncertain tax benefits of approximately $24.3 million including $22.2 million recorded as a reduction of long-term deferred tax assets and $2.1 million in long-term income taxes payable as of June 30, 2019 . As noted in Note 14, “Income Taxes,” of Notes to Unaudited Condensed Consolidated Financial Statements of this Form 10-Q, although it is possible that some of the unrecognized tax benefits could be settled within the next 12 months, we cannot reasonably estimate the outcome at this time.

(2) For our lease commitments as of June 30, 2019 , refer to Note 9, "Leases," of Notes to Unaudited Condensed Consolidated Financial Statements of this Form 10-Q.

(3) We have commitments with various software vendors for agreements generally having terms longer than one year .

Share Repurchase Program

During the three and six months ended June 30, 2019 , we did not repurchase any shares of our common stock under our share repurchase program.

On January 21, 2015, our Board approved a share repurchase program authorizing the repurchase of up to an aggregate of 20.0 million shares. Share repurchases under the plan may be made through the open market, established plans, or privately negotiated transactions in accordance with all applicable securities laws, rules, and regulations. There is no expiration date applicable to the plan.

As of June 30, 2019 , there remained an outstanding authorization to repurchase approximately 3.6 million shares of our outstanding common stock under the current share repurchase program.

We record stock repurchases as a reduction to stockholders’ equity. We record a portion of the purchase price of the repurchased shares as an increase to accumulated deficit when the price of the shares repurchased exceeds the average original proceeds per share received from the issuance of common stock.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, investments, income taxes, litigation and other contingencies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Our critical accounting estimates include those regarding (1) revenue recognition, (2) goodwill, (3) intangible assets, (4) income taxes and (5) stock-based compensation. For a discussion of our critical accounting

estimates, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K for the year ended December 31, 2018 .

Recent Accounting Pronouncements

See Note 2, “Recent Accounting Pronouncements,” of Notes to Unaudited Condensed Consolidated Financial Statements of this Form 10-Q for discussion of recent accounting pronouncements including the respective expected dates of adoption.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial market risks, primarily arising from the effect of interest rate fluctuations on our investment portfolio. Interest rate fluctuation may arise from changes in the market’s view of the quality of the security issuer, the overall economic outlook, and the time to maturity of our portfolio. We mitigate this risk by investing only in high quality, highly liquid instruments. Securities with original maturities of one year or less must be rated by two of the three industry standard rating agencies as follows: A1 by Standard & Poor’s, P1 by Moody’s and/or F-1 by Fitch. Securities with original maturities of greater than one year must be rated by two of the following industry standard rating agencies as follows: AA- by Standard & Poor’s, Aa3 by Moody’s and/or AA- by Fitch. By corporate investment policy, we limit the amount of exposure to $15.0 million or 10% of the portfolio, whichever is lower, for any single non-U.S. Government issuer. A single U.S. Agency can represent up to 25% of the portfolio. No more than 20% of the total portfolio may be invested in the securities of an industry sector, with money market fund investments evaluated separately. Our policy requires that at least 10% of the portfolio be in securities with a maturity of 90 days or less. We may make investments in U.S. Treasuries, U.S. Agencies, corporate bonds and municipal bonds and notes with maturities up to 36 months. However, the bias of our investment portfolio is shorter maturities. All investments must be U.S. dollar denominated. Additionally, we have no significant exposure to European sovereign debt.

We invest our cash equivalents and marketable securities in a variety of U.S. dollar financial instruments such as U.S. Treasuries, U.S. Government Agencies, commercial paper and corporate notes. Our policy specifically prohibits trading securities for the sole purposes of realizing trading profits. However, we may liquidate a portion of our portfolio if we experience unforeseen liquidity requirements. In such a case, if the environment has been one of rising interest rates we may experience a realized loss, similarly, if the environment has been one of declining interest rates we may experience a realized gain. As of June 30, 2019 , we had an investment portfolio of fixed income marketable securities of $301.0 million including cash equivalents. If market interest rates were to increase immedia tely and uniformly by 1.0% from the levels as of June 30, 2019 , the fair value of the portfolio would decline by approximately $0.5 million . Actual results may differ materially from this sensitivity analysis.

The fair value of our convertible notes is subject to interest rate risk, market risk and other factors due to the convertible feature. The fair value of the convertible notes will generally increase as interest rates fall and decrease as interest rates rise. In addition, the fair value of the convertible notes will generally increase as our common stock price increases and will generally decrease as our common stock price declines in value. The interest and market value changes affect the fair value of our convertible notes but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligation.

We invoice the majority of our customers in U.S. dollars. Although the fluctuation of currency exchange rates may impact our customers, and thus indirectly impact us, we do not attempt to hedge this indirect and speculative risk. Our overseas operations consist primarily of international business operations in the Netherlands and the United Kingdom, design centers in Canada, India and Finland and small business development offices in Australia, China, Japan, Korea, Singapore and Taiwan. We monitor our foreign currency exposure; however, as of June 30, 2019 , we believe our foreign currency exposure is not material enough to warrant foreign currency hedging.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in the reports we file or submit pursuant to the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the

Exchange Act as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2019, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended June 30, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently a party to any material pending legal proceeding; however, from time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business, operating results, financial position or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management attention and resources and other factors.

Item 1A. Risk Factors

Because of the following factors, as well as other variables affecting our operating results, past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. See also “Note Regarding Forward-Looking Statements” at the beginning of this report.

Risks Associated with Our Business, Industry and Market Conditions

The success of our business depends on sustaining or growing our licensing revenue and the failure to achieve such revenue would lead to a material decline in our results of operations.

Our revenue consists mainly of patent and technology license fees paid for access to our patents, developed technology and development and support services provided to our customers. Our ability to secure and renew the licenses from which our revenues are derived depends on our customers adopting our technology and using it in the products they sell. Once secured, license revenue may be negatively affected by factors within and outside our control, including reductions in our customers’ sales prices, sales volumes, our failure to timely complete engineering deliverables, and the terms of such licenses. In addition, our licensing cycle for new licensees as well as renewals for existing licensees is lengthy, costly and unpredictable. We cannot provide any assurance that we will be successful in signing new license agreements or renewing existing license agreements on equal or favorable terms or at all. If we do not achieve our revenue goals, our results of operations could decline.

We have traditionally operated in, and may enter other, industries that are highly cyclical and competitive.

Our target customers are companies that develop and market high volume business and consumer products in semiconductors, computing, data centers, networks, tablets, handheld devices, mobile applications, gaming and graphics, high-definition televisions, cryptography and data security. The electronics industry is intensely competitive and has been impacted by rapid technological change, short product life cycles, cyclical market patterns, price erosion and increasing foreign and domestic competition. We are subject to many risks beyond our control that influence whether or not we are successful in winning target customers or retaining existing customers, including, primarily, competition in a particular industry, market acceptance of such customers' products and the financial resources of such customers. In particular, DRAM manufacturers, which make up a significant part of our revenue, are prone to significant business cycles and have suffered material losses and other adverse effects to their businesses, leading to industry consolidation from time-to-time that may result in loss of revenues under our existing license agreements or loss of target customers. As a result of ongoing competition in the industries in which we operate and volatility in various economies around the world, we may achieve a reduced number of licenses or may experience tightening of customers' operating budgets, difficulty or inability of our customers to pay our licensing fees, lengthening of the approval process for new licenses and consolidation among our customers. All of these factors may adversely affect the demand for our technology and may cause us to experience substantial fluctuations in our operating results.

We face competition from semiconductor and digital electronics products and systems companies, and other semiconductor intellectual property companies that provide security cores that are available to the market. We believe the principal competition for our technologies may come from our prospective customers, some of which are evaluating and developing products based on technologies that they contend or may contend will not require a license from us. Some of our competitors use a system-level design approach similar to ours, including activities such as board and package design, power and signal integrity analysis, and thermal management. Many of these companies are larger and may have better access to financial, technical and other resources than we possess.

To the extent that alternatives might provide comparable system performance at lower or similar cost to our technologies, or are perceived to require the payment of no or lower royalties, or to the extent other factors influence the industry, our customers and prospective customers may adopt and promote alternative technologies. Even to the extent we determine that such

alternative technologies infringe our patents, there can be no assurance that we would be able to negotiate agreements that would result in royalties being paid to us without litigation, which could be costly and the results of which would be uncertain.

In addition, our expansion into new markets subjects us to additional risks. We may have limited or no experience in new products and markets, and our customers may not adopt our new offerings. These and other new offerings may present new and difficult challenges, which could negatively affect our operating results.

We may have to invest more resources in research and development than anticipated, which could increase our operating expenses and negatively impact our operating results.

If new competitors, technological advances by existing competitors, and/or development of new technologies or other competitive factors require us to invest significantly greater resources than anticipated in our research and development efforts, our operating expenses could increase. If we are required to invest significantly greater resources than anticipated in research and development efforts without an increase in revenue, our operating results would decline. We expect these expenses to increase in the foreseeable future as our technology development efforts continue.

Our revenue is concentrated in a few customers, and if we lose any of these customers through contract terminations or acquisitions, our revenue may decrease substantially.

We have a high degree of revenue concentration. Our top five customers for each reporting period represented approximately 49% and 58% of our revenue for the six months ended June 30, 2019 and 2018, respectively. Additionally, our top five customers represented approximately 49% and 55% of our revenues for the years ended December 31, 2018 and 2017, respectively. We expect to continue to experience significant revenue concentration for the foreseeable future.

In addition, our license agreements are complex and some contain terms that require us to provide certain customers with the lowest royalty rate that we provide to other customers for similar technologies, volumes and schedules. These clauses may limit our ability to effectively price differently among our customers, to respond quickly to market forces, or otherwise to compete on the basis of price. These clauses may also require us to reduce royalties payable by existing customers when we enter into or amend agreements with other customers. Any adjustment that reduces royalties from current customers or licensees may have a material adverse effect on our operating results and financial condition.

We continue to negotiate with customers and prospective customers to enter into license agreements. Any future agreement may trigger our obligation to offer comparable terms or modifications to agreements with our existing customers, which may be less favorable to us than the existing license terms. We expect licensing fees will continue to vary based on our success in renewing existing license agreements and adding new customers, as well as the level of variation in our customers' reported shipment volumes, sales price and mix, offset in part by the proportion of customer payments that are fixed. In particular, under our license agreement with Samsung, the license fees payable by Samsung are subject to certain adjustments and conditions, and we therefore cannot provide assurances that the revenues generated by this license will not decline in the future. In addition, some of our material license agreements may contain rights by the customer to terminate for convenience, or upon certain other events, such as change of control, material breach, insolvency or bankruptcy proceedings. If we are unsuccessful in entering into license agreements with new customers or renewing license agreements with existing customers, on favorable terms or at all, or if they are terminated, our results of operations may decline significantly.

Our business and operations could suffer in the event of security breaches.

Attempts by others to gain unauthorized access to our information technology systems are becoming more sophisticated. These attempts, which might be related to industrial or other espionage, include covertly introducing malware to our computers and networks and impersonating authorized users, among others. We seek to detect and investigate all security incidents and to prevent their recurrence, but in some cases, we might be unaware of an incident or its magnitude and effects. While we have not identified any material incidents of unauthorized access to date, the theft, unauthorized use or publication of our intellectual property and/or confidential business information could harm our competitive position and reputation, reduce the value of our investment in research and development and other strategic initiatives or otherwise adversely affect our business. To the extent that any future security breach results in inappropriate disclosure of our customers' confidential information, we may incur liability.

Failures in our products and services or in the products of our customers, including those resulting from security vulnerabilities, defects, bugs or errors, could harm our business.

Our products and services are highly technical and complex, and among our various businesses our products and services are crucial to providing security, payment and other critical functions for our customers' operations. Our products and services have from time to time contained and may in the future contain undetected errors, bugs defects or other security vulnerabilities. Some errors in our products and services may only be discovered after a product or service has been deployed and used by customers, and may in some cases only be detected under certain circumstances or after extended use. In addition, because the techniques used by hackers to access or sabotage our products and services and other technologies change and evolve frequently and generally are not recognized until launched against a target, we may be unable to anticipate, detect or prevent these techniques and may not address them in our data security technologies. Any errors, bugs, defects or security vulnerabilities discovered in our solutions after commercial release could adversely affect our revenue, our customer relationships and the market's perception of our products and services. We may not be able to correct any errors, bugs, defects, security flaws or vulnerabilities promptly, or at all. Any breaches, defects, errors or vulnerabilities in our products and services could result in:

- expenditure of significant financial and research and development resources in efforts to analyze, correct, eliminate or work around breaches, errors, bugs or defects or to address and eliminate vulnerabilities;
- financial liability to customers for breach of certain contract provisions, including indemnification obligations;
- loss of existing or potential customers;
- delayed or lost revenue;
- delay or failure to attain market acceptance;
- negative publicity, which would harm our reputation; and
- litigation, regulatory inquiries or investigations that would be costly and harm our reputation.

Some of our revenue is subject to the pricing policies of our customers over which we have no control.

We have no control over our customers' pricing of their products and there can be no assurance that licensed products will be competitively priced or will sell in significant volumes. Any premium charged by our customers in the price of memory and controller chips or other products over alternatives must be reasonable. If the benefits of our technology do not match the price premium charged by our customers, the resulting decline in sales of products incorporating our technology could harm our operating results.

Our licensing cycle is lengthy and costly, and our marketing and licensing efforts may be unsuccessful.

The process of persuading customers to adopt and license our chip interface, data security, and other technologies can be lengthy. Even if successful, there can be no assurance that our technologies will be used in a product that is ultimately brought to market, achieves commercial acceptance or results in significant royalties to us. We generally incur significant marketing and sales expenses prior to entering into our license agreements, generating a license fee and establishing a royalty stream from each customer. The length of time it takes to establish a new licensing relationship can take many months or even years. We may incur costs in any particular period before any associated revenue stream begins, if at all. If our marketing and sales efforts are very lengthy or unsuccessful, then we may face a material adverse effect on our business and results of operations as a result of failure to obtain or an undue delay in obtaining royalties.

Future revenue is difficult to predict for several reasons, and our failure to predict revenue accurately may result in our stock price declining.

Our lengthy license negotiation cycles could make our future revenue difficult to predict because we may not be successful in entering into or renewing licenses with our customers on our anticipated timelines.

In addition, while some of our license agreements provide for fixed, quarterly royalty payments, many of our license agreements provide for volume-based royalties, and may also be subject to caps on royalties in a given period. The sales volume and prices of our customers' products in any given period can be difficult to predict. In addition, we began applying the new revenue recognition standard (ASC 606) during the first quarter of 2018, as required, and we anticipate that our revenue will vary greatly from quarter to quarter. As a result of the foregoing items, our actual results may differ substantially from analyst estimates or our forecasts in any given quarter.

Also, a portion of our revenue comes from development and support services provided to our customers. Depending upon the nature of the services, a portion of the related revenue may be recognized ratably over the support period, or may be recognized according to contract revenue accounting. Contract revenue accounting may result in deferral of the service fees to the completion of the contract, or may result in the recognition of service fees over the period in which services are performed on a percentage-of-completion basis.

As we commercially launch each of our products, the sales volume of and resulting revenue from such products in any given period will be difficult to predict.

We may fail to meet our publicly announced guidance or other expectations about our business, which would likely cause our stock price to decline.

We provide guidance regarding our expected financial and business performance including our anticipated future revenues, operating expenses and other financial and operation metrics. We enhanced our guidance following implementation of Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers in Accounting Standards Codification (ASC) Topic 606 ("ASC 606", "the New Revenue Standard") in the first quarter of 2018.

Correctly identifying the key factors affecting business conditions and predicting future events is an inherently uncertain process. Any guidance that we provide may not always be accurate, or may vary from actual results, due to our inability to correctly identify and quantify risks and uncertainties to our business and to quantify their impact on our financial performance. We offer no assurance that such guidance will ultimately be accurate, and investors should treat any such guidance with appropriate caution. If we fail to meet our guidance or if we find it necessary to revise such guidance, even if such failure or revision is seemingly insignificant, investors and analysts may lose confidence in us and the market value of our common stock could be materially adversely affected.

Changes in accounting principles and guidance could result in unfavorable accounting charges or effects.

We prepare our financial statements in accordance with accounting principles generally accepted in the United States and these principles are subject to interpretation by the SEC and various bodies. A change in these principles or application guidance, or in their interpretations, may have a material effect on our reported results, as well as our processes and related controls, and may retroactively affect previously reported results. For instance, we adopted ASC 842, the New Leasing Standard, effective for us on January 1, 2019, using the alternative transition method and recognized a cumulative-effect adjustment to the opening balance of accumulated deficit on January 1, 2019. We also adopted ASC 606, the New Revenue Standard, effective for us on January 1, 2018, on a modified retrospective basis, with a cumulative-effect adjustment to the opening balance of accumulated deficit on January 1, 2018. The New Revenue Standard materially impacted the timing of revenue recognition for our fixed-fee intellectual property (IP) licensing arrangements (including certain fixed-fee agreements that license our existing IP portfolio as well as IP added to our portfolio during the license term) as a majority of such revenue would be recognized at inception of the license term, as opposed to over time as is the case under prior U.S. GAAP, and we are required to compute and recognize interest income over time for certain licensing arrangements as control over the IP generally transfers significantly in advance of cash being received from customers. The impact of the adoption of the New Revenue Standard did not have a material impact on our other revenue streams. We have also enhanced the form and content of some of our guidance metrics that we provide following implementation of the New Revenue Standard. We expect that any change to current revenue recognition practices may significantly increase volatility in our quarterly revenue, financial results and trends, and may impact our stock price.

We have in the past made and may in the future make acquisitions or enter into mergers, strategic investments, sales of assets or other arrangements that may not produce expected operating and financial results.

From time to time, we engage in acquisitions, strategic transactions, strategic investments and potential discussions with respect thereto. Many of our acquisitions or strategic investments entail a high degree of risk, including those involving new areas of technology and such investments may not become liquid for several years after the date of the investment, if at all. Our acquisitions or strategic investments may not provide the advantages that we anticipated or generate the financial returns we expect, including if we are unable to close any pending acquisitions. For example, for any pending or completed acquisitions, we may discover unidentified issues not discovered in due diligence, and we may be subject to liabilities that are not covered by indemnification protection or become subject to litigation. Achieving the anticipated benefits of business acquisitions depends in part upon our ability to integrate the acquired businesses in an efficient and effective manner. The integration of companies that have previously operated independently may result in significant challenges, including, among others: retaining key employees; successfully integrating new employees, business systems and technology; retaining customers of the acquired business; minimizing the diversion of management's and other employees' attention from ongoing business matters;

coordinating geographically separate organizations; consolidating research and development operations; and consolidating corporate and administrative infrastructures.

Our strategic investments in new areas of technology may involve significant risks and uncertainties, including distraction of management from current operations, greater than expected liabilities and expenses, inadequate return of capital, and unidentified issues not discovered in due diligence. These investments are inherently risky and may not be successful.

In addition, we may record impairment charges related to our acquisitions or strategic investments. Any losses or impairment charges that we incur related to acquisitions, strategic investments or sales of assets will have a negative impact on our financial results and the market value of our common stock, and we may continue to incur new or additional losses related to acquisitions or strategic investments.

We may have to incur debt or issue equity securities to pay for any future acquisition, which debt could involve restrictive covenants or which equity security issuance could be dilutive to our existing stockholders. We may also use cash to pay for any future acquisitions which will reduce our cash balance.

From time to time, we may also divest certain assets. These divestitures or proposed divestitures may involve the loss of revenue and/or potential customers, and the market for the associated assets may dictate that we sell such assets for less than what we paid. In addition, in connection with any asset sales or divestitures, we may be required to provide certain representations, warranties and covenants to buyers. While we would seek to ensure the accuracy of such representations and warranties and fulfillment of any ongoing obligations, we may not be completely successful and consequently may be subject to claims by a purchaser of such assets.

A substantial portion of our revenue is derived from sources outside of the United States and this revenue and our business generally are subject to risks related to international operations that are often beyond our control.

For the six months ended June 30, 2019 and 2018, revenues received from our international customers constituted approximately 40% and 60%, respectively, of our total revenue. Additionally, for the years ended December 31, 2018 and 2017, revenues received from our international customers constituted approximately 44% and 58%, respectively, of our total revenue. We expect that future revenue derived from international sources will continue to represent a significant portion of our total revenue.

To the extent that customer sales are not denominated in U.S. dollars, any royalties which are based on a percentage of the customers' sales that we receive as a result of such sales could be subject to fluctuations in currency exchange rates. In addition, if the effective price of licensed products sold by our foreign customers were to increase as a result of fluctuations in the exchange rate of the relevant currencies, demand for licensed products could fall, which in turn would reduce our royalties. We do not use financial instruments to hedge foreign exchange rate risk.

We currently have international business operations in the United Kingdom and the Netherlands, international design operations in Canada, India, Finland and France, and business development operations in Australia, China, Japan, Korea, Singapore and Taiwan. Our international operations and revenue are subject to a variety of risks which are beyond our control, including:

- hiring, maintaining and managing a workforce and facilities remotely and under various legal systems, including compliance with local labor and employment laws;
- non-compliance with our code of conduct or other corporate policies;
- natural disasters, acts of war, terrorism, widespread illness or security breaches;
- export controls, tariffs, import and licensing restrictions and other trade barriers;
- profits, if any, earned abroad being subject to local tax laws and not being repatriated to the United States or, if repatriation is possible, limited in amount;
- adverse tax treatment of revenue from international sources and changes to tax codes, including being subject to foreign tax laws and being liable for paying withholding, income or other taxes in foreign jurisdictions;
- unanticipated changes in foreign government laws and regulations;
- increased financial accounting and reporting burdens and complexities;
- lack of protection of our intellectual property and other contract rights by jurisdictions in which we may do business to the same extent as the laws of the United States;
- potential vulnerability to computer system, internet or other systemic attacks, such as denial of service, viruses or other malware which may be caused by criminals, terrorists or other sophisticated organizations;
- social, political and economic instability;

- geopolitical issues, including changes in diplomatic and trade relationships; and
- cultural differences in the conduct of business both with customers and in conducting business in our international facilities and international sales offices.

We and our customers are subject to many of the risks described above with respect to companies which are located in different countries. There can be no assurance that one or more of the risks associated with our international operations will not result in a material adverse effect on our business, financial condition or results of operations.

Weak global economic conditions may adversely affect demand for the products and services of our customers.

Our operations and performance depend significantly on worldwide economic conditions. Uncertainty about global or regional economic and political conditions poses a risk as consumers and businesses may postpone spending in response to tighter credit, negative financial news and declines in income or asset values, which could have a material negative effect on the demand for the products of our customers in the foreseeable future. If our customers experience reduced demand for their products as a result of global or regional economic conditions or otherwise, this could result in reduced royalty revenue and our business and results of operations could be harmed.

If our counterparties are unable to fulfill their financial and other obligations to us, our business and results of operations may be affected adversely .

Any downturn in economic conditions or other business factors could threaten the financial health of our counterparties, including companies with which we have entered into licensing and/or settlement agreements, and their ability to fulfill their financial and other obligations to us. Such financial pressures on our counterparties may eventually lead to bankruptcy proceedings or other attempts to avoid financial obligations that are due to us. Because bankruptcy courts have the power to modify or cancel contracts of the petitioner which remain subject to future performance and alter or discharge payment obligations related to pre-petition debts, we may receive less than all of the payments that we would otherwise be entitled to receive from any such counterparty as a result of bankruptcy proceedings.

If we are unable to attract and retain qualified personnel, our business and operations could suffer.

Our success is dependent upon our ability to identify, attract, compensate, motivate and retain qualified personnel, especially engineers, senior management and other key personnel. The loss of the services of any key employees could be disruptive to our development efforts, business relationships and strategy, and could cause our business and operations to suffer.

Recently, we have experienced significant changes in our management team, including in the role of chief executive officer and other senior executives. Our future success depends in large part upon the continued service and enhancement of our management team and our employees. If there are further changes in management, such changes could be disruptive and could negatively affect our sales, operations, culture, future recruiting efforts and strategic direction. Competition for qualified executives is intense and if we are unable to compensate our key talent appropriately and continue expanding our management team, or successfully integrate new additions to our management team in a manner that enables us to scale our business and operations effectively, our ability to operate effectively and efficiently could be limited or negatively impacted. In addition, changes in key management positions may temporarily affect our financial performance and results of operations as new management becomes familiar with our business, processes and strategy. The loss of any of our key personnel, or our inability to attract, integrate and retain qualified employees, could require us to dedicate significant financial and other resources to such personnel matters, disrupt our operations and seriously harm our operations and business.

We are subject to various government restrictions and regulations, including on the sale of products and services that use encryption technology and those related to privacy and other consumer protection matters.

Various countries have adopted controls, license requirements and restrictions on the export, import and use of products or services that contain encryption technology. In addition, governmental agencies have proposed additional requirements for encryption technology, such as requiring the escrow and governmental recovery of private encryption keys. Restrictions on the sale or distribution of products or services containing encryption technology may impact our ability to license data security technologies to the manufacturers and providers of such products and services in certain markets or may require us or our customers to make changes to the licensed data security technology that is embedded in such products to comply with such restrictions. Government restrictions, or changes to the products or services our customers to comply with such restrictions, could delay or prevent the acceptance and use of such customers' products and services. In addition, the United States and other countries have imposed export controls that prohibit the export of encryption technology to certain countries, entities and

individuals. Our failure to comply with export and use regulations concerning encryption technology could subject us to sanctions and penalties, including fines, and suspension or revocation of export or import privileges.

We are subject to a variety of laws and regulations in the United States, the European Union and other countries that involve, for example, user privacy, data protection and security, content and consumer protection. A number of proposals are pending before federal, state, and foreign legislative and regulatory bodies that could significantly affect our business. For example, in 2016, a new EU data protection regime, the General Data Protection Regulation ("GDPR") was adopted, with it fully effective on May 25, 2018. The GDPR may require us to modify our existing practices with respect to the collection, use, and disclosure of data. The GDPR provides for significant penalties in the case of non-compliance of up to €20 million or four percent of worldwide annual revenues, whichever is greater. The GDPR and other existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, result in negative publicity, increase our operating costs and subject us to claims or other remedies.

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC established new disclosure and reporting requirements for those companies that use "conflict" minerals mined from the Democratic Republic of Congo and adjoining countries in their products, whether or not these products are manufactured by third parties. These requirements could affect the sourcing and availability of minerals that are used in the manufacture of our products. We have to date incurred costs and expect to incur significant additional costs associated with complying with the disclosure requirements, including for example, due diligence in regard to the sources of any conflict minerals used in our products, in addition to the cost of remediation and other changes to products, processes, or sources of supply as a consequence of such verification activities. Additionally, we may face reputational challenges with our customers and other stakeholders if we are unable to sufficiently verify the origins of all minerals used in our products through the due diligence procedures that we implement. We may also face challenges with government regulators and our customers and suppliers if we are unable to sufficiently verify that the metals used in our products are conflict free.

Our operations are subject to risks of natural disasters, acts of war, terrorism, widespread illness or security breach at our domestic and international locations, any one of which could result in a business stoppage and negatively affect our operating results.

Our business operations depend on our ability to maintain and protect our facilities, computer systems and personnel, which are primarily located in the San Francisco Bay Area in the United States, the United Kingdom, the Netherlands, India and Australia. The San Francisco Bay Area is in close proximity to known earthquake fault zones. Our facilities and transportation for our employees are susceptible to damage from earthquakes and other natural disasters such as fires, floods and similar events. Should a catastrophe disable our facilities, we do not have readily available alternative facilities from which we could conduct our business, so any resultant work stoppage could have a negative effect on our operating results. We also rely on our network infrastructure and technology systems for operational support and business activities which are subject to physical and cyber damage, and also susceptible to other related vulnerabilities common to networks and computer systems. Acts of terrorism, widespread illness, war and any event that causes failures or interruption in our network infrastructure and technology systems could have a negative effect at our international and domestic facilities and could harm our business, financial condition, and operating results.

We do not have extensive experience in manufacturing and marketing products and, as a result, may be unable to sustain and grow a profitable commercial market for new and existing products.

We do not have extensive experience in creating, manufacturing and marketing products, including our CryptoManager platform and new offerings that have resulted from our acquisition of SCS in the mobile credential and smart card solution spaces, and our acquisitions of the assets of the Snowbush IP group and the Memory Interconnect Business. These and other new offerings may present new and difficult challenges, and we may be subject to claims if customers of these offerings experience delays, failures, non-performance or other quality issues. In particular, we may experience difficulties with product design, qualification, manufacturing, marketing or certification that could delay or prevent our development, introduction or marketing and sales of new products. Although we intend to design our products to be fully compliant with applicable industry standards, proprietary enhancements may not in the future result in full conformance with existing industry standards under all circumstances.

If we fail to introduce products that meet the demand of our customers, penetrate new markets in which we expend significant resources, or our marketing and sales cycles that we experience are more lengthy than we anticipate, our revenues will be difficult to predict, may decrease over time and our financial condition could suffer. Additionally, if we concentrate resources on a new market that does not prove profitable or sustainable, it could damage our reputation and limit our growth, and our financial condition could decline.

We rely on a number of third-party providers for data center hosting facilities, equipment, maintenance and other services, and the loss of, or problems with, one or more of these providers may impede our growth or cause us to lose customers.

We rely on third-party providers to supply data center hosting facilities, equipment, maintenance and other services in order to provide some of our services, including in our offerings of our advanced mobile payment platform and smart ticketing platform, and have entered into various agreements for such services. The continuous availability of our service depends on the operations of those facilities, on a variety of network service providers and on third-party vendors. In addition, we depend on our third-party facility providers' ability to protect these facilities against damage or interruption from natural disasters, power or telecommunications failures, criminal acts, cyber-attacks and similar events. If there are any lapses of service or damage to a facility, we could experience lengthy interruptions in our service as well as delays and additional expenses in arranging new facilities and services. Even with current and planned disaster recovery arrangements, our business could be harmed. Any interruptions or delays in our service, whether as a result of third-party error, our own error, natural disasters, criminal acts, security breaches or other causes, whether accidental or willful, could harm our relationships with customers, harm our reputation and cause our revenue to decrease and/or our expenses to increase. Also, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. These factors in turn could further reduce our revenue, subject us to liability and cause us to issue credits or cause us to lose customers, any of which could materially adversely affect our business.

We rely on third parties for a variety of services, including manufacturing, and these third parties' failure to perform these services adequately could materially and adversely affect our business.

We rely on third parties for a variety of services, including our manufacturing supply chain partners and third parties within our sales and distribution channels. Certain of these third parties are, and may be, our sole manufacturer or sole source of production materials. If we fail to manage our relationship with these manufacturers and suppliers effectively, or if they experience delays, disruptions, capacity constraints or quality control problems in their operations, our ability to ship products to our customers could be impaired and our competitive position and reputation could be harmed. In addition, any adverse change in any of our manufacturers and suppliers' financial or business condition could disrupt our ability to supply quality products to our customers. If we are required to change our manufacturers, we may lose revenue, incur increased costs and damage our end-customer relationships. In addition, qualifying a new manufacturer and commencing production can be an expensive and lengthy process. If our third party manufacturers or suppliers are unable to provide us with adequate supplies of high-quality products for any other reason, we could experience a delay in our order fulfillment, and our business, operating results and financial condition would be adversely affected. In the event these and other third parties we rely on fail to provide their services adequately, including as a result of errors in their systems or events beyond their control, or refuse to provide these services on terms acceptable to us or at all, and we are not able to find suitable alternatives, our business may be materially and adversely affected. In addition, our orders may represent a relatively small percentage of the overall orders received by our manufacturers from their customers. As a result, fulfilling our orders may not be considered a priority in the event our manufacturers are constrained in their ability to fulfill all of their customer obligations in a timely manner. If our manufacturers are unable to provide us with adequate supplies of high-quality products, or if we or our manufacturers are unable to obtain adequate quantities of components, it could cause a delay in our order fulfillment, in which case our business, operating results and financial condition could be adversely affected.

Warranty, service level agreement and product liability claims brought against us could cause us to incur significant costs and adversely affect our operating results as well as our reputation and relationships with customers.

We may from time to time be subject to warranty, service level agreement and product liability claims with regard to product performance and our services. We could incur material losses as a result of warranty, support, repair or replacement costs in response to customer complaints or in connection with the resolution of contemplated or actual legal proceedings relating to such claims. In addition to potential losses arising from claims and related legal proceedings, warranty and product liability claims could affect our reputation and our relationship with customers. We generally attempt to limit the maximum amount of indemnification or liability that we could be exposed to under our contracts, however, this is not always possible.

Any failure in our delivery of high-quality technical support services may adversely affect our relationships with our customers and our financial results.

Our customers depend on our support organization to resolve technical issues and provide ongoing maintenance relating to our products and services. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services. Increased customer demand for these services, without corresponding revenues, could increase costs and adversely affect our operating results. In addition, our sales process is highly dependent on our offerings and business

reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality technical support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation, our ability to sell our solutions to existing and prospective customers, and our business, operating results and financial position.

Certain software that we use in certain of our products is licensed from third parties and, for that reason, may not be available to us in the future, which has the potential to delay product development and production or cause us to incur additional expense, which could materially adversely affect our business, financial condition, operating results and cash flow.

Some of our products and services contain software licensed from third parties. Some of these licenses may not be available to us in the future on terms that are acceptable to us or allow our products to remain competitive. The loss of these licenses or the inability to maintain any of them on commercially acceptable terms could delay development of future offerings or the enhancement of existing products and services. We may also choose to pay a premium price for such a license in certain circumstances where continuity of the licensed product would outweigh the premium cost of the license. The unavailability of these licenses or the necessity of agreeing to commercially unreasonable terms for such licenses could materially adversely affect our business, financial condition, operating results and cash flow.

Certain software we use is from open source code sources, which, under certain circumstances, may lead to unintended consequences and, therefore, could materially adversely affect our business, financial condition, operating results and cash flow.

We use open source software in our services, including our advanced mobile payment platform and smart ticketing platform, and we intend to continue to use open source software in the future. From time to time, there have been claims challenging the ownership of open source software against companies that incorporate open source software into their products or alleging that these companies have violated the terms of an open source license. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open source software or alleging that we have violated the terms of an open source license. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our solutions. In addition, if we were to combine our proprietary software solutions with open source software in certain manners, we could, under certain open source licenses, be required to publicly release the source code of our proprietary software solutions. If we inappropriately use open source software, we may be required to re-engineer our solutions, discontinue the sale of our solutions, release the source code of our proprietary software to the public at no cost or take other remedial actions. There is a risk that open source licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our solutions, which could adversely affect our business, operating results and financial condition.

Our business and operating results could be harmed if we undertake any restructuring activities.

From time to time, we may undertake restructurings of our business, including discontinuing certain products, services and technologies and planned reductions in force. There are several factors that could cause restructurings to have adverse effects on our business, financial condition and results of operations. These include potential disruption of our operations, the development of our technology, the deliveries to our customers and other aspects of our business. Loss of sales, service and engineering talent, in particular, could damage our business. Any restructuring would require substantial management time and attention and may divert management from other important work. Employee reductions or other restructuring activities also would cause us to incur restructuring and related expenses such as severance expenses. Moreover, we could encounter delays in executing any restructuring plans, which could cause further disruption and additional unanticipated expense.

Problems with our information systems could interfere with our business and could adversely impact our operations.

We rely on our information systems and those of third parties for fulfilling licensing and contractual obligations, processing customer orders, delivering products, providing services and support to our customers, billing and tracking our customer orders, performing accounting operations and otherwise running our business. If our systems fail, our disaster and data recovery planning and capacity may prove insufficient to enable timely recovery of important functions and business records. Any disruption in our information systems and those of the third parties upon whom we rely could have a significant impact on our business. Additionally, our information systems may not support new business models and initiatives and significant investments could be required in order to upgrade them. For example, in connection with our adoption of the New Revenue Standard, we plan to augment our systems with new revenue accounting software, utilizing internal and third party resources. Delays in adapting our information systems to address new business models and accounting standards could limit the success or result in the failure of such initiatives and impair the effectiveness of our internal controls. Even if we do not encounter these

adverse effects, the implementation of these enhancements may be much more costly than we anticipated. If we are unable to successfully implement the information systems enhancements as planned, our operating results could be negatively impacted.

Risks Related to Capitalization Matters and Corporate Governance

The price of our common stock may continue to fluctuate.

Our common stock is listed on The NASDAQ Global Select Market under the symbol "RMBS." The trading price of our common stock has at times experienced price volatility and may continue to fluctuate significantly in response to various factors, some of which are beyond our control. Some of these factors include:

- any progress, or lack of progress, real or perceived, in the development of products that incorporate our innovations and technology companies' acceptance of our products, including the results of our efforts to expand into new target markets;
- our signing or not signing new licenses and the loss of strategic relationships with any customer;
- announcements of technological innovations or new products by us, our customers or our competitors;
- changes in our strategies, including changes in our licensing focus and/or acquisitions or dispositions of companies or businesses with business models or target markets different from our core;
- positive or negative reports by securities analysts as to our expected financial results and business developments;
- developments with respect to patents or proprietary rights and other events or factors;
- new litigation and the unpredictability of litigation results or settlements;
- repurchases of our common stock on the open market;
- issuance of additional securities by us, including in acquisitions, or large cash payments, including in acquisitions; and
- changes in accounting pronouncements, including the effects of ASC 606 and ASC 842.

In addition, the stock market in general, and prices for companies in our industry in particular, have experienced extreme volatility that often has been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the price of our common stock, regardless of our operating performance.

We have outstanding senior convertible notes in an aggregate principal amount totaling $172.5 million. Because these notes are convertible into shares of our common stock, volatility or depressed prices of our common stock could have a similar effect on the trading price of such notes. In addition, the existence of these notes may encourage short selling in our common stock by market participants because the conversion of the notes could depress the price of our common stock.

We have been party to, and may in the future be subject to, lawsuits relating to securities law matters which may result in unfavorable outcomes and significant judgments, settlements and legal expenses which could cause our business, financial condition and results of operations to suffer.

We and certain of our current and former officers and directors, as well as our current auditors, were subject from 2006 to 2011 to several stockholder derivative actions, securities fraud class actions and/or individual lawsuits filed in federal court against us and certain of our current and former officers and directors. The complaints generally alleged that the defendants violated the federal and state securities laws and stated state law claims for fraud and breach of fiduciary duty. Although to date these complaints have either been settled or dismissed, the amount of time to resolve any future lawsuits is uncertain, and these matters could require significant management and financial resources. Unfavorable outcomes and significant judgments, settlements and legal expenses in litigation related to any future securities law claims could have material adverse impacts on our business, financial condition, results of operations, cash flows and the trading price of our common stock.

We are leveraged financially, which could adversely affect our ability to adjust our business to respond to competitive pressures and to obtain sufficient funds to satisfy our future research and development needs, to protect and enforce our intellectual property, and to meet other needs.

We have material indebtedness. In November 2017, we issued $172.5 million aggregate principal amount of our 2023 Notes, the entire amount of which remains outstanding. The degree to which we are leveraged could have negative consequences, including, but not limited to, the following:

- we may be more vulnerable to economic downturns, less able to withstand competitive pressures and less flexible in responding to changing business and economic conditions;
- our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, litigation, general corporate or other purposes may be limited;
- a substantial portion of our cash flows from operations in the future may be required for the payment of interest and principal when due at maturity in February 2023; and
- we may be required to make cash payments upon any conversion of the 2023 Notes, which would reduce our cash on hand.

A failure to comply with the covenants and other provisions of our debt instruments could result in events of default under such instruments, which could permit acceleration of all of our outstanding 2023 Notes. Any required repurchase of the 2023 Notes as a result of a fundamental change or acceleration of the 2023 Notes would reduce our cash on hand such that we would not have those funds available for use in our business.

If we are at any time unable to generate sufficient cash flows from operations to service our indebtedness when payment is due, we may be required to attempt to renegotiate the terms of the instruments relating to the indebtedness, seek to refinance all or a portion of the indebtedness or obtain additional financing. There can be no assurance that we will be able to successfully renegotiate such terms, that any such refinancing would be possible or that any additional financing could be obtained on terms that are favorable or acceptable to us.

Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses.

Changing laws, regulations and standards relating to corporate governance and public disclosure have historically created uncertainty for companies such as ours. Any new or changed laws, regulations and standards are subject to varying interpretations 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.

Our certificate of incorporation and bylaws, Delaware law, our outstanding convertible notes and certain other agreements contain provisions that could discourage transactions resulting in a change in control, which may negatively affect the market price of our common stock.

Our certificate of incorporation, our bylaws and Delaware law contain provisions that might enable our management to discourage, delay or prevent a change in control. In addition, these provisions could limit the price that investors would be willing to pay in the future for shares of our common stock. Pursuant to such provisions:

- our board of directors is authorized, without prior stockholder approval, to create and issue preferred stock, commonly referred to as “blank check” preferred stock, with rights senior to those of common stock, which means that a stockholder rights plan could be implemented by our board;
- our board of directors is staggered into two classes, only one of which is elected at each annual meeting;
- stockholder action by written consent is prohibited;
- nominations for election to our board of directors and the submission of matters to be acted upon by stockholders at a meeting are subject to advance notice requirements;
- certain provisions in our bylaws and certificate of incorporation such as notice to stockholders, the ability to call a stockholder meeting, advance notice requirements and action of stockholders by written consent may only be amended with the approval of stockholders holding 66 2/3% of our outstanding voting stock;
- our stockholders have no authority to call special meetings of stockholders; and
- our board of directors is expressly authorized to make, alter or repeal our bylaws.

We are also subject to Section 203 of the Delaware General Corporation Law, which provides, subject to enumerated exceptions, that if a person acquires 15% or more of our outstanding voting stock, the person is an “interested stockholder” and may not engage in any “business combination” with us for a period of three years from the time the person acquired 15% or more of our outstanding voting stock.

Certain provisions of our outstanding Notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, holders of such Notes will have the right, at their option, to require us to repurchase, at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest on such Notes, all or a portion of their Notes. We may also be required to increase the conversion rate of such Notes in the event of certain fundamental changes.

Unanticipated changes in our tax rates or in the tax laws and regulations could expose us to additional income tax liabilities which could affect our operating results and financial condition.

We are subject to income taxes in both the United States and various foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and, in the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. Our effective tax rate could be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and regulations as well as other factors. Our tax determinations are regularly subject to audit by tax authorities and developments in those audits could adversely affect our income tax provision, and we are currently undergoing such audits of certain of our tax returns. Although we believe that our tax estimates are reasonable, the final

determination of tax audits or tax disputes may be different from what is reflected in our historical income tax provisions which could affect our operating results.

Litigation, Regulation and Business Risks Related to our Intellectual Property

Adverse litigation results could affect our business.

We may be subject to legal claims or regulatory matters involving consumer, stockholder, employment, competition, intellectual property and other issues on a global basis. Litigation can be lengthy, expensive and disruptive to our operations, and results cannot be predicted with certainty. An adverse decision could include monetary damages or, in cases for which injunctive relief is sought, an injunction prohibiting us from manufacturing or selling one or more of our products or technologies. If we were to receive an unfavorable ruling on a matter, our business, operating results or financial condition could be materially harmed.

We have in the past, and may in the future, become engaged in litigation stemming from our efforts to protect and enforce our patents and intellectual property and make other claims, which could adversely affect our intellectual property rights, distract our management and cause substantial expenses and declines in our revenue and stock price.

We seek to diligently protect our intellectual property rights and will continue to do so. While we are not currently involved in intellectual property litigation, any future litigation, whether or not determined in our favor or settled by us, would be expected to be costly, may cause delays applicable to our business (including delays in negotiating licenses with other actual or potential customers), would be expected to discourage future design partners, would tend to impair adoption of our existing technologies and would divert the efforts and attention of our management and technical personnel from other business operations. In addition, we may be unsuccessful in any litigation if we have difficulty obtaining the cooperation of former employees and agents who were involved in our business during the relevant periods related to our litigation and are now needed to assist in cases or testify on our behalf. Furthermore, any adverse determination or other resolution in litigation could result in our losing certain rights beyond the rights at issue in a particular case, including, among other things: our being effectively barred from suing others for violating certain or all of our intellectual property rights; our patents being held invalid or unenforceable or not infringed; our being subjected to significant liabilities; our being required to seek licenses from third parties; our being prevented from licensing our patented technology; or our being required to renegotiate with current customers on a temporary or permanent basis.

From time to time, we are subject to proceedings by government agencies that may result in adverse determinations against us and could cause our revenue to decline substantially.

An adverse resolution by or with a governmental agency could result in severe limitations on our ability to protect and license our intellectual property, and could cause our revenue to decline substantially. Third parties have and may attempt to use adverse findings by a government agency to limit our ability to enforce or license our patents in private litigations, to challenge or otherwise act against us with respect to such government agency proceedings.

Further, third parties have sought and may seek review and reconsideration of the patentability of inventions claimed in certain of our patents by the U.S. Patent and Trademark Office (“USPTO”) and/or the European Patent Office (the “EPO”). Any re-examination proceedings may be reviewed by the USPTO's Patent Trial and Appeal Board (“PTAB”). The PTAB and the related former Board of Patent Appeals and Interferences have previously issued decisions in a few cases, finding some challenged claims of Rambus' patents to be valid, and others to be invalid. Decisions of the PTAB are subject to further USPTO proceedings and/or appeal to the Court of Appeals for the Federal Circuit. A final adverse decision, not subject to further review and/or appeal, could invalidate some or all of the challenged patent claims and could also result in additional adverse consequences affecting other related U.S. or European patents, including in any intellectual property litigation. If a sufficient number of such patents are impaired, our ability to enforce or license our intellectual property would be significantly weakened and could cause our revenue to decline substantially.

The pendency of any governmental agency acting as described above may impair our ability to enforce or license our patents or collect royalties from existing or potential customers, as any litigation opponents may attempt to use such proceedings to delay or otherwise impair any pending cases and our existing or potential customers may await the final outcome of any proceedings before agreeing to new licenses or to paying royalties.

Litigation or other third-party claims of intellectual property infringement could require us to expend substantial resources and could prevent us from developing or licensing our technology on a cost-effective basis.

Our research and development programs are in highly competitive fields in which numerous third parties have issued patents and patent applications with claims closely related to the subject matter of our programs. We have also been named in the past, and may in the future be named, as a defendant in lawsuits claiming that our technology infringes upon the intellectual

property rights of third parties. As we develop additional products and technology, we may face claims of infringement of various patents and other intellectual property rights by third parties. In the event of a third-party claim or a successful infringement action against us, we may be required to pay substantial damages, to stop developing and licensing our infringing technology, to develop non-infringing technology, and to obtain licenses, which could result in our paying substantial royalties or our granting of cross licenses to our technologies. We may not be able to obtain licenses from other parties at a reasonable cost, or at all, which could cause us to expend substantial resources, or result in delays in, or the cancellation of, new products. Moreover, customers and/or suppliers of our products may seek indemnification for alleged infringement of intellectual property rights. We could be liable for direct and consequential damages and expenses including attorneys' fees. A future obligation to indemnify our customers and/or suppliers may harm our business, financial condition and operating results.

If we are unable to protect our inventions successfully through the issuance and enforcement of patents, our operating results could be adversely affected.

We have an active program to protect our proprietary inventions through the filing of patents. There can be no assurance, however, that:

- any current or future U.S. or foreign patent applications will be approved and not be challenged by third parties;
- our issued patents will protect our intellectual property and not be challenged by third parties;
- the validity of our patents will be upheld;
- our patents will not be declared unenforceable;
- the patents of others will not have an adverse effect on our ability to do business;
- Congress or the U.S. courts or foreign countries will not change the nature or scope of rights afforded patents or patent owners or alter in an adverse way the process for seeking or enforcing patents;
- changes in law will not be implemented, or changes in interpretation of such laws will occur, that will affect our ability to protect and enforce our patents and other intellectual property;
- new legal theories and strategies utilized by our competitors will not be successful;
- others will not independently develop similar or competing chip interfaces or design around any patents that may be issued to us; or
- factors such as difficulty in obtaining cooperation from inventors, pre-existing challenges or litigation, or license or other contract issues will not present additional challenges in securing protection with respect to patents and other intellectual property that we acquire.

If any of the above were to occur, our operating results could be adversely affected.

Furthermore, recent patent reform legislation, such as the Leahy-Smith America Invents Act, could increase the uncertainties and costs surrounding the prosecution of any patent applications and the enforcement or defense of our licensed patents. The federal courts, the USPTO, the Federal Trade Commission, and the U.S. International Trade Commission have also recently taken certain actions and issued rulings that have been viewed as unfavorable to patentees. While we cannot predict what form any new patent reform laws or regulations may ultimately take, or what impact recent or future reforms may have on our business, any laws or regulations that restrict or negatively impact our ability to enforce our patent rights against third parties could have a material adverse effect on our business.

In addition, our patents will continue to expire according to their terms, with expected expiration dates ranging from 2019 to 2038. Our failure to continuously develop or acquire successful innovations and obtain patents on those innovations could significantly harm our business, financial condition, results of operations, or cash flows.

Our inability to protect and own the intellectual property we create would cause our business to suffer.

We rely primarily on a combination of license, development and nondisclosure agreements, trademark, trade secret and copyright law and contractual provisions to protect our non-patentable intellectual property rights. If we fail to protect these intellectual property rights, our customers and others may seek to use our technology without the payment of license fees and royalties, which could weaken our competitive position, reduce our operating results and increase the likelihood of costly litigation. The growth of our business depends in part on the use of our intellectual property in the products of third party manufacturers, and our ability to enforce intellectual property rights against them to obtain appropriate compensation. In addition, effective trade secret protection may be unavailable or limited in certain foreign countries. Although we intend to protect our rights vigorously, if we fail to do so, our business will suffer.

Effective protection of trademarks, copyrights, domain names, patent rights, and other intellectual property rights is expensive and difficult to maintain, both in terms of application and maintenance costs, as well as the costs of defending and enforcing those rights. The efforts we have taken to protect our intellectual property rights may not be sufficient or effective. Our intellectual property rights may be infringed, misappropriated, or challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. In addition, the laws or practices of certain countries do not protect our proprietary rights to the same extent as do the laws of the United States. Significant impairments of our intellectual property rights, and limitations on our ability to assert our intellectual property rights against others, could have a material and adverse effect on our business.

Third parties may claim that our products or services infringe on their intellectual property rights, exposing us to litigation that, regardless of merit, may be costly to defend.

Our success and ability to compete are also dependent upon our ability to operate without infringing upon the patent, trademark and other intellectual property rights of others. Third parties may claim that our current or future products or services infringe upon their intellectual property rights. Any such claim, with or without merit, could be time consuming, divert management's attention from our business operations and result in significant expenses. We cannot assure you that we would be successful in defending against any such claims. In addition, parties making these claims may be able to obtain injunctive or other equitable relief affecting our ability to license the products that incorporate the challenged intellectual property. As a result of such claims, we may be required to obtain licenses from third parties, develop alternative technology or redesign our products. We cannot be sure that such licenses would be available on terms acceptable to us, if at all. If a successful claim is made against us and we are unable to develop or license alternative technology, our business, financial condition, operating results and cash flows could be materially adversely affected.

We rely upon the accuracy of our customers' recordkeeping, and any inaccuracies or payment disputes for amounts owed to us under our licensing agreements may harm our results of operations.

Many of our license agreements require our customers to document the manufacture and sale of products that incorporate our technology and report this data to us on a quarterly basis. While licenses with such terms give us the right to audit books and records of our customers to verify this information, audits rarely are undertaken because they can be expensive, time consuming, and potentially detrimental to our ongoing business relationship with our customers. Therefore, we typically rely on the accuracy of the reports from customers without independently verifying the information in them. Our failure to audit our customers' books and records may result in our receiving more or less royalty revenue than we are entitled to under the terms of our license agreements. If we conduct royalty audits in the future, such audits may trigger disagreements over contract terms with our customers and such disagreements could hamper customer relations, divert the efforts and attention of our management from normal operations and impact our business operations and financial condition.

Any dispute regarding our intellectual property may require us to indemnify certain customers, the cost of which could severely hamper our business operations and financial condition.

In any potential dispute involving our patents or other intellectual property, our customers could also become the target of litigation. While we generally do not indemnify our customers, some of our agreements provide for indemnification, and some require us to provide technical support and information to a customer that is involved in litigation involving use of our technology. In addition, we may be exposed to indemnification obligations, risks and liabilities that were unknown at the time of acquisitions, including with respect to our acquisitions of SCS, the assets of the Snowbush IP group and the Memory Interconnect Business, and we may agree to indemnify others in the future. Any of these indemnification and support obligations could result in substantial and material expenses. In addition to the time and expense required for us to indemnify or supply such support to our customers, a customer's development, marketing and sales of licensed semiconductors, mobile communications and data security technologies could be severely disrupted or shut down as a result of litigation, which in turn could severely hamper our business operations and financial condition as a result of lower or no royalty payments.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

INDEX TO EXHIBITS

Exhibit Number	Description of Document
2.1	Share Purchase Agreement dated June 21, 2019 relating to the Sale and Purchase of Shares in Smart Card Software Limited between Rambus Inc. and Visa International Service Association.
10.1	Lease Agreement dated July 8, 2019 relating to New San Jose Headquarters Location between Rambus Inc. and 237 North First Street Holdings, LLC.
31.1	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* The certifications furnished in Exhibit 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURE

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.

RAMBUS INC.

Date: August 2, 2019

By: /s/ Rahul Mathur

Rahul Mathur
Senior Vice President, Finance and Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

Exhibit 2.1

DATED 21 JUNE 2019

RAMBUS INC.

and

VISA INTERNATIONAL SERVICE ASSOCIATION

SHARE PURCHASE AGREEMENT
relating to the sale and purchase of
Shares in Smart Card Software Limited

Slaughter and May
One Bunhill Row
London EC1Y 8YY
(JAYP/AZXL)
560031197

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SCHEDULES AND ATTACHMENTS

AGREED FORM DOCUMENTS

Trade Mark Assignment Agreement

Share Certificate Indemnity

Signing Disclosure Letter

Signing Power of Attorney

Voting Power of Attorney

THIS AGREEMENT is made the 21 day of June 2019

PARTIES:

1. **RAMBUS INC.** , a company incorporated in Delaware whose registered office is at 1050 Enterprise Way, Suite 700, Sunnyvale, CA 94089 (registered number 2713545) (the " **Seller** "); and

2. **VISA INTERNATIONAL SERVICE ASSOCIATION** , a company incorporated in Delaware whose principal office is at 900 Metro Center Boulevard, Foster City, CA 94404 (registered number 802339) (the " **Purchaser** "),

(each a " **party** " and together the " **parties** ").

BACKGROUND:

(A) Particulars of: (i) each member of the Company (as defined in this Agreement) are set out in Part A of Attachment 1 (*Basic information about the Hazel Group*); and (ii) the rest of the Hazel Group are set out in Part B of Attachment 1 (*Basic information about the Hazel Group*).

(B) The Seller has agreed to sell, and the Purchaser has agreed to purchase and pay for, the Shares (as defined in this Agreement), in each case on the terms and subject to the conditions of this Agreement.

THE PARTIES AGREE as follows:

1. **Interpretation**

1.1 In this Agreement, the Schedules and the Attachments to it:

" **2017 Accounts Date** "	means 31 December 2017;
" **2018 Accounts Date** "	means 31 December 2018;
" ACCC "	has the meaning given to that term in clause 4.1(C)(i) ;
" **Accounts** "	means the Company Accounts, the Ecebs Accounts and the Bell ID Accounts;
" **Accrington Joint Venture"**	means the joint venture between Ecebs and Merseyside Passenger Transport Executive which operates through Accrington Technologies Limited;
" **Accrington Joint Venture SHA** "	means the shareholders' agreement entered into between Ecebs, Merseyside Passenger Transport Executive and Accrington Technologies Limited in relation to the Accrington Joint Venture, dated 1 October 2004;

" **Additional Data Room Documents** "	means the documents referred to in the spreadsheet entitled "Additional Data Room Documents" in the agreed form;
" **Affiliates** "	means: (i) in relation to the Seller, each other member of the Seller's Group; and (ii) in relation to the Purchaser, each other member of the Purchaser's Group;
" **Allocation Schedules** "	has the meaning given to it in clause 7.9;
" **Anti-Corruption Law** "	means: (i) the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; (ii) the Foreign Corrupt Practices Act of 1977 of the United States of America, as amended by the Foreign Corrupt Practices Act Amendments of 1988 and 1998; (iii) the Bribery Act 2010; and (iv) any other anti-bribery or anti-corruption law which is applicable to any member of the Hazel Group and any Associated Person of such member of the Hazel Group (including any: (a) statute, ordinance, rule or regulation; (b) order of any court, tribunal or any other judicial body; and (c) rule, regulation, guideline or order of any public body, or any other administrative requirement, in each case, having the force of law);
" **Associated Person** "	means, in relation to a company, a person (including any employee, agent or subsidiary) who performs (or has performed) services for or on behalf of that company;
" **AWS Contract** "	means the contract cited in response to the Purchaser's due diligence question entitled "Visa VDR 91" as being available at http://aws.amazon. com/agreement;
" **Base Consideration** "	has the meaning given to that term in clause 3.1(A) ;

" **Bell ID** "	means Bell Identification B.V., details of which are set out in Attachment 1 (*Basic information about the Hazel Group*);
" **Bell ID Accounts** "	means the audited financial statements of Bell ID in respect of the accounting reference period ended on the 2017 Accounts Date;
" **Borrowings** "	means, in respect of each member of the Hazel Group, the aggregate amount of all outstanding borrowings and outstanding indebtedness or other financing liabilities or obligations of such member of the Hazel Group for the payment or repayment of money (including short term and long term income tax payables, short term and long term deferred rent, Transaction Expenses and any Inter-Company Payables of such member of the Hazel Group, in each case, which remain outstanding as at the Effective Time, but excluding amounts owed by Accrington Technologies Limited to Merseyside Passenger Transport Executive);
" **Business Day** "	means a day (other than a Saturday or a Sunday) on which banks are open for general business in London and New York;
" **Business Information** "	means all information (in whatever form held) including all: (i) formulas, designs, specifications, drawings, know-how, manuals and instructions; (ii) customer and supplier lists, sales, marketing and promotional information; (iii) business plans and forecasts; (iv) technical or other expertise; and (v) all accounting and Tax records, correspondence, orders and enquiries;
" **Business IT** "	means all Information Technology which is owned or used by any member of the Hazel Group and which is, in each case, material to the business of any member of the Hazel Group;
" **Cash** "	means, in respect of each member of the Hazel Group: (i) the aggregate amount of any cash, bank deposits or cash equivalents in hand or credited to any account with a financial institution, together with accrued interest, (including Inter-Company Receivables) held by or on behalf of such member of the Hazel Group; and (ii) receivables for prepaid corporate income tax;

" **Cash Bonuses** "	has the meaning given to that term in clause 7.8;
" **Cash Value** "	means, in respect of each member of the Hazel Group, the aggregate of the amounts of Cash held by such member of the Hazel Group as at the Effective Time;
" **CFA 2017** "	means the Criminal Finances Act 2017;
" **Claim** "	means a claim against the Seller for breach of any Seller Warranty;
" **CMA** "	has the meaning given to that term in clause 4.1(A) ;
" **Company** "	means Smart Card Software Limited, basic information concerning which is set out in Part A of Attachment 1 (*Basic information about the Hazel Group*);
" **Company Accounts** "	means the audited financial statements of the Company in respect of the accounting reference period ended on the 2017 Accounts Date;
" **Completion** "	means completion of the sale and purchase of the Shares under this Agreement;
" **Completion Accounts"**	has the meaning given to that term in Part A of Schedule 4 (*Completion Accounts*);
" **Completion Date** "	means the date on which Completion takes place;
" **Completion Disclosure Letter** "	means the letter of the same date as the Completion Date written by the Seller to the Purchaser and delivered to the Purchaser's Solicitors on behalf of the Purchaser, pursuant to which certain disclosures relating to facts, matters or circumstances occurring after the date of this Agreement may be made against the Fundamental Warranties and the Compliance Warranties, in the agreed form (except in relation to the specific disclosures in that letter);
" **Completion Payment** "	has the meaning given to that term in clause 3.3 ;
" **Compliance Warranties** "	means the Seller Warranties set out in paragraphs 15.7 to 15.9 of Part A (*Seller Warranties*) of Schedule 2 (*Warranties*) and " **Compliance Warranty** ", means any one of them;

“ **Confidentiality Agreement** ”	means the confidentiality agreement dated 5 March 2019 between the Seller and the Purchaser pursuant to which the Seller made available to the Purchaser certain confidential information relating to the Hazel Group;
“ **Consideration** ”	has the meaning given to that term in clause 3.1 ;
" Contract Based Schemes "	has the meaning given to that term in paragraph 21.1(A) of Part A (*Seller Warranties*) of Schedule 2 (*Warranties*);
“ **Crossbow Contract** ”	means the agreement between Rambus Chip Technologies (India) Private Limited and Crossbow Labs LLP dated 7 March 2018 relating to security compliance and disclosed at reference 6.1.4.3.2 of the Data Room;
“ **CTA 2010** ”	means the Corporation Tax Act 2010;
“ **Customer Revenue Spreadsheet** ”	means the document at reference 4.8.7 of the Data Room in relation to actual and forecasted customer revenue by product and revenue category per quarter for the period commencing 1 January 2019 and ending 31 December 2019;
“ **Data Room** ”	means the online virtual data room hosted by Merrill Corporation as at 16 June 2019, together with the Additional Data Room Documents, a copy of which has been provided to the Purchaser on the date of this Agreement;
“ **Data Protection Authority** ”	means any body responsible for enforcing Data Protection Legislation;
“ **Data Protection Legislation** ”	means any law or regulation pertaining to data protection, privacy, and/or the processing of personal data which is applicable to the Hazel Group, including: (a) national laws implementing the Directive on Privacy and Electronic Communications (2002/58/EC); (b) the General Data Protection Regulation (2016/679) and any national law issued under that Regulation; and (c) any other similar national privacy law;

" **Debt Value** "	means, in respect of each member of the Hazel Group, the aggregate of the amounts of Borrowings of such member of the Hazel Group as at the Effective Time;
" Disclosed Schemes "	has the meaning given to that term in paragraph 21.1(B) of Part A (*Seller Warranties*) of Schedule 2 (*Warranties*);
" **Dispute Notice** "	has the meaning given to that term in paragraph 7 of Part A (*Seller Warranties*) of Schedule 4 (*Completion Accounts*);
" **Disputed Items** "	has the meaning given to that term in paragraph 7 of Part A (*Seller Warranties*) of Schedule 4 (*Completion Accounts*);
" **Draft Completion Accounts"**	has the meaning given to that term in paragraph 1 of Part A (*Seller Warranties*) of Schedule 4 (*Completion Accounts*);
" **Ecebs** "	means Ecebs Limited, details of which are set out in Attachment 1 (*Basic information about the Hazel Group*);
" **Ecebs Accounts** "	means the audited financial statements of Ecebs in respect of the accounting reference period ended on the 2017 Accounts Date;
" **Ecebs Unaudited Accounts** "	means the unaudited draft financial statements (without accompanying footnotes) for Ecebs for the 12 month period ended on the 2018 Accounts Date (which as at the date of this Agreement are undergoing an audit process);
" **Effective Time** "	means 5:00 p.m. on the Completion Date;
" **Employment and Pensions Warranties** "	means the Seller Warranties in paragraphs 19 to 21 of Part A (*Seller Warranties*) of Schedule 2 (*Warranties*);
" **Encumbrance** "	means any claim, mortgage, charge, pledge, lien, equitable right, option, retention of title, hypothecation, right to acquire, right of pre-emption, right of first refusal or other security interest or third party right of any kind or any agreement, arrangement or obligation to create any of the foregoing;
" **Estimated Cash Value** "	means the Seller's good faith estimate of the Cash Value;

" **Estimated Debt Value** "	means the Seller's good faith estimate of the Debt Value;
" **Estimated Inter-Company Payables"**	means the Seller's good faith estimate of the amount of the Inter-Company Payables;
" **Estimated Inter-Company Receivables"**	means the Seller's good faith estimate of the amount of the Inter-Company Receivables;
" **Estimated Net Cash Balance** "	means the Estimated Cash Value less the Estimated Debt Value;
" **Estimated Working Capital** "	means the Seller's good faith estimate of the Working Capital;
" **Excess Employees** "	means those employees of a member of the Hazel Group who are listed in Annex 1 to Schedule 7 (*Employees*);
" **Expert** "	has the meaning given to that term in paragraph 10(B)(ii) of Part A (*Preparation and determination of Completion Accounts and payment provisions)* of Schedule 4 (*Completion Accounts*);
" **Fairly Disclosed** "	means disclosed in such a manner and in such detail so as to enable the Purchaser to identify and understand the nature and scope of the matter disclosed and to make a reasonable assessment of the impact of the matter disclosed on the Company and the other members of the Hazel Group;
" **Fundamental Warranties** "	means the Seller Warranties set out in paragraphs 1 , 2 , 3.2 , and 3.3 of Part A (*Seller Warranties*) of Schedule 2 (*Warranties*), and " **Fundamental Warranty** " means any of them;
" **Fundamental Warranty Breach** "	has the meaning given to that term in clause 8.5 ;
" **Group Companies** "	means the Company and the Subsidiaries and a " **Group Company** " means any one of them;
" **Hazel Group** "	means the Company, all the Subsidiaries and the Joint Ventures and a " **member of Hazel Group** " means any one of them;
" **Hazel Marks** "	means any registered trade marks or rights in unregistered trade marks owned by any member of the Hazel Group that include any of the marks VAULTIFY or the "V" logo (as represented by US trade mark application no. 88159355) (but excluding any non-distinctive or descriptive elements) and any marks which are confusingly similar to any such marks;

" **HMRC** "	means Her Majesty's Revenue & Customs;
" **Information Memorandum** "	means the information memorandum which includes information on the Hazel Group and the transactions contemplated by this Agreement dated 5 March 2019;
" **Information Technology** "	means computer systems, communication systems, software, hardware and networks;
" **Information Technology Warranties** "	means the Seller Warranties in paragraphs 17.1 to 17.3 (inclusive), 17.5 to 17.7 (inclusive) and 17.10 to 17.21 (inclusive) of Part A (*Seller Warranties*) of Schedule 2 (*Warranties*);
" **Intellectual Property** "	means patents, rights in inventions, trade marks, rights in designs, copyrights (including subsisting in software) and database rights (in each case, whether or not any of these is registered and including applications for registration of any such thing) and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of these which may subsist anywhere in the world;
" **Inter-Company Agreements** "	means the written agreements between, on the one hand, one or more members of the Hazel Group, and on the other hand, one or more members of the Seller's Group, all of which are set out in folder 10.5 of the Data Room;
" **Inter-Company Payables** "	means, in respect of each member of the Hazel Group, the aggregate of the amounts owing, including in respect of interest accrued on all such amounts, from such member of the Hazel Group to the Seller's Group as at the Effective Time (but not, for the avoidance of doubt, any such amounts owing between members of the Hazel Group);
" **Inter-Company Receivables** "	means, in respect of each member of the Hazel Group, the aggregate of the amounts owing, including in respect of interest accrued on all such amounts, to that member of the Hazel Group from the Seller's Group as at the Effective Time (but not, for the avoidance of doubt, any such amounts owing between members of the Hazel Group);

" **Joint Ventures** "	means the Accrington Joint Venture and the Nevis Joint Venture;
" **Life Assurance Schemes** "	has the meaning given to that term in paragraph 21.1(C) in Part A (*Seller Warranties*) of Schedule 2 (*Warranties*);
" **Listed Employees** "	means the employees of each member of the Hazel Group, together with the Misplaced Employees, but excluding the Excess Employees;
" **Listed Workers** "	means all agency workers, consultants, contractors, workers and other personnel (excluding the Listed Employees) engaged by one or more members of the Hazel Group to perform services for that or those members of the Hazel Group;
" **Long Stop Date** "	means the date which is 12 months from the date of this Agreement;
" **Management Accounts** "	means the unaudited financial statements of each of the Company, Ecebs and Bell ID, prepared on a quarterly basis, for the period commencing on 1 January 2018 and ending on 31 March 2019;
" **Material Contract** "	means each written contract between: (i) one or more members of the Hazel Group and each of the Hazel Group's largest 20 customers by revenue (with reference to the revenue of the Hazel Group for the accounting reference period ended on the 2018 Accounts Date) as set out in document 4.8.2 of the Data Room; and (ii) one or more members of the Hazel Group and each of the Hazel Group's largest 10 suppliers (of goods and services, including IT services) by cost to the Hazel Group (with reference to the costs of the Hazel Group for the accounting reference period ended on the 2018 Accounts Date as set out on page 37 of the KPMG Project Hazel Financial Vendor Due Diligence Report dated 25 March 2019;
" **Misplaced Employees** "	means those employees of a member of the Seller's Group who are listed in Annex 2 to Schedule 7 (*Employees*) of this Agreement;

" **Net Cash Balance** "	means the Cash Value less the Debt Value;
" **Nevis Joint Venture"**	means the joint venture between Ecebs and Strathclyde Partnership for Transport which operates through Nevis Technologies Limited;
" **Nevis Joint Venture SHA** "	means the shareholders' agreement entered into between Ecebs, Strathclyde Partnership for Transport and Nevis Technologies Limited (previously known as Pacific Shelf 1667 Limited) in relation to the Nevis Joint Venture, dated 24 October 2011;
" **Normalised Working Capital** "	means an amount equal to - $2,253,330 (negative two million, two-hundred and fifty-three thousand, three-hundred and thirty dollars);
" **Offer** "	has the meaning given to that term in paragraph 2.1 of Schedule 7 (*Employees*);
" **Owned Intellectual Property** "	means all Intellectual Property and rights in Business Information that are owned by any member of the Hazel Group;
" **pre-contractual statement** "	has the meaning given to that term in clause 17.3 ;
" **Proceedings** "	means any proceeding, suit or action arising out of or in connection with this Agreement or the negotiation, existence, validity or enforceability of this Agreement, whether contractual or non-contractual;
" **Property** "	means freehold, leasehold or other immovable property in any part of the world;
" **Proprietary Software** "	means the software solutions and systems licensed out by, or under development for licensing out by, the members of the Hazel Group to their respective end-user customers, including under the brands 'TOKEN SERVICE PROVIDER', 'TOKENIZATION MANAGEMENT', 'HOST CARD EMULATION', 'SECURE ELEMENT MANAGEMENT', 'EMV SMART CARD MANAGEMENT', 'PAYMENT ACCOUNT TOKENIZATION', 'VAULTIFY SHOP', 'TOKEN GATEWAY', 'VAULTIFY TRADE', 'HCE TICKET WALLET SERVICE', 'HCE TICKETING APP', 'REMOTE TICKET DOWNLOAD (RTD)', 'HOST OPERATOR OR PROCESSING SYSTEM (HOPS)', 'CARD MANAGEMENT SYSTEM (CMS)', 'SMART TICKET CHECKER APP', 'SMART CARDS', 'CONTACTLESS SMART CARDS', 'CONTACT SMART CARDS', 'DUAL INTERFACE SMART CARDS' and 'DATA WAREHOUSE';

" **Proprietary Tools** "	means specifications, design documentation, devices, prototypes, designs and schematics, design tools, testing harnesses, input and output formats, algorithms, file structures, software architecture, source code and object code, readable or computer or other machine readable data, databases, data compilations and collections, technical data and performance data, data application programming interfaces, and any associated documentation, in each case, relating to any Proprietary Software;
" **Pulsant Contract** "	means the contract at Data Room reference 6.1.4.3.1;
" **Purchaser Group Agent** "	has the meaning given to that term in clause 31.1 ;
" **Purchaser's Group** "	means the Purchaser, its subsidiaries and subsidiary undertakings, any holding company of the Purchaser and all other subsidiaries of any such holding company from time to time;
" **Purchaser's Relief** "	has the meaning given to that term in paragraph 1.1 of Schedule 5 (*Tax Covenant*);
" **Purchaser Warranties** "	means each of the statements set out in Part B (*Purchaser Warranties*) of Schedule 2 (*Warranties*) and " **Purchaser Warranty** " means any one of them;
" **Purchaser's Solicitors** "	means Linklaters LLP of One Silk Street, London EC2Y 8HQ;
" **Rebrand Date** "	has the meaning given to that term in clause 11.6(B);
" **Registered IP Contact List** "	means details of all trade mark and patent attorney contacts managing any Registered Owned IP;
" **Registered IP Documents** "	means all (i) files and documents to the extent directly relating to the applications made for, and/or the prosecution of, any Registered Owned IP; and (ii) other documents (including any original registration certificates for any Registered Owned IP) to the extent directly relating to the portfolio management of the Registered Owned IP, in each case (a) in the possession, or under the control, of a member of the Seller's Group, and (b) reasonably required for the day-to-day portfolio management of the Registered Owned IP;

" **Registered Owned IP** "	means all Owned Intellectual Property that is registered or the subject of applications for registration with any competent authority for the registration of, or registry of, Intellectual Property;
" **Regulation** "	has the meaning given to that term in clause 4.1(B) ;
" **Relevant Property** "	means the Properties referred to in Attachment 2 (*Relevant Properties*);
" **Relevant Regulatory Authority** "	has the meaning given to that term in clause 4.3;
" **Relevant Rights** "	means any Intellectual Property or rights in Business Information owned by any member of the Hazel Group on Completion and which in the 12 months prior to Completion have been used exclusively in relation to the business of the Seller's Group and do not relate to any products or services under development by, or planned to be released by, any member of the Hazel Group and excluding any Intellectual Property or rights in Business Information subsisting in, or otherwise protecting, any Proprietary Software, Proprietary Tools or Hazel Marks;
" **Relevant Rights Materials** "	has the meaning given to that term in clause 11.1;
" **Relief** "	includes any right to repayment of Tax from a Tax Authority and any relief, loss, allowance or credit in respect of Tax and any deduction in computing or against Tax or Income, Profits or Gains for Tax purposes;
" **Restricted Employee** "	has the meaning given to that term in clause 12.4(A) ;
" **Restricted Period** "	has the meaning given to that term in clause 12.4(B) ;
" **Restricted Territory** "	has the meaning given to that term in clause 12.4(C) ;
" **Secondary Warranty** "	means the Seller Warranties set out in paragraphs 15.7 to 15.9 (inclusive), 16 and 17 of Part A (*Seller Warranties*) of Schedule 2 (*Warranties*), excluding the Third Party IP Infringement Warranty and " **Secondary Warranty** " means any of them;
" **Section 338 Election** "	has the meaning given to that term in clause 7.9 ;
" **SecureKey Agreement** "	means the Agreement for the Delivery of Licences, Implementation Services, Support and Maintenance between Bell ID and SecureKey Technologies, Inc., dated 30 May 2012;

" **Seller's Agent** "	has the meaning given to that term in clause 30.1 ;
" **Seller's Bank Account** "	means the bank account of the Seller as notified in writing to the Purchaser at least 10 Business Days prior to the Completion Date (and for these purposes, such notification must be signed by an authorised representative of the Seller);
" **Seller's Group** "	means the Seller, its subsidiaries and subsidiary undertakings from time to time (except members of the Hazel Group), any holding company of the Seller and all other subsidiaries or subsidiary undertakings of any such holding company;
" **Seller Marks** "	means any registered trade marks or rights in unregistered trade marks owned by any member of the Seller's Group that include any of the marks RAMBUS or the "R" logo (as represented by US trade mark registration no. 78377408) or the digital wave form logo (but excluding any non-distinctive or descriptive elements) and any marks which are confusingly similar to any such marks (but excluding the Hazel Marks);
" **Seller's Solicitors** "	means Slaughter and May of One Bunhill Row, London EC1Y 8YY;
" **Seller Warranties** "	means each of the statements set out in Part A (*Seller Warranties*) of Schedule 2 (*Warranties*) and " **Seller Warranty** " means any one of them;
" **Senior Employee** "	means each of Jerome Nadel, Russell McCullagh, Chakib Bouda, Max Roebuck and Frank Maduri;
" **Service Document** "	means a claim form, application notice, order, judgment or other document relating to any Proceedings;
" **Shares** "	means the 43,828,000 ordinary shares of £0.00005 each in the share capital of the Company;
" **Signing Disclosure Letter** "	means the letter of the same date as this Agreement written by the Seller to the Purchaser and delivered to the Purchaser's Solicitors on behalf of the Purchaser, pursuant to which certain disclosures are made against the Seller Warranties, in the agreed form;

" **Subsidiary** "	means at any relevant time any then subsidiary or subsidiary undertaking of the Company, basic information concerning each current subsidiary and subsidiary undertaking of the Company being set out in Part B of Attachment 1 (*Basic information about the Hazel Group*);
" **Surviving Clauses** "	means clause 1 (*Interpretation*), clauses 15 (*Remedies and waivers*) to 22 (*Deductions and withholdings*) and clauses 24 (*Invalidity*) to 31 (*Purchaser's agent for service*);
" **Tax** "	has the meaning given to that term in paragraph 1.1 of Schedule 5 (*Tax Covenant*);
" **Tax Authority** "	has the meaning given to that term in paragraph 1.1 of Schedule 5 (*Tax Covenant*);
" **Tax Covenant** "	means the tax covenant set out in Schedule 5 (*Tax Covenant*);
" **Tax Warranties** "	means the Seller Warranties set out in paragraphs 22 to 32 of Part A (*Seller Warranties*) of Schedule 2 (*Warranties*);
" **TCGA 1992** "	means the Taxation of Chargeable Gains Act 1992;
" **TCH** "	means TCH Secure Digital Payment L.L.C.;
" **TCH Agreement** "	means the Agreement for the Delivery of Licenses, Service, Support and Maintenance between Bell ID and TCH, dated 11 May 2015 (as amended);
" **Third Party** "	has the meaning given to that term in clause 27.1 ;
" **Third Party Claim** "	has the meaning given to that term in paragraph 5.1 of Schedule 3 (*Limitations on the Seller's Liability*);
" **Third Party IP Infringement Warranty** "	means the Seller Warranty set out in paragraph 17.12 of Part A (*Seller Warranties*) of Schedule 2 (*Warranties*);
" **Third Party Rights Provisions** "	has the meaning given to that term in clause 27.1 ;
" **Trade Mark Assignment Agreement** "	means the agreed form document titled 'Trade Mark Assignment Agreement' effecting the assignment to Ecebs of certain trade marks owned by the Seller;

" **Transaction** "	has the meaning given to that term in clause 4.1(A) ;
" **Transaction Documents** "	means the Confidentiality Agreement, this Agreement (including, for the avoidance of doubt, the Tax Covenant), the Trade Mark Assignment Agreement, the Signing Disclosure Letter, the Completion Disclosure Letter and any other agreements entered into pursuant to this Agreement;
" **Transaction Expenses** "	means fees, costs or expenses which have been incurred (but are unpaid) by any member of the Hazel Group in connection with the transactions contemplated by this Agreement;
" **Transferring Domain Names** "	means the domain names: vaultifyshop.com, vaultifygo.com, vaultifytrade.com, vaultifythings.com, vaultify.com, vaultifysecurity.com, vaultify.net, vaultifysecurity.org, vaultify.org, vaultify.info, vaultifysecurity.info, vaultify.xyz, vaultifysecurity.xyz and cryptotokenization.com;
" **Transitional Services** "	has the meaning given to that term in Schedule 6 (*Transitional Services*);
" **VAT** "	means: (i) any Tax imposed in compliance with the council directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); (ii) to the extent not included in paragraph (i) above, any value added tax imposed by VATA and legislation and regulations supplemental thereto; and (iii) any other Tax of a similar nature to the Taxes referred to in paragraph (i) or paragraph (ii) above, whether imposed in a member state of the EU in substitution for, or levied in addition to, the Taxes referred to in paragraph (i) or paragraph (ii) above or imposed elsewhere;
" **VATA** "	means the Value Added Tax Act 1994;
" **White Box Contract** "	means the agreement titled “IP License Agreement” between Mercury Corp. and the Seller dated 25 January 2017 and disclosed at reference 6.1.4.2.32 of the Data Room;

" **Working Capital** "	means, in respect of each member of the Hazel Group, the aggregate amount of: (i) current assets (excluding receivables for prepaid corporate income tax and any amounts taken into account in calculating the Inter-Company Receivables); and (ii) current liabilities (including both short term and long term deferred revenue but excluding income tax payables, deferred rent and any amounts taken into account in calculating the Inter-Company Payables), in each case, as at the Effective Time;
" **Working Capital Excess"**	has the meaning given to that term in paragraph 15(B) of Part A (*Preparation and determination of Completion Accounts and payment provisions*) of Schedule 4 (*Completion Accounts*);
" **Working Capital Shortfall"**	has the meaning given to that term in paragraph 15(B) of Part A (*Preparation and determination of Completion Accounts and payment provisions*) of Schedule 4 (*Completion Accounts*); and
" **Working Hours** "	means 8:30 a.m. to 6:30 p.m. on a Business Day.

1.2 In this Agreement, unless otherwise specified:

(A) references to clauses, paragraphs, Schedules and Attachments are to clauses and paragraphs of, and Schedules and Attachments to, this Agreement;

(B) references to any document in the " **agreed form** " means that document in a form agreed by the parties and either: (i) initialled for the purposes of identification; or (ii) acknowledged by email as being in the agreed form for the purposes of this Agreement, in each case, by the Purchaser's Solicitors on behalf of the Purchaser and by the Seller's Solicitors on behalf of the Sellers, in each case on or after the date of this Agreement;

(C) use of any gender includes the other genders;

(D) a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;

(E) references to a " **company** " shall be construed so as to include any, corporation or other body corporate, wherever and however incorporated or established;

(F) references to a " **person** " shall be construed so as to include any individual, firm, company, corporation, body corporate, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personality);

(G) the expressions " **accounting reference date** ", " **accounting reference period** ", " **allotment** ", " **body corporate** ", " **debentures** ", " **holding company** ", " **paid up** ", " **profit and loss account** ", " **subsidiary** ", " **subsidiary undertaking** " and " **wholly-owned subsidiary** " shall have the meaning given in the Companies Act 2006;

(H) any reference to a " **day** " (including the phrase " **Business Day** ") shall mean a period of 24 hours running from midnight to midnight;

(I) references to times are to London time (unless otherwise specified);

(J) references to " **$** " or " **USD** " or " **dollars** " are to United States dollars, the lawful currency of the United States of America and, unless otherwise specified, reference to any amount in such currency shall be deemed to include an equivalent amount in any other currency;

(K) references to " **£** ", " **GBP** ", " **pounds** " or " **sterling** " are to pound sterling, the lawful currency of the United Kingdom;

(L) references to " **€** " or " **EUR** " are to Euro, the lawful currency of each participating member state that remains a member of the single currency of the European Union;

(M) any indemnity or obligation to pay (the " **Payment Obligation** ") being given or assumed on an " **after-Tax basis** " or expressed to be " **calculated on an after-Tax basis** " means that the amount payable pursuant to such Payment Obligation (the " **Payment** ") shall be calculated in such a manner as will ensure that, after taking into account:

(i) any Tax required to be deducted or withheld from the Payment;

(ii) the amount and timing of any additional Tax which becomes payable as a result of the Payment's being subject to Tax; and

(iii) the amount and timing of any Tax benefit which is obtained, to the extent that such Tax benefit is attributable to the matter giving rise to the Payment Obligation,

the recipient of the Payment is in the same position as that in which it would have been if the matter giving rise to the Payment Obligation had not occurred (or, in the case of a Payment Obligation arising by reference to a matter affecting a person other than the recipient of the Payment, the recipient of the Payment and that other person are, taken together, in the same position as that in which they would have been had the matter giving rise to the Payment Obligation not occurred), provided that the amount of the Payment shall not exceed that which it would have been if it had been regarded for all Tax purposes as received solely by the recipient and not any other person;

(N) references to " **costs** " and/or " **expenses** " incurred by a person shall not include any amount in respect of VAT comprised in such costs or expenses for which either

that person or, if relevant, any other member of the VAT group to which that person belongs is entitled to credit as input tax;

(O) the formulation " *to the extent that* " shall be read as meaning " *if, but only to the extent that* ";

(P) a person shall be deemed to be connected with another if that person is connected with another within the meaning of sections 1122 and 1123 CTA 2010;

(Q) references to writing shall include any modes of reproducing words in a legible and non-transitory form and whether sent or supplied by electronic mail;

(R) references to the knowledge, belief or awareness of the Seller (or similar phrases) shall be limited to the actual knowledge (as at the date of this Agreement) of:

(i) in respect of the Employment and Pensions Warranties, Orna Sarfaty;

(ii) in respect of the Information Technology Warranties, Jeff Moore;

(iii) in respect of the Tax Warranties, Rahul Mathur; and

(iv) in the case of all of the Seller Warranties, Jerome Nadel, Russell McCullagh, Chakib Bouda, Max Roebuck, Frank Maduri and Jae Kyung Kim,

in each case, having made reasonable enquiries of the persons of whom it would be reasonable for such individuals to make enquiries in respect of the subject matter to which the relevant Seller Warranties relate, including, for matters relating to Intellectual Property or rights in Business Information, enquiries of Chris Kosh and Gabe Olander;

(S) except under clause 5 (*Pre-Completion Obligations*), references to a party being required to procure that any one or more members of the Hazel Group shall undertake, or refrain from undertaking, any matter or action shall mean, insofar as such references relate to Accrington Technologies Limited and/or Nevis Technologies Limited, that the party is required to use reasonable endeavours to procure the undertaking, or refrainment from undertaking, of such matter or action by Accrington Technologies Limited and/or Nevis Technologies Limited (as applicable) to the extent that it is lawfully able to do so in its capacity as indirect shareholder of such companies;

(T) the rule known as the *ejusdem generis* rule shall not apply and accordingly, general words introduced by the other " *other"* shall be not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things, or are followed by particular examples intended to be embraced by general words;

(U) the words " *include* " , " *includes* " *and* " *including* " shall be deemed to be followed by the phrase " *without limitation* " whether or not they are in fact followed by that phrase or words of the like;

(V) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official, or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English legal term;

(W) all headings and titles are inserted for convenience only and are to be ignored in the interpretation of this Agreement;

(X) the Schedules and Attachments form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement, and any reference to this Agreement shall include the Schedules and Attachments; and

(Y) any reference to a Tax of the United Kingdom (or any part thereof) shall be deemed to include any equivalent Tax of any part of the United Kingdom that is levied pursuant to the devolution of powers relating to Taxation to that part of the United Kingdom, unless the context otherwise requires.

2. **Sale and purchase**

2.1 On Completion, the Seller shall sell the Shares, and the Purchaser shall purchase the Shares, with all rights attached or accruing to them as at Completion.

2.2 The Seller shall sell the Shares with full title guarantee and free from all Encumbrances.

2.3 The Seller hereby waives all rights of pre-emption over any of the Shares conferred upon it by the articles of association of the Company (or in any other way) and the Seller undertakes to take all reasonable steps necessary to ensure that any such rights are waived by no later than immediately prior to Completion.

3. **Consideration**

3.1 The total consideration for the Shares shall be:

(A) $75,000,000 (the " **Base Consideration** "); and

(B) in respect of the Net Cash Balance:

(i)plus an amount equal to the absolute value of the Net Cash Balance (if the Net Cash Balance is a positive number); or

(ii)minus an amount equal to the absolute value of the Net Cash Balance (if the Net Cash Balance is a negative number); and

(C) in respect of the Working Capital:

(i)plus the Working Capital Excess; or

(ii)minus the Working Capital Shortfall,

such amount, as may be adjusted pursuant to this Agreement, being the " **Consideration** " (provided that, in calculating the Net Cash Balance and the Working Capital, there shall (if relevant) be no double-counting of any asset, liability or expense).

3.2 The Consideration shall be calculated and paid in accordance with the remaining provisions of this clause 3 (*Consideration*), clause 6 (*Completion*), paragraph 1 of Part B (*Purchaser's Obligations*) of Schedule 1 (*Completion Arrangements*) and Schedule 4 (*Completion Accounts*).

3.3 The amount payable by the Purchaser at Completion with respect to the Shares shall be:

(A) the Base Consideration; and

(B) in respect of the Estimated Net Cash Balance:

(i) plus an amount equal to the absolute value of Estimated Net Cash Balance (if the Estimated Net Cash Balance is a positive number); or

(ii) minus an amount equal to the absolute value of Estimated Net Cash Balance (if the Estimated Net Cash Balance is a negative number); and

(C) in respect of the Working Capital:

(i) plus, if the Estimated Working Capital is greater than the Normalised Working Capital, an amount equal to the absolute value of such excess; or

(ii) minus, if the Estimated Working Capital is less than the Normalised Working Capital, an amount equal to the absolute value of such difference,

(together, the " **Completion Payment** ").

3.4 At Completion, the Purchaser shall pay to the Seller the Completion Payment in accordance with clause 6 (*Completion*) and paragraph 1 of Part B (*Purchaser's Obligations*) of Schedule 1 (*Completion Arrangements*).

3.5 Five Business Days prior to Completion, the Seller shall notify the Purchaser of:

(A) the Estimated Cash Value;

(B) the Estimated Debt Value; and

(C) the Estimated Working Capital.

3.6 The Seller's notification pursuant to clause 3.5 shall specify the amount of the Estimated Inter-Company Receivables which has been included in the Estimated Cash Value, the amount of the Estimated Inter-Company Payables which has been included in the Estimated Debt Value and, in respect of each amount, the relevant debtor and creditor for each Estimated Inter-Company Payable and Estimated Inter-Company Receivable.

3.7 Any payment made by either party under this Agreement shall (so far as possible) be treated as an adjustment to the consideration for the Shares to the extent of the payment, except when determining the amount of the Consideration for the purposes of clause 9.3 and paragraph 2 of Schedule 3 (*Limitations on the Seller's liability*).

4. **Conditions**

Conditions Precedent

4.1 The sale and purchase of the Shares is conditional upon the satisfaction of the following conditions, or their satisfaction subject only to Completion taking place:

(A) the Competition and Markets Authority (the " **CMA** "):

(i) having indicated in a response to a briefing note that it has no further questions at that stage in relation to the proposed acquisition of all or any of the Shares as envisaged by this Agreement (the " **Transaction** "); or

(ii) having provided the Purchaser with confirmation that the Transaction will not be subject to a reference under section 33 of the Enterprise Act 2002;

(B) if, prior to the satisfaction or waiver (as applicable) of clause 4.1(A) and 4.1(C) , a request to the European Commission is made by the competent authorities of one or more member states under Article 22(1) of Council Regulation EC 139/2004 (the " **Regulation** ") in relation to the Transaction or any part of it and is accepted by the European Commission:

(i) the European Commission issuing or having been deemed to have issued a decision that the Transaction or, if applicable, part of the Transaction is compatible with the common market pursuant to the Regulation; and

(ii) to the extent that one or more member states retain(s) jurisdiction over any part(s) of the Transaction, clearance from such Member State(s) in relation to such part(s) of the Transaction being obtained; and

(C) the Purchaser having obtained:

(i) confirmation from the Australian Competition and Consumer Commission (the " **ACCC** ") to the effect that the ACCC does not intend to conduct a public review, oppose or intervene in the Transaction; or

(ii) merger authorisation for the Transaction from the ACCC or the Australian Competition Tribunal, as the case may be.

Responsibility for Satisfaction

4.2 The Purchaser shall use reasonable endeavours to procure the satisfaction of the conditions set out in clauses 4.1(A) , 4.1(B) and 4.1(C) as soon as reasonably practicable, and in any event, before the Long Stop Date. For the avoidance of doubt, "reasonable endeavours" shall not require any undertakings or commitments to be offered or accepted (in the context of a remedies package for the relevant regulatory authority) that would have

a materially detrimental effect on either party's business such that it would be commercially unreasonable to the Purchaser (acting reasonably) to take such action. In particular, provided that the Seller promptly provides all information which is reasonably required by the Purchaser to the Purchaser, the Purchaser shall, as soon as possible and, in any event, by no later than 5:00 p.m. on 3 July 2019:

(A) submit to the CMA a briefing note with a view to satisfying the CMA that it has no questions at that stage; and

(B) submit to the ACCC a briefing note with a view to satisfying the ACCC that it does not intend to oppose the Transaction.

4.3 Without prejudice to clause 4.1 , the Seller and the Purchaser agree that all requests and enquiries from any government, governmental, supranational or trade agency, court or other regulatory body which relate to the satisfaction of the conditions set out in clause 4.1 (a " **Relevant Regulatory Authority** ") shall be dealt with by the Seller and the Purchaser in consultation with each other and the Seller and the Purchaser shall promptly co-operate with and provide all necessary information and assistance reasonably required by such government, agency, court or body upon being re-quested to do so by the other.

4.4 The Purchaser shall where practicable:

(A) promptly notify the Seller of any material communication (whether written or oral) from any Relevant Regulatory Authority;

(B) give the Seller reasonable notice of and reasonable opportunity to participate in all material meetings and telephone calls with any Relevant Regulatory Authority (except where the Relevant Regulatory Authority requests that the Seller should not participate in all or part of the meeting or the telephone call); and

(C) provide the Seller with drafts of all material written communications intended to be sent to any Relevant Regulatory Authority (excluding any information which is confidential to the Purchaser), give the Seller a reasonable opportunity to comment on them and take due consideration of any reasonable comments and provide the Seller with final copies of all such material communications (excluding information which is confidential to the Purchaser).

4.5 The Purchaser shall notify the Seller in writing of the satisfaction of the relevant conditions set out in clause 4.1 within one Business Day of becoming aware of the same. The condition set out in clause 4.1(B) shall be deemed to have been satisfied at the same time as the last of the conditions set out in clause 4.1(A) and 4.1(C) have been satisfied (or waived, as the case may be).

Non-Satisfaction/Waiver

4.6 The Purchaser may, at any time, waive in whole or in part and conditionally or unconditionally the conditions set out in clause 4.1 by notice in writing to the Seller.

4.7 If any of the conditions set out in clause 4.1 are not satisfied or waived by 5:00 p.m. on the Long Stop Date, either of the Seller or the Purchaser may, in its sole discretion, terminate this Agreement with immediate effect by delivering a written notice to the other party and, upon such termination becoming effective, neither the Seller nor the Purchaser shall have any claim against the other, save for any claim arising from a breach of any obligation contained in clause 4.1 .

5. **Pre-Completion Obligations**

The Seller's Obligations in Relation to the Conduct of Business

5.1 The Seller shall procure that, between the date of this Agreement and Completion, no member of the Hazel Group shall undertake any act or matter which is outside the ordinary course of the business of such Hazel Group member (as such business is carried on prior to the date of this Agreement), without the prior written consent of the Purchaser (such consent not to be unreasonably withheld or delayed).

5.2 Without prejudice to the generality of clause 5.1 and subject to clause 5.6 , the Seller shall procure that, between the date of this Agreement and Completion, each member of the Hazel Group shall not, without the prior written consent of the Purchaser (such consent not to be unreasonably withheld or delayed):

(A) enter into any material agreement or incur any material commitment involving any capital expenditure in excess of $500,000 per item and $2,000,000 in aggregate, in each case exclusive of VAT;

(B) enter into, amend or vary (in each case, in any material respect) or terminate any agreement, or incur any material commitment, in each case, which is not capable of being terminated without compensation at any time with 12 months' notice or less and which involves or may involve total annual expenditure in excess of $500,000, exclusive of VAT;

(C) acquire, or agree to acquire, any asset or incur any material commitment to do so in excess of $500,000, exclusive of VAT;

(D) enter into or amend any agreement involving consideration, expenditure or liabilities in excess of $500,000, exclusive of VAT;

(E) dispose of, or agree to dispose of, any material asset (including any Owned Intellectual Property) at below market value (in the opinion of the Seller, acting reasonably) or for consideration in excess of $500,000, exclusive of VAT;

(F) acquire or agree to acquire any share, shares or other interest in any company, partnership or other venture;

(G) incur any additional Borrowings or incur any other indebtedness in the nature of borrowings, in each case, in excess of $500,000;

(H) make any loan exceeding $50,000 (other than the granting of any trade credit in the ordinary course of business) to any person (other than another member of the Hazel Group);

(I) enter into any material guarantee, indemnity or other agreement to secure any obligation of a third party or create, or agree to create, any material Encumbrance over any of its assets (including any Owned Intellectual Property, subject to clause 5.2(Q)) or undertaking in any such case other than in the ordinary course of business;

(J) create, allot or issue any share capital or loan capital or any option to subscribe for the same or otherwise amend its capital or legal structure;

(K) declare, make or pay any dividend or other distribution to its shareholders;

(L) amend its articles of association or equivalent constitutional documents;

(M) institute or settle any legal proceedings in relation to claims exceeding $100,000, except for debt collection in the ordinary course of business;

(N) institute or settle any legal proceedings in relation to any Owned Intellectual Property;

(O) permit any Registered Owned IP to lapse as result of a failure to:

(i)pay any renewal fees that fall due; or

(ii)file any documents required to be submitted to any relevant authority for the registration of, or registry of, Intellectual Property, or fail to prosecute in the ordinary course of business any applications for any Registered Owned IP;

(P) assign or otherwise dispose of, or agree to assign or otherwise dispose of any Owned Intellectual Property;

(Q) grant any licence, or agree to grant any licence, in respect of, or create any Encumbrance over, or agree to create any Encumbrance over, Owned Intellectual Property, other than non-exclusive licences granted in the ordinary course of business;

(R) make:

(i)available under an open source licence or contribute to an open source project, any portion of:

(a)Proprietary Software; or

(b)Proprietary Tools; or

(c) any other software owned by any member of the Hazel Group that is material to the business of the Hazel Group; or

(ii) any use of any third party software (including any "open source software" or "free software") that would require any member of the Hazel Group to:

(a) disclose or distribute any source code of: (1) any Proprietary Software; or (2) other software owned by any member of the Hazel Group that is material to the business of the Hazel Group; or

(b) make available: (1) any Proprietary Software; or (2) other software owned by any member of the Hazel Group that is material to the business of the Hazel Group, in each case, under a licence authorising the creation of derivative works;

(S) save as required by law:

(i) make any material amendment to the terms and conditions of employment (including remuneration, pension entitlements and other benefits) of any Senior Employee (other than in the ordinary course of business);

(ii) provide or agree to provide any gratuitous payment or benefit to any Senior Employee or any of his or her dependants;

(iii) dismiss any Senior Employee, other than for gross or serious misconduct; or

(iv) induce any Senior Employee to terminate their employment;

(T) unless undertaken in order to comply with applicable law or the published practice of any Tax Authority:

(i) make any material change to any of its methods, policies, principles or practices of Tax accounting or methods of reporting or claiming income, losses, or deductions for Tax purposes;

(ii) enter into any material agreement with any Tax Authority, or amend in any material respect, terminate or rescind any material agreement with a Tax Authority that is in effect on the date of this Agreement;

(iii) make or amend any material claim, election or option relating to Tax; or

(iv) amend any Tax return in any material respect,

in each case, if any such matter or action could reasonably be expected to increase materially the Tax liabilities of or reduce materially the availability of Purchaser's Reliefs to the Hazel Group (in aggregate) following Completion; or

(U) make any entity classification election pursuant to US Treasury Regulation Section 301.7701-3 with respect to any member of the Hazel Group (and the Seller shall not make such an election with respect to any member of the Hazel Group); or

(V) make any material change to its accounting practices or policies except as required by law or regulation.

5.3 The Seller shall have complied with its obligations under clauses 5.1 to 5.2 if it:

(A) procures that Ecebs exercises its voting rights and other rights as shareholder of the Joint Ventures to vote against any resolution or proposal put to it in such capacity which is or would be inconsistent with the restrictions in clauses 5.1 and 5.2 ; and

(B) refrains from proposing any such action or matter which is or would be inconsistent with such restrictions.

5.4 The Seller shall procure that Ecebs shall not provide its consent under:

(A) clause 8 of the Accrington Joint Venture SHA in relation to the undertaking by Accrington Technologies Limited of the matters specified therein; and

(B) clause 8 of the Nevis Joint Venture SHA in relation to the undertaking by Nevis Technologies Limited of the matters specified in part 3 of the schedule to the Nevis Joint Venture SHA,

in each case, without the prior written consent of the Purchaser (such consent not to be unreasonably withheld or delayed).

Other Seller's Obligations

5.5 Without prejudice to the generality of clause 5.1 , between the date of this Agreement and Completion:

(A) the Seller shall maintain in force all of the insurance policies held exclusively by and for the benefit of the members of the Hazel Group and all insurance policies maintained by the Seller's Group under which any member of the Hazel Group is entitled to any benefit (whether directly or through a member of the Seller's Group);

(B) the Seller shall, and shall procure that the members of the Hazel Group (excluding the Joint Ventures) shall, in each case, provide the Purchaser and its agents (upon reasonable notice from the Purchaser and its agents) with reasonable access during Working Hours to the premises of the Seller or such Hazel Group member (as applicable) for the sole purpose of inspecting and copying all books, records and documents of or relating in whole or in part to the Hazel Group, provided that nothing in this clause 5.5(B) shall require the Seller to:

(i) disclose or provide access to any books, records and documents which: (i) are confidential to the activities of the Seller (otherwise than in relation to the members of the Hazel Group); (ii) are subject to legal privilege; and/or (iii) contain commercially sensitive information (if such information cannot be shared with the Purchaser prior to Completion in compliance with applicable laws and regulations); or

(ii) provide access to the premises of the Seller or Hazel Group member(s) (as applicable) if such access would be materially disruptive to the operation of its or their business;

(C) the Seller shall procure the transfer to Ecebs of each Transferring Domain Name and make available to Ecebs all passwords, logins and access details in respect of the management and control of each Transferring Domain Name;

(D) the Seller shall use reasonable endeavours to procure the novation of:

(i) the White Box Contract from the Seller to a member of the Hazel Group;

(ii) the Crossbow Contract from Rambus Chip Technologies (India) Private Limited to a member of the Hazel Group; and

(iii) if a member of the Seller's Group is party to the AWS Contract and/or the Pulsant Contract, the AWS Contract and/or the Puslant Contract (as applicable) to a member of the Hazel Group,

and, in each case, if the Seller is unable to procure such novation by the Completion Date, the Seller shall procure the assignment of the benefits of:

(a) the White Box Contract from the Seller to a member of the Hazel Group;

(b) the Crossbow Contract from Rambus Chip Technologies (India) Private Limited to a member of the Hazel Group; and

(c) if a member of the Seller's Group is party to the AWS Contract and/or the Pulsant Contract, the AWS Contract and/or the Puslant Contract (as applicable) to a member of the Hazel Group,

and, in each case, in such manner as does not negatively affect the Hazel Group as a result of any substantive changes to the terms of the White Box Contract, the Crossbow Contract, the AWS Contract and/or the Puslant Contract (as applicable). The Seller shall provide the Purchaser with the legal instruments giving effect to either the novation of, or the assignment of the benefit of, the White Box Contract, the Crossbow Contract, the AWS Contract and/or the Pulsant Contract (as applicable), in each case, pursuant to this clause 5.5(D) ; and

(E) the Seller shall use reasonable endeavours to procure that no member of the Hazel Group nor any of its directors, officers, employees nor, insofar as it is reasonably

practicable to do so, its Associated Persons or any other person acting on any member of the Hazel Group's behalf, will engage in any activity or conduct that would result in a violation of:

(i) any Anti-Corruption Laws;

(ii) any applicable laws or regulations relating to anti-money laundering; or

(iii) any applicable laws relating to export controls or economic or trade sanctions, including the laws or regulations implemented by the Office of Foreign Assets Controls of the United States Department of the Treasury and any similar laws or regulations in other jurisdictions.

Exceptions to Seller's Obligations in Relation to the Conduct of Business

5.6 Clauses 5.1 to 5.5 shall not operate so as to prevent or restrict:

(A) any action or matter which is reasonably undertaken by any member of the Hazel Group in an emergency or disaster situation with the intention of minimising any adverse effect of such situation in relation to that member of the Hazel Group, the Hazel Group as a whole or the Seller's Group;

(B) any action or matter which is required to give effect to and comply with the Transaction Documents;

(C) any assignment or other transfer of any Relevant Rights from a member of the Hazel Group to a member of the Seller's Group;

(D) any action or matter which is required to be undertaken by one or more Hazel Group members to enable such Hazel Group member(s) or any one or more members of the Seller's Group to comply with applicable legal or regulatory requirements (including the requirements of any governmental or regulatory authority or Tax Authority);

(E) any action or matter from being undertaken at the written request of the Purchaser,

provided, in each case, that the Seller shall:

(i) notify the Purchaser in writing as soon as reasonably practicable of any action or matter described in this clause 5.6 which is undertaken or (to the extent reasonably practicable) which is proposed to be undertaken;

(ii) provide to the Purchaser all such information as the Purchaser may reasonably request in connection with such action or matter; and

(iii) in respect of any such proposed action or matter, shall use reasonable endeavours to consult with the Purchaser prior to undertaking such action or matter,

and further provided that nothing in this clause 5.6 shall require the Seller to provide to the Purchaser or otherwise disclose information which:

(a) is confidential to the activities of the Seller (otherwise than in relation to the members of the Hazel Group);

(b) is subject to legal privilege; and/or

(c) is commercially sensitive (if such information cannot be shared with the Purchaser prior to Completion in compliance with applicable laws and regulations).

Employment matters

5.7 The parties shall comply with their obligations in relation to employment matters as set out in Schedule 7 (*Employees*).

6. **Completion**

6.1 Completion shall take place at 5:00 p.m. at the offices of the Seller's Solicitors at One Bunhill Row, London, EC1Y 8YY on the tenth Business Day after the later of:

(A) the date on which all of the conditions set out in clause 4.1 have been satisfied (or deemed to have been satisfied) or waived, as applicable, in accordance with this Agreement; or

(B) if a Fundamental Warranty Breach has occurred, the date by which that Fundamental Warranty Breach may have been remedied by the Seller as contemplated by, and without prejudice to the rights of the Purchaser under, clause 8.5 ,

or at such other time and place as the Seller and the Purchaser may agree in writing.

6.2 At Completion the Seller shall do those things listed in Part A (*Seller's Obligations*) of Schedule 1 (*Completion Arrangements*) and the Purchaser shall do those things listed in Part B (*Purchaser's Obligations*) of Schedule 1 (*Completion Arrangements*). Completion shall take place in accordance with Part C (*General*) of Schedule 1 (*Completion Arrangements*).

6.3 Neither the Purchaser nor the Seller shall be obliged to complete the sale and purchase of any of the Shares unless the sale and purchase of all of the Shares is completed simultaneously.

6.4 If the respective obligations of the Seller and/or the Purchaser under clause 6.2 and Schedule 1 (*Completion Arrangements*) are not complied with on the Completion Date, the Purchaser (in the case of non-compliance by the Seller) or, as the case may be, the Seller (in the case of non-compliance by the Purchaser) may, by delivering a written notice to the other party on the Completion Date and without limiting any party's right to claim damages:

(A) defer Completion (so that the provisions of this clause 6 shall apply to Completion as so deferred);

(B) proceed to Completion as far as practicable (without limiting its rights under this Agreement); or

(C) terminate this Agreement with respect to the sale and purchase of the Shares by notice in writing to the other party.

6.5 If this Agreement is terminated in accordance with clause 6.4 (and without limiting any party's right to claim damages), all obligations of the Seller and the Purchaser under this Agreement shall end (except under the provisions of the Surviving Clauses, but (for the avoidance of doubt) all rights and liabilities of the parties which have accrued before termination shall continue to exist.

6.6 Payment by or on behalf of the Purchaser for the amount stated in clause 3 (*Consideration*) in accordance with paragraph 1 of Part B (*Purchaser's Obligations*) of Schedule 1 (*Completion Arrangements*) shall constitute payment of the consideration for the Shares and shall discharge the obligations of the Purchaser under clause 2 (*Sale and purchase*).

6.7 The provisions of Schedule 5 (*Tax Covenant*) shall have effect from Completion.

7. **Obligations after Completion**

Completion Accounts

7.1 Following Completion, the parties shall comply with their respective obligations in Schedule 4 (*Completion Accounts*).

Transitional Services

7.2 Following Completion, the parties shall comply with their respective obligations in Schedule 6 (*Transitional Services*).

Miscellaneous

7.3 As soon as practicable after the Completion Date, the Purchaser shall procure that:

(A) the minute books and registers of the Company and each other member of the Hazel Group are written up to reflect all matters required to be recorded therein arising in connection with the sale and purchase of the Shares and the other matters contemplated by this Agreement; and

(B) all documents and other information required to be filed or provided to any relevant regulatory authority or governmental body by applicable laws in connection with the sale and purchase of the Shares and the other matters contemplated by this Agreement are duly filed or provided.

7.4 If, after Completion, a member of the Seller's Group receives any written correspondence that the Seller is aware is intended for any one or more members of the Hazel Group, the Seller shall (or shall procure that the relevant member(s) of the Seller's Group shall) provide a copy thereof to the Purchaser as soon as reasonably practicable after it becomes aware thereof.

7.5 As soon as practicable after the Completion Date and in any event no later than the date falling 90 days after the Completion Date, the Seller shall procure that the Registered IP Documents are delivered to the Purchaser or to a person nominated by the Purchaser.

7.6 For a period of six years commencing on the Completion Date, the Purchaser shall provide each member of the Seller's Group with reasonable access to its premises to inspect and copy all books and records of each member of the Hazel Group (or, if practicable, the relevant parts of those books and records) which are required by any one or more members of the Seller's Group for the sole purpose of enabling it or them to:

(A) deal with its or their Tax, accounting and insurance affairs; and/or

(B) comply with any regulatory or statutory duty and/or its or their obligations under the Transaction Documents,

and, accordingly, the Purchaser shall retain such books and records for a period of six years commencing on the Completion Date and, upon being given reasonable notice by the relevant member of the Seller's Group and subject to the relevant member of the Seller's Group giving such confidentiality undertakings as the Purchaser may reasonably require, procure that such books and records are made available to the relevant member of the Seller's Group for inspection and copying during Working Hours for such purpose, provided that nothing in this clause 7.6 shall require the Purchaser to provide such access if it would result in:

(i) the breach of any binding obligations of confidentiality to which a member of the Purchaser's Group is a party;

(ii) the loss of legal advice privilege or attorney-client privilege; or

(iii) the breach of applicable law or regulation.

7.7 For a period of six years commencing on the Completion Date, the Seller shall provide each member of the Purchaser's Group with reasonable access to its premises to inspect and copy all books and records of each member of the Seller's Group (or, if practicable, the relevant parts of those books and records) which are required by any one or more members of the Purchaser's Group for the sole purpose of enabling it or them to:

(A) deal with its or their Tax, accounting and insurance affairs; and/or

(B) comply with any regulatory or statutory duty and/or its or their obligations under the Transaction Documents,

and, accordingly, the Seller shall retain such books and records for a period of six years commencing on the Completion Date and, upon being given reasonable notice by the

relevant member of the Purchaser's Group and subject to the relevant member of the Purchaser's Group giving such confidentiality undertakings as the Seller may reasonably require, procure that such books and records are made available to the relevant member

of the Purchaser's Group for inspection and copying during Working Hours for such purpose, provided that nothing in this clause 7.7 shall require the Purchaser to provide such access if it would result in:

(i) the breach of any binding obligations of confidentiality to which a member of the Seller's Group is a party;

(ii) the loss of legal advice privilege or attorney-client privilege; or

(iii) the breach of applicable law or regulation.

7.8 The Seller acknowledges that certain of the Listed Employees have been awarded transaction and/or retention bonuses (together, the " **Cash Bonuses** "). The Seller undertakes to pay and discharge all amounts and deliver all incentives when due to any employee of a member of the Hazel Group pursuant to the Cash Bonuses in accordance with their terms and the Seller indemnifies the Purchaser and the members of the Hazel Group on an ongoing after-Tax basis against any and all cost (including in relation to any Tax liability) in relation to such Cash Bonuses.

7.9 The Seller agrees that the Purchaser may make such elections under Section 338(g) of the US Internal Revenue Code of 1986, as amended (or corresponding or similar election under US state or local law) (such an election, a " **Section 338 Election** ") with respect to the acquisition of the Company and the other members of the Hazel Group pursuant to this Agreement as Purchaser determines may be desirable in its sole discretion. In the event that the Purchaser makes such a Section 338 Election, the Purchaser shall prepare schedules allocating the purchase price (as determined for US federal income tax purposes) among the assets of the Company and the relevant portion of such purchase price among each other member of the Hazel Group with respect to which a Section 338 Election is made (the " **Allocation Schedules** "). The Allocation Schedules shall be binding on the Seller and the Purchaser. The Seller and the Purchaser shall, and shall (to the extent they are able) procure that the Company shall, file all Tax returns and otherwise report the acquisition of the Hazel Group pursuant to this Agreement in a manner consistent with each such Allocation Schedules.

8. **Seller Warranties**

8.1 The Seller warrants to the Purchaser that each of:

(A) the Seller Warranties is true and accurate as at the date of this Agreement; and

(B) the Fundamental Warranties and the Compliance Warranties will be true and accurate at Completion as if they had been repeated at Completion by reference to the facts and circumstances subsisting at that time and on the basis that any express or implied reference in any such Seller Warranty to the date of this Agreement shall be substituted by a reference to the Completion Date.

8.2 Each of the Seller Warranties shall be construed as separate and independent and (except where expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other Seller Warranty.

8.3 The Purchaser shall not be entitled to claim that any fact, matter or circumstance causes any of the Seller Warranties to be breached if it has been Fairly Disclosed:

(A) in the Signing Disclosure Letter (or in any document referred to in the Signing Disclosure Letter or delivered or deemed to be delivered with it); or

(B) in the Completion Disclosure Letter (or in any document referred to in the Completion Disclosure Letter or delivered or deemed to be delivered with it), save that any disclosure made against a Fundamental Warranty in the Completion Disclosure Letter shall not preclude or otherwise restrict in any way whatsoever the Purchaser's right to terminate this Agreement pursuant to clause 8.5 .

8.4 The liability of the Seller in respect of any claim made under any Seller Warranty shall be subject to the limitations set out in clause 10 (*Purchaser's remedies and Seller's limitations on liability*).

Termination Rights

8.5 If, at any time prior to Completion, any matter, event or circumstance occurs which causes or would cause the Seller to be in breach of any Fundamental Warranty if such Fundamental Warranty was repeated at such time (a " **Fundamental Warranty Breach** ") and such breach is not remedied to the satisfaction of the Purchaser (acting reasonably) by the date which is the earlier of the date which is 30 days after the occurrence of such matter, event or circumstance or the date which falls 5 days prior to the Long Stop Date, the Purchaser may (without prejudice to the Purchaser's right to claim damages or other compensation), by notice in writing to the Seller, terminate this Agreement (other than the Surviving Clauses) with immediate effect.

8.6 Any failure by the Purchaser to exercise its right to terminate this Agreement under clause 8.5 shall not constitute a waiver of any other rights of the Purchaser arising out of any breach of any Seller Warranty referred to in clause 8.5 .

Notification

8.7 If, at any time prior to Completion, the Seller becomes aware of a Fundamental Warranty Breach, the Seller shall notify the Purchaser in writing as soon as practicable and in any event prior to Completion, setting out reasonable details of the matter in such notification. Any notification given pursuant to this clause 8.7:

(A) shall not operate as a disclosure against any of the Fundamental Warranties (and the Fundamental Warranties shall not be subject to such notification); and

(B) for the avoidance of doubt, shall be without prejudice to the rights of the Purchaser under clause 8.5 .

9. **Purchaser's warranties and undertakings**

9.1 The Purchaser warrants to the Seller that each of the Purchaser Warranties:

(A) is true and accurate as at the date of this Agreement; and

(B) will be true and accurate at Completion as if they had been repeated at Completion by reference to the facts and circumstances subsisting at that time and on the basis that any express or implied reference in any such Purchaser Warranty to the date of this Agreement shall be substituted by a reference to the Completion Date.

9.2 Each of the Purchaser Warranties shall be construed as separate and independent and (except where expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other Purchaser Warranty.

9.3 The total aggregate liability of the Purchaser under Schedule 5 (*Tax Covenant*) (including all legal and other costs and expenses) shall not in any event exceed an amount equal to the Consideration.

9.4 No claim shall be brought against the Purchaser under paragraph 12.2 of Schedule 5 (*Tax Covenant*) after the date falling three months after the sixth anniversary of the Completion Date.

10. **Purchaser's remedies and Seller's limitations on liability**

The liability of the Seller in respect of any claim under this Agreement or any other Transaction Document shall be subject to the limitations set out in Schedule 3 (*Limitations on the Seller's liability*).

11. **Intellectual Property and Business Information**

11.1 If, within a period of 6 months following Completion, any member of the Seller's Group, or any member of the Purchaser's Group or the Hazel Group, identifies any Relevant Rights owned by a member of the Hazel Group after Completion, the Seller (for Relevant Rights identified by a member of the Seller's Group) or the Purchaser (for Relevant Rights identified by a member of the Purchaser's Group or the Hazel Group) shall notify the other of the discovery of the Relevant Rights and such notice shall specify any materials in which any Relevant Rights subsist that are in the possession, or control, of a member of the Hazel Group (" **Relevant Rights Materials** ") and the Purchaser shall procure that such Relevant Rights are transferred to the Seller or a company nominated by the Seller for nominal consideration as soon as practicable after becoming aware of the ownership of such rights, unless the Seller confirms to the Purchaser that it does not require the transfer of the Relevant Rights, and the Seller shall indemnify the Purchaser and the relevant member of the Hazel Group on an after Tax basis against any reasonable and demonstrable costs properly incurred thereby (including any Tax payable, or that would be payable but for the use of any Purchaser's Relief, in connection with that transfer).

11.2 Unless the Seller has confirmed to the Purchaser that it does not require the transfer of the Relevant Rights or the Purchaser has otherwise agreed with the Seller, within 10

Business Days of the transfer of the ownership of the Relevant Rights pursuant to clause 11.1 , if a member of the Hazel Group does possess, or control the possession of, any Relevant Rights Materials, the Purchaser shall procure that:

(A) a copy of those Relevant Rights Materials are provided to the Seller; and

(B) those Relevant Rights Materials are permanently (where reasonably practicable) deleted or destroyed,

and the Purchaser shall certify in writing to the Seller that the Purchaser has complied with its obligations under this clause 11.2 .

11.3 The Seller hereby grants, and shall procure the grant by each other relevant member of the Seller's Group, in each case, to the Purchaser (with effect from Completion) a non-exclusive, perpetual, irrevocable, worldwide, freely assignable, royalty-free licence (with the right to sub-license) of all Intellectual Property and rights in Business Information owned by the Seller or any other member of the Seller's Group on Completion and which in the 12 months prior to Completion have been used in relation to the business of the Hazel Group (excluding all: (i) Seller Marks (including, for the avoidance of doubt, the name "RAMBUS" and the "R" logo (as represented by US trade mark registration no. 78377408)); and (ii) any Information Technology systems owned or used by, or for the benefit of, the Seller's Group, including any Intellectual Property and rights in Business Information relating to any services provided to, or licensed to, the Purchaser as Transitional Services).

11.4 The Purchaser shall procure the grant by each relevant member of the Hazel Group, in each case, to the Seller (with effect from Completion) a non-exclusive, perpetual, irrevocable, worldwide, freely assignable, royalty-free licence (with the right to sub-license) of all Owned Intellectual Property owned by any member of the Hazel Group on Completion and which in the 12 months prior to Completion have been used in relation to the business of the Seller's Group (excluding any Intellectual Property or rights in Business Information subsisting in, or otherwise protecting, any Proprietary Software, Proprietary Tools or Hazel Marks (and other trade marks owned at Completion by any member of the Hazel Group)).

11.5 Each of the Purchaser and the Seller shall procure the termination (with effect from Completion) of all licences (implied or otherwise) of any Intellectual Property or rights in Business Information between, on the one hand, any one or more members of the Seller's Group, and on the other hand, any one or more members of the Hazel Group (excluding any licences granted pursuant to clause 11.3 or clause 11.4 .

11.6 The Purchaser acknowledges and agrees that nothing in this Agreement shall transfer or license, or shall operate as an agreement to transfer or license, any right, title or interest in or to any Seller Mark (including, for the avoidance of doubt, the name "RAMBUS" or the "R" logo (as represented by US trade mark registration no. 78377408)). Further, subject to clause 11.7 , the Purchaser shall:

(A) not, and shall procure that no member of the Purchaser's Group (including the Hazel Group) shall, following Completion, hold itself out as being part of or in any way connected with the Seller's Group; and

(B) procure that the Hazel Group shall, as soon as reasonably practicable after the Completion Date and in any event within four months following the Completion Date (the " **Rebrand Date** "), destroy or delete all Seller Marks (including, for the avoidance of doubt, the name "RAMBUS" and the "R" logo (as represented by US trade mark registration no. 78377408)) from all existing stocks, marketing literature, stationery, buildings, signage and other publicly-facing materials in the possession or control of the members of the Hazel Group. For the avoidance of doubt, continued use of the Seller Marks until the Rebrand Date shall be limited to use in connection with the business of the Hazel Group only.

11.7 The Seller acknowledges and agrees that no member of the Purchaser's Group shall be obliged to remove any Seller Marks (including, for the avoidance of doubt, the name "RAMBUS" and the "R" logo (as represented by US trade mark registration no. 78377408)) from or destroy:

(A) any executed agreements, or copies thereof, in existence prior to the Rebrand Date;

(B) any materials, or copies thereof, in existence and issued to customers prior to the Rebrand Date; or

(C) any non-customer- or public-facing documents in existence prior to the Rebrand Date that are used for internal purposes only,

provided always that the Purchaser shall use reasonable endeavours not to attach any Seller Mark (including, for the avoidance of doubt, the name "RAMBUS" or the "R" logo (as represented by US trade mark registration no. 78377408)) to any such agreement, materials or documents created after the Completion Date and prior to the Rebrand Date.

11.8 Without prejudice to clause 11.6 and the trade mark rights of the Seller's Group, the Purchaser shall procure that for:

(A) a minimum period of five years following Completion; and

(B) thereafter, for so long as any member of the Seller's Group continues to retain an ownership interest in the relevant Seller Mark (including, for the avoidance of doubt, the name "RAMBUS" and the "R" logo (as represented by US trade mark registration no. 78377408)),

no member of the Purchaser's Group (including the Hazel Group) shall use that Seller Mark in the business of the Hazel Group, any extensions or developments thereto, or in a business which competes with any business of the Seller or any member of the Seller's Group in which that Seller Mark is used, provided that, this clause 11.8 shall not prevent or restrict any member of the Purchaser's Group from making any use of a Seller Mark that does not constitute trade mark infringement or passing-off or from making use of the Seller Marks (excluding any logos, designs or stylised versions of the Seller Marks) when accurately describing, in factual announcements and reports (but not customer marketing or promotional materials unless agreed otherwise by the Seller and the Purchaser), any member of the Hazel Group as having formerly formed part of the Seller's Group.

12. **Restrictions on the Seller**

12.1 The Seller undertakes to the Purchaser that it shall not, and shall procure that no member of the Seller's Group shall, in each case, directly or indirectly and during the Restricted Period:

(A) carry on, be engaged in or be economically interested in any business which operates in the Restricted Territory and which is the same as, or materially similar to, the business of the Hazel Group as is carried on as at the date of this Agreement and which is or is reasonably likely to be in competition with the business of the Hazel Group as is carried on as at the date of this Agreement;

(B) in competition with the business of the Hazel Group as is carried on as at the date of this Agreement, canvass or solicit the custom of any person, firm or company who or which has within two years prior to the date of this Agreement been a regular customer of the Hazel Group in relation to the business of the Hazel Group in the Restricted Territory as is carried on as at the date of this Agreement; or

(C) solicit or entice away from the employment with the Purchaser's Group any present Restricted Employee to become employed whether as employee, consultant or otherwise by any member of the Seller's Group, whether or not such Restricted Employee would thereby commit a breach of his or her contract of employment or contract of service with a member of the Hazel Group.

Exceptions

12.2 The restrictions in clause 12.1 shall not operate to prohibit any member of the Seller's Group from:

(A) carrying on, being engaged in or being economically interested in any business which is or would be the same as, or materially similar to, the business of the Hazel Group after such time as the Purchaser's Group ceases to carry on or be engaged in or economically interested in the business carried on by the Hazel Group;

(B) holding or being interested in up to five per cent. (5%) of the outstanding issued share capital of a company listed on any recognised stock exchange;

(C) considering or accepting an application made by any Restricted Employee solely on his or her own initiative or in response to an advertisement of a post available to the public generally (in each case, for the avoidance of doubt, without any inducement or encouragement from the Seller or any other member of the Seller's Group);

(D) the recruitment of a Restricted Employee through an employment agency (provided that no member of the Seller's Group encourages or advises such agency to approach any Restricted Employee); or

(E) fulfilling any obligation set out in this Agreement and any agreement to be entered into pursuant to this Agreement.

12.3 The Seller agrees that the restrictions contained in this clause 12 are reasonable and necessary for the protection of the interests of the Purchaser and the Hazel Group (but if any such restriction shall be held to be void, but would be valid and enforceable if deleted in part or reduced in application, such restriction shall be deemed to apply with such deletion or modification as may be necessary to make it valid and enforceable).

Interpretation

12.4 The following terms shall have the following meanings respectively in this clause 12 :

(A) " **Restricted Employee** " means any Listed Employee from time to time who, on the date of this Agreement: (i) has access to material trade secrets or other confidential information of the Hazel Group; (ii) has participated in discussions relating to the transactions contemplated by this Agreement; and/or (iii) is a Senior Employee;

(B) " **Restricted Period** " means the period of two years commencing on the Completion Date (or such shorter period of time as may be legally binding on the Seller pursuant to applicable law); and

(C) " **Restricted Territory** " means a territory in which: (i) the Hazel Group carries on or is engaged in any business; or (ii) the Hazel Group is economically interested in carrying on a business, in each case, as at the date of this Agreement.

13. **Insurance**

13.1 Subject to Schedule 6 (*Transitional Services*), the Purchaser acknowledges and agrees that the Seller shall be entitled to arrange for all insurance provided by any member of the Seller's Group in relation to the Hazel Group (whether under policies maintained with third party insurers or other members of the Retained Group) to cease upon Completion, provided that it shall not cancel with retrospective effect any 'occurrence-based' insurance provided by any member of the Seller's Group under which a member of the Hazel Group continues to be insured.

13.2 With respect to any claim made before the Completion Date by or on behalf of any member of the Hazel Group under any insurance provided by any member of the Seller's Group, if and to the extent that:

(A) the member of the Hazel Group (or any member of the Purchaser's Group on behalf of that member of the Hazel Group) has not been indemnified prior to the Completion Date in respect of the losses in respect of which the claim was made; or

(B) the losses in respect of which the claim was made have not been taken into account in: (i) the Accounts; or (ii) the Completion Accounts and reduced the Working Capital accordingly,

the Seller shall use reasonable endeavours to, after the Completion Date, recover all monies due from insurers in connection with such claim and shall pay any monies actually received in connection with such claim (after taking into account any deductible under the Seller's insurance policies and less any Tax suffered on the proceeds and any reasonable out of pocket expenses suffered or incurred by the Seller or any member of the Seller's Group in connection with the claim) to the Purchaser or, at the Purchaser's written direction, the relevant member of the Hazel Group as soon as practicable after receipt.

14. **Effect of Completion**

Any provision of this Agreement which is capable of being performed after but which has not been performed on or before Completion, and all warranties and covenants and other undertakings contained in or entered into pursuant to this Agreement, shall remain in full force and effect notwithstanding Completion.

15. **Remedies and waivers**

15.1 Except as provided in Schedule 3 (*Limitations on the Seller's liability*), no delay or omission by any party to this Agreement in exercising any right, power or remedy provided by law or under this Agreement or any other documents referred to in it shall:

(A) affect that right, power or remedy; or

(B) operate as a waiver of it.

15.2 Except as provided in Schedule 3 (*Limitations on the Seller's liability*), the single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not, unless otherwise expressly stated, preclude any other or further exercise of it or the exercise of any other right, power or remedy.

16. **Assignment**

16.1 Except as permitted by clause 16.2 , no party shall, without the prior written consent of the other parties:

(A) assign, or purport to assign, all or any part of the benefit of, or its rights or benefits under, this Agreement or the other Transaction Documents (together with any causes of action arising in connection with any of them);

(B) make a declaration of trust in respect of or enter into any arrangement whereby it agrees to hold in trust for any other person all or any part of the benefit of, or its rights or benefits under, this Agreement or the other Transaction Documents;

(C) transfer (including by way of novation) or charge any of its rights and obligations under, or create or dispose of any interest in, this Agreement or the other Transaction Documents; or

(D) sub-contract or enter into any agreement whereby another person would be required to perform any or all of its obligations under this Agreement or the other Transaction Documents.

16.2 Either party may, without the consent of the other party, assign (in whole or in part) to any of its Affiliates the rights and benefits arising under this Agreement or the other Transaction Documents, provided that if the assignee ceases to be an Affiliate of that party, that party shall, prior to such assignee ceasing to be so, procure that such assignee shall assign such rights and benefits, so far as assigned to it, back to that party or to another Affiliate of that party, as the case may be. Any such assignee shall not be entitled to receive under this Agreement or the other Transaction Documents (as applicable) any greater amount than that to which the assigning party would have been entitled to receive had such assignment not taken place.

17. **Entire agreement**

17.1 The Transaction Documents constitute the whole and only agreement between the parties relating to the sale and purchase of the Shares.

17.2 Each party acknowledges and agrees that:

(A) in entering into the Transaction Documents, it is not relying on any pre- contractual statement, representation, warranty or undertaking made by or on behalf of another party which is not expressly repeated in the Transaction Documents;

(B) it shall have no right of action against any other party to this Agreement arising out of or in connection with any pre-contractual statement, except to the extent that it is expressly repeated in this Agreement;

(C) except as otherwise expressly provided for in the Transaction Documents, its only right or remedy in connection with this Agreement or any other Transaction Document shall be for breach of contract to the exclusion of all other rights and remedies (including, for the avoidance of doubt, those for misrepresentation); and

(D) except as otherwise expressly set out in the Transaction Documents, all warranties implied by law in any jurisdiction (whether by statute, or otherwise) are excluded to the fullest extent permitted by law or, if incapable of exclusion, any rights or remedies in relation to them are irrevocably waived,

provided that nothing in this clause 17.2 shall exclude or limit any liability for (or any remedy in respect of) fraud.

17.3 For the purposes of this clause 17 (*Entire agreement*), " **pre-contractual statement** " means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of the Transaction Documents and which is made or given by any person at any time prior to the date of this Agreement.

17.4 If there is any conflict between the terms of this Agreement and any of the other Transaction Documents, this Agreement shall prevail (as between the parties to this Agreement and as between any members of the Seller's Group, on the one hand, and any members of the Purchaser's Group, on the other hand).

18. **Notices**

18.1 A notice under this Agreement shall only be effective if it is in writing. E-mail is permitted.

18.2 Notices under this Agreement shall be sent to a party at its address and for the attention of the individual set out below:

Party and title of individual	Address	For the attention of	E-mail address
Rambus Inc.	1050 Enterprise Way, Suite 700, Sunnyvale, CA 94089 (registered number 2713545)	Jae Kim	jaekim@rambus.com
Visa International Service Association	900 Metro Center Boulevard, Foster City, CA 94404	General Counsel	LegalNotice@visa.com

18.3 A party may change its notice details on giving notice to the other party of the change in accordance with this clause 18 (*Notices*). That notice shall only be effective on the day falling five clear Business Days after the notification has been deemed to be received in accordance with clause 18.4 or such later date as may be specified in the notice.

18.4 Any notice given under this Agreement shall, in the absence of earlier receipt, be deemed to have been duly given as follows:

(A) if delivered personally, on delivery;

(B) if sent by first class inland post, two clear Business Days after the date of posting;

(C) if set by airmail, six clear Business Days after the date of posting; and

(D) if sent by e-mail, when sent (provided that notice shall be deemed to have not been given if the sender receives an automated message stating that the email has not been delivered to the recipient).

18.5 Any notice given under this Agreement outside Working Hours in the place to which it is addressed shall be deemed not to have been given until the start of the next period of Working Hours in such place.

18.6 The provisions of this clause 18 (*Notices*) shall not apply in relation to the service of Service Documents.

19. **Confidentiality and announcements**

19.1 Each party shall treat as confidential all information received or obtained as a result of entering into or performing its obligations under the Transaction Documents which relates to:

(A) the subject matter of this Agreement;

(B) the provisions of this Agreement and the other Transaction Documents;

(C) the negotiations relating to this Agreement and the other Transaction Documents; or

(D) the other parties (including, in the case of the Seller, the other members of the Seller's Group and in the case of the Purchaser, the other members of the Purchaser's Group),

and each party shall not use or disclose (including by way of announcement to the public) such confidential information (and shall procure the same in relation to its Affiliates) except as permitted by the remaining provisions of this clause 19 (*Confidentiality and announcements*).

19.2 Notwithstanding the provisions of clause 19.1 , a party may, subject to clause 19.3 , disclose or use any such confidential information:

(A) if required by applicable laws or for the purposes of any Proceedings;

(B) if required or requested by any securities exchange or regulatory or governmental body or any Tax Authority to which that party or any of its Affiliates is subject or submits, wherever situated, whether or not the requirement or request for information has the force of law;

(C) to any Tax Authority in connection with the Tax affairs of the disclosing party or any of its Affiliates;

(D) in order to enable a determination to be made by the Expert under this Agreement;

(E) to its professional advisers, auditors and bankers provided that such persons have a duty to keep such information confidential;

(F) if the information has come into the public domain through no fault of that party; or

(G) if the other parties have given their prior written consent to the disclosure, such consent not to be unreasonably withheld or delayed.

19.3 Notwithstanding the provisions of clause 19.1 , the Seller (and its Affiliates) and the Purchaser (and its Affiliates) may make an announcement in relation to its entry into the Transaction Documents and the matters contemplated thereby provided that such announcement is, prior to its release, in the form agreed by the other parties, each acting reasonably.

19.4 If a party is required to disclose confidential information pursuant to clauses 19.2(A) or 19.2(B) , that disclosure shall only be made after prior consultation with the other parties

(unless such consultation is not permitted by applicable laws or regulation or is not practicable in the relevant circumstances).

19.5 The Confidentiality Agreement shall continue in full force and effect notwithstanding execution of this Agreement and shall terminate on Completion without prejudice to any accrued rights and liabilities.

19.6 The restrictions contained in this clause 19 (*Confidentiality and announcements*) shall continue to apply after Completion or the termination of this Agreement without limit in time.

20. **Costs and expenses**

Except as otherwise stated in this Agreement or the other Transaction Documents, each party shall pay its own costs and expenses in relation to the negotiations leading up to the sale and purchase of the Shares and the preparation, execution and carrying into effect of this Agreement, the other Transaction Documents and all other documents referred to in this Agreement and the other Transaction Documents.

21. **VAT**

If any payment under this Agreement (except any payment under Schedule 6 (*Transitional Services*)) constitutes the consideration for a taxable supply for VAT purposes, then (i) the recipient shall provide to the payer a valid VAT invoice, and (ii) except where the reverse charge procedure applies, and subject to the provision of a valid VAT invoice in accordance with (i), in addition to that payment the payer shall pay to the recipient an amount equal to any VAT due by the recipient.

22. **Deductions and withholdings**

22.1 All sums payable under this Agreement shall be paid free and clear of all deductions, withholdings whatsoever save only as may be required by law. If any deductions or withholdings are required by law from any sum payable under this Agreement (except any sums payable under Schedule 5 (*Tax Covenant*)), the payer shall make that payment after such deduction or withholding and account to the relevant Tax Authority for the amount so required to be deducted or withheld and shall not be required to pay any additional amounts to the recipient of the relevant payment as a result of or in respect of that deduction or withholding.

22.2 Except where expressly specified in this Agreement, all sums payable under this Agreement shall be paid without any set-off, counterclaim, restriction or condition.

23. **Further assurance**

Each party shall, from Completion, execute or procure the execution of such further documents and perform such acts and things as may reasonably be required by either party to implement and give effect to this Agreement.

24. **Invalidity**

If at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, such illegality, invalidity and/or unenforceability shall not affect or impair:

(A) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or

(B) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

25. **Counterparts**

25.1 This Agreement may be executed in any number of counterparts, and by the parties to it on separate counterparts, but shall not be effective until each party has executed at least one counterpart.

25.2 Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

26. **Variation**

This Agreement may only be varied in writing signed by each of the parties. For this purpose, a variation to this Agreement shall include any addition, deletion, supplement or replacement, howsoever effected.

27. **Contracts (Rights of Third Parties) Act 1999**

27.1 Clauses 7.6 and 7.7 of this Agreement and paragraph 8.1 of Schedule 5 (*Tax Covenant*) (the " **Third Party Rights Provisions** ") each confers a benefit on certain persons named therein who are not a party to this Agreement (each, for the purposes of this clause 27 (*Contracts (Rights of Third Parties) Act 1999*), a " **Third Party** ") and, subject to the remaining provisions of this clause 27 (*Contracts (Rights of Third Parties) Act 1999*), is intended to be enforceable by the relevant Third Party by virtue of the Contracts (Rights of Third Parties) Act 1999.

27.2 The parties to this Agreement do not intend that any term of this Agreement, apart from the Third Party Rights Provisions, should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

27.3 Notwithstanding the provisions of clause 27.2 , this Agreement may (subject to the other provisions of this Agreement) be rescinded or varied in any way and at any time by the parties to this Agreement without the consent of any Third Party beneficiary.

27.4 The provisions of this clause 27 (*Contracts (Rights of Third Parties) Act 1999*) shall not apply to Schedule 6 (*Transitional Services*).

28. **Choice of governing law**

This Agreement is to be governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

29. **Jurisdiction**

29.1 The courts of England are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, arising out of or in connection with this Agreement. Any Proceedings shall be brought only in the courts of England.

29.2 Each party waives (and agrees not to raise) any objection, on the ground of *forum non conveniens* or on any other ground, to the taking of Proceedings in the courts of England. Each party also agrees that a judgment against it in Proceedings brought in England shall be conclusive and binding upon it and may be enforced in any other jurisdiction.

29.3 Each party irrevocably submits and agrees to submit to the jurisdiction of the courts of England.

30. **Seller's agent for service**

30.1 The Seller irrevocably appoints Trusec Limited of 2 Lambs Passage, London EC1Y 8BB, United Kingdom (the " **Seller's Agent** ") to be its agent for the receipt of Service Documents. The Seller agrees that any Service Document may be effectively served on it in connection with Proceedings in England and Wales by service on the Seller's Agent effected in any manner permitted by the Civil Procedure Rules.

30.2 If Trusec Limited or any replacement thereof at any time ceases for any reason to act as agent as contemplated by clause 30.1 , the Seller shall appoint a replacement agent having an address for service in England or Wales and shall notify the Purchaser of the name and address of the replacement agent. Failing such appointment and notification, the Purchaser shall be entitled by notice to the Seller to appoint a replacement agent to act on behalf of the Seller. The provisions of this clause 30 (*Seller's agent for service*) applying to service on an agent apply equally to service on a replacement agent.

30.3 A copy of any Service Document served on the Seller's Agent shall be sent by post to the Seller. Failure or delay in so doing shall not prejudice the effectiveness of service of the Service Document.

31. **Purchaser's agent for service**

31.1 The Purchaser irrevocably appoints Visa Europe Limited of 1 Sheldon Square London W2 6TT, United Kingdom (the " **Purchaser Group Agent** ") to be its agent for the receipt of Service Documents. The Purchaser agrees that any Service Document may be effectively served on it in connection with Proceedings in England and Wales by service on the Purchaser Group Agent effected in any manner permitted by the Civil Procedure Rules.

31.2 If Visa Europe Limited or any replacement thereof at any time ceases for any reason to act as agent as contemplated by clause 31.1 , the Purchaser shall appoint a replacement agent having an address for service in England or Wales and shall notify the Seller of the name and address of the replacement agent. Failing such appointment and notification, the Seller shall be entitled by notice to the Purchaser to appoint a replacement agent to act on behalf of the Purchaser. The provisions of this clause 31 (*Purchaser's agent for service*) applying to service on an agent apply equally to service on a replacement agent.

31.3 A copy of any Service Document served on the Purchaser Group Agent shall be sent by post to the Purchaser. Failure or delay in so doing shall not prejudice the effectiveness of service of the Service Document.

Schedule 1
(*Completion Arrangements*)

Part A: Seller's Obligations

1. **Documents to be delivered at Completion**

At Completion, the Seller shall deliver to the Purchaser or the Purchaser's Solicitors (at the Purchaser's direction) the following documents:

(A) a stock transfer form in respect of the Shares, duly executed by the Seller and specifying the Purchaser as the transferee;

(B) if applicable, a certified copy of the power of attorney under which the stock transfer form is executed on behalf of the Seller in the agreed form;

(C) a share certificate in respect of the Shares in the name of the relevant transferor (or an indemnity in the agreed form in favour of the Company and its directors in respect of any such share certificate that has or have been lost, stolen or destroyed);

(D) powers of attorney from the Seller in favour of the Purchaser to allow the Purchaser to, with effect from Completion, exercise all voting and other rights attached to Shares, duly executed by the Seller in the agreed form;

(E) the Completion Disclosure Letter;

(F) deeds of termination in respect of the Inter-Company Agreements in the agreed form;

(G) a letter from the Seller confirming that it has ceased to be a registrable relevant legal entity (within the meaning of section 790C Companies Act 2006) in relation to the Company;

(H) resignation letters from each of the present directors and secretary of each member of the Hazel Group (excluding the Joint Ventures, and other than any director or secretary whom the Purchaser may wish to continue in office), each duly executed by the relevant director or secretary (as applicable) and addressed to the relevant member of the Hazel Group (excluding the Joint Ventures) in the agreed form;

(I) the certificates of incorporation, corporate seals (if any), the statutory registers, books and records (excluding, for the avoidance of doubt, the accounting records), which shall be written up to but not including the Completion Date of the Company (or certificated copies of the minute books where originals are not available);

(J) to the extent applicable in the jurisdiction in which each member of the Hazel Group (except the Company and the Joint Ventures) is incorporated, the certificates of incorporation, corporate seals (if any), the statutory registers, books and records

(excluding, for the avoidance of doubt, the accounting records), which shall be written up to but not including the Completion Date of each such member (or certificated copies of such documents (except for the share registers) where originals are not available);

(K) the share certificates in respect of each member of the Hazel Group (except the Joint Ventures) and the shares held by Ecebs in the Accrington Joint Venture and the Nevis Joint Venture (or an indemnity in the agreed form in favour of the relevant Hazel Group member and its directors in respect of any such share certificate that has or have been lost, stolen or destroyed);

(L) evidence of: (i) the revocation of existing authorities given by each member of the Hazel Group (except the Joint Ventures) to banks (in respect of the operation of its bank accounts), to the extent that there are any; and (ii) the grant of authority in favour of such persons as the Purchaser may nominate in writing to operate such accounts;

(M) original documents evidencing the right to occupy each Relevant Property (or copies of such documents where originals are not available);

(N) the Trade Mark Assignment Agreement, duly executed by the Seller and the Company;

(O) the Registered IP Contact List; and

(P) a copy of the minutes of a duly held meeting of the directors of the Seller authorising the execution by the Seller of each of the Transaction Documents to which it is a party (such copy minutes being certified as correct by the secretary of the Seller).

2. **Board meetings to be held at or prior to Completion**

At or prior to Completion, the Seller shall procure that board meetings of each Group Company are held at which:

(A) in relation to the Company only, it shall be resolved that, subject to Completion: (i) the transfers of the Shares contemplated by this Agreement shall be approved for registration; and (ii) the Purchaser shall (subject only to the transfer being stamped) be registered as the holder of the Shares in the register of members of the Company;

(B) each of the persons nominated by the Purchaser shall be appointed directors and/or secretary, as the Purchaser shall direct; and

(C) the resignations of the directors and secretary (if any) referred to in paragraph 1(H) of this Part A (*Seller's Obligations*) of this Schedule 1 (*Completion Arrangements*) shall be tendered and accepted to as to take effect at Completion.

Part B: Purchaser's obligations

1. **Payments**

At Completion, the Purchaser shall pay to the Seller by way of wire transfer to the Seller's Bank Account an amount equal to the Completion Payment in respect of the Shares.

2. **Documents to be delivered**

At Completion, the Purchaser shall deliver to the Seller:

(A) a copy (certified by the assistant secretary, secretary or a director of the Purchaser to be a true copy of a resolution in force at Completion) of the resolution of the directors of the Purchaser authorising the execution by the Purchaser of each of the Transaction Documents to which it is a party; and

(B) evidence of the due fulfilment of the conditions set out in clause 4 (*Conditions*).

Part C: General

1. **Payments**

The Seller, as agent for the members of the Seller's Group, and the Purchaser, as agent for the members of the Hazel Group, agree and acknowledge that:

(A) the amount of the Estimated Inter-Company Receivables and the amount of the Estimated Inter-Company Payables is notified to the Purchaser pursuant to clause 3.5 ;

(B) the Estimated Net Cash Balance adjustment made to the Base Consideration pursuant to clause 3.3 takes into account the amount of the Estimated Inter-Company Receivables and the amount of the Estimated Inter-Company Payables; and

(C) as a result of the adjustments made to the Base Consideration as described above, the Estimated Inter-Company Receivables and the Estimated Inter-Company Payables shall, upon payment of the Completion Payment, be settled and discharged by netting the Estimated Inter-Company Receivables (expressed as a positive amount) and the Estimated Inter-Company Payables (expressed as a negative amount) against each other to produce a net sum, and:

(i) if such net sum is a positive amount, the Purchaser paying, or procuring the payment by the relevant member of the Hazel Group, to the relevant member of the Seller's Group an amount equal to the absolute value of the net sum; or

(ii) if such net sum is a negative amount, the Seller paying, or procuring the payment by the relevant member of the Seller's Group to the relevant member of the Hazel Group an amount equal to such net sum,

and, subject to paragraph 16 of Part A (*Preparation and determination of Completion Accounts and payment provisions)* Schedule 4 (*Completion Accounts*), no further amount shall be considered as due, owing or payable between any member of the Seller's Group and any member of the Purchaser's Group (including, for this purpose, the Hazel Group) (or vice versa) in respect of the Estimated Inter-Company Payables or the Estimated Inter-Company Receivables.

2. **Documents to be delivered**

All documents and items delivered at Completion pursuant to this Schedule 1 (*Completion Arrangements*) shall be held by the recipient to the order of the person delivering the same until such time as Completion shall be deemed to have taken place. Simultaneously with:

(A) delivery of all documents and items required to be delivered at Completion in accordance with this Schedule 1 (*Completion Arrangements*) (or waiver of the delivery of it by the person entitled to receive the relevant document or item); and

(B) receipt of an electronic funds transfer by the Seller of an amount equal to the total consideration payable in respect of the Shares in accordance with paragraph 1 of Part B (*Purchaser's Obligations*) of this Schedule 1 (*Completion Arrangements*),

the documents and items delivered in accordance with this Schedule 1 (*Completion Arrangements*) shall cease to be held to the order of the person delivering them and Completion shall be deemed to have taken place.

Schedule 2
(*Warranties*)

Part A: Seller Warranties

1. **The Shares**

1.1 The Seller is the sole legal and beneficial owner of the Shares and has the right to exercise all voting and other rights over the Shares.

1.2 There is no Encumbrance or equity on, over or affecting the Shares or any of them and there is no agreement or commitment to give or create any and, so far as the Seller is aware, no claim has been made by any person to be entitled to any.

2. **Capacity of the Seller**

2.1 The Seller has the requisite power and authority to enter into and perform its obligations under this Agreement and the other Transaction Documents to which it is a party.

2.2 The obligations of the Seller under this Agreement constitute, and the obligations of the Seller under the other Transaction Documents will when delivered at Completion constitute, in each case, valid and binding obligations of the Seller in accordance with their respective terms.

2.3 The execution and delivery of, and the performance by the Seller of its obligations under, this Agreement and the other Transaction Documents will not:

(A) result in a material breach of any provision of the memorandum or articles of association of the Seller;

(B) so far as the Seller is aware, result in a material breach of, or constitute a default under, any instrument to which the Seller is a party or by which the Seller is bound;

(C) so far as the Seller is aware, result in a breach of any order, judgment or decree of any court or governmental agency to which the Seller is a party or by which the Seller is bound; or

(D) require the consent of the shareholders of the Seller.

3. **Group structure and corporate matters**

3.1 The Shares have been, and the shares in each member of the Hazel Group have been, validly issued and allotted and are fully paid up.

3.2 The Shares constitute the entire issued share capital of the Company.

3.3 In respect of each member of the Hazel Group (apart from the Company and the Joint Ventures):

(A) there is no Encumbrance or equity on, over or affecting the shares in that member of the Hazel Group or any of them;

(B) there is no agreement or commitment to give or create any such Encumbrance or equity; and

(C) no claim has been made by any person to be entitled to any such Encumbrance or equity.

3.4 In respect of the Joint Ventures (and save as set out in the Accrington Joint Venture SHA and the Nevis Joint Venture SHA):

(A) there is no Encumbrance or equity on, over or affecting the shares held by Ecebs in the Joint Ventures;

(B) there is no agreement or commitment to give or create any such Encumbrance or equity; and

(C) no claim has been made by any person to be entitled to any such Encumbrance or equity.

3.5 So far as the Seller is aware, in respect of the Joint Ventures (and save as set out in the Accrington Joint Venture SHA and the Nevis Joint Venture SHA):

(A) there is no Encumbrance or equity on, over or affecting the shares held by Merseyside Passenger Transport Executive in the Accrington Joint Venture or the shares held by Strathclyde Partnership for Transport in the in the Nevis Joint Venture;

(B) there is no agreement or commitment to give or create any such Encumbrance or equity; and

(C) no claim has been made by any person to be entitled to any such Encumbrance or equity.

3.6 Apart from this Agreement, there is no agreement or commitment outstanding which calls for the allotment, issue, conversion, registration, sale or transfer of, or affords to any person the right to call for the allotment, issue, conversion, registration, sale or transfer of, any shares (including the Shares) or any debentures in or securities of any member of the Hazel Group.

3.7 The information given in Attachment 1 (*Basic information about the Hazel Group*) is true and accurate in all material respects.

3.8 Each member of the Hazel Group is validly existing and is a company duly incorporated under the law of its jurisdiction of incorporation.

3.9 During the three years prior to the date of this Agreement, no member of the Hazel Group has been involved in any corporate or group restructuring, including by way of merger, demerger or hive-down of assets.

3.10 Except as set out in Part B (*Purchaser's Obligations*) of Attachment 1 (*Basic information about the Hazel Group*), the Company does not have any interest in any other body corporate, undertaking or association.

3.11 The copies of the memorandum and articles of association (or equivalent constitutional documents) of each member of the Hazel Group which are contained in the Data Room are complete and accurate and, to the extent required by law, fully set out the rights and restrictions attaching to each class of share capital of the member of the Hazel Group to which they relate. The statutory books (including all registers but excluding the minute books and, for the avoidance of doubt, the accounting records) of each member of the Hazel Group have been properly kept and contain a record which is accurate and complete in all material respects and no notice or allegation that any of them is incorrect or should be rectified has been received.

4. **Insolvency**

4.1 In relation to each member of the Hazel Group incorporated in England and Wales:

(A) no order has been made and no resolution has been passed for the winding up of that member of the Hazel Group and no petition has been presented for the purpose of winding up that member of the Hazel Group;

(B) no administration order has been made and no petition or application for such an order has been made or presented and no administrator has been appointed in respect of that member of the Hazel Group;

(C) no receiver (which expression shall include an administrative receiver) has been appointed in respect of that member of the Hazel Group or over all or substantially all of its assets;

(D) no composition or similar arrangement with all or any class of creditors has been proposed under Part 1 Insolvency Act 1986 in respect of that member of the Hazel Group;

(E) no such member of the Hazel Group is unable to pay its debts within the meaning of section 123(1)(e) Insolvency Act 1986; and

(F) so far as the Seller is aware, no steps have been taken to enforce any security over any assets of any member of the Hazel Group.

4.2 No event analogous to any of the foregoing has occurred in relation to any member of the Hazel Group incorporated outside England and Wales.

5. **Accounts**

5.1 The Company Accounts:

(A) were prepared in accordance with applicable law and accounting principles, standards and practices generally accepted in the United Kingdom at the time they were prepared;

(B) give a true and fair view of the assets and liabilities and financial position of the Company as at the 2017 Accounts Date and of the profits and losses of the Company for the accounting reference period ended on the 2017 Accounts Date;

(C) have been prepared by applying accounting principles, policies and methodologies in a manner which is consistent with the way in which the same were applied in the preparation of audited financial statements of the Company in the year prior to the financial year ending on the 2017 Accounts Date; and

(D) except as the Company Accounts expressly disclose:

(i) were not affected by any event or circumstance outside the ordinary course of business or by any other factor rendering them unusually high or low; and

(ii) were not affected by any extraordinary, exceptional or non-recurring items.

5.2 The Ecebs Accounts:

(A) were prepared in accordance with applicable law, standards and accounting principles and practices generally accepted in the United Kingdom at the time they were prepared;

(B) give a true and fair view of the assets and liabilities and financial position of Ecebs as at the 2017 Accounts Date and of the profits and losses of Ecebs for the accounting reference periods to which they apply;

(C) have been prepared by applying accounting principles, policies and methodologies in a manner which is consistent with the way in which the same were applied in the preparation of audited financial statements of Ecebs in the year prior to the financial year ending on the 2017 Accounts Date; and

(D) except as the Ecebs Accounts expressly disclose:

(i) were not affected by any event or circumstance outside the ordinary course of business or by any other factor rendering them unusually high or low; and

(ii) were not affected by any extraordinary, exceptional or non-recurring items.

5.3 The Bell ID Accounts:

(A) were prepared in accordance with applicable law, standards and accounting principles and practices generally accepted in the Netherlands at the time they were prepared;

(B) give a true and fair view of the assets and liabilities and financial position of the Bell ID as at the 2017 Accounts Date and of the profits and losses of Bell ID for the accounting reference period ended on the 2017 Accounts Date;

(C) have been prepared by applying accounting principles, policies and methodologies in a manner which is consistent with the way in which the same were applied in the preparation of audited financial statements of Bell ID in the year prior to the financial year ending on the 2017 Accounts Date; and

(D) except as the Bell ID Accounts expressly disclose:

(i) were not affected by any event or circumstance outside the ordinary course of business or by any other factor rendering them unusually high or low; and

(ii) were not affected by any extraordinary, exceptional or non-recurring items.

5.4 The Ecebs Unaudited Accounts:

(A) have been prepared by applying accounting principles, policies and methodologies in a manner which is consistent with the way in which the same were applied in the preparation of the Ecebs Accounts; and

(B) are fair and not misleading in any material respect and do not materially misstate the assets and liabilities of Ecebs as at the 2018 Accounts Date nor the profits or losses of Ecebs for the accounting reference period ended on the 2018 Accounts Date.

6. **Management Accounts**

6.1 The Management Accounts:

(A) show a reasonable representation of and do not materially misstate the state of affairs of the member of the Hazel Group to which they relate for the period to which they relate and as at the date to which they are prepared; and

(B) have been properly and carefully prepared, and are fair and not misleading in any material respect.

6.2 So far as the Seller is aware, the Management Accounts were prepared in accordance with generally accepted accounting principles in the United States, including ASC 606.

7. **Customer Revenue Spreadsheet**

7.1 In relation to the Q1 2019 period, being the period commencing 1 January 2019 and ending 31 March 2019, the Customer Revenue Spreadsheet:

(A) shows a reasonable representation and does not materially misstate the actual revenue of the members of the Hazel Group for that period;

(B) has been properly and carefully prepared, and is fair and not misleading in any material respects; and

(C) was prepared in accordance with generally accepted accounting principles in the United States, including ASC 606.

7.2 In relation to each of the quarterly periods between the period commencing 1 April 2019 and ending 31 December 2019, the Customer Revenue Spreadsheet is honestly believed by the Seller:

(A) to be fair and reasonable in all material respects;

(B) to have been prepared in accordance with generally acceptable accounting principles in the United States, including ASC 606; and

(C) to have been based upon assumptions which: (i) have been fully and carefully considered by the Seller; (ii) are fair, reasonable and realistic; and (iii) represent all relevant material assumptions, none of which have been disproved or ought reasonably to have been reviewed in light of any events or circumstances which have arisen and become known to the Seller at or prior to the date of this Agreement since the preparation of the Customer Revenue Spreadsheet.

8. **Events since the Accounts Date**

In respect of each member of the Hazel Group, since the 2017 Accounts Date:

(A) the business of that member of the Hazel Group has been carried on, in all material respects, in the ordinary and usual course and in the same manner as in the year preceding the 2017 Accounts Date;

(B) there has been no material adverse change in the financial or trading position or prospects of that member of the Hazel Group and, so far as the Seller is aware, no event or circumstance has arisen which is reasonably likely to give rise to such change;

(C) such member of the Hazel Group has not acquired or disposed of or agreed to acquire or dispose of any business or material asset (excluding, for the avoidance of doubt, trading stock in the ordinary course of business);

(D) no resolution of the shareholders of that member of the Hazel Group has been passed, other than resolutions relating to the routine business of annual general meetings; and

(E) no change in the accounting reference period of that member of the Hazel Group has been made.

9. **Trading**

Neither in the financial period ending on the 2017 Accounts Date, nor in the period since the 2017 Accounts Date, has any person (or any person together with other persons

connected with him) purchased from or sold to any member of the Hazel Group more than 10 per cent. of the aggregate amount of all sales or purchases made by that member of the Hazel Group during such period.

10. **Ownership of assets**

10.1 Except in relation to the Relevant Property and so far as the Seller is aware, each of the material assets included in the Accounts or acquired by any member of the Hazel Group since the 2017 Accounts Date (other than current assets sold, realised or applied in the normal course of trading) is owned both legally and beneficially by the relevant member of the Hazel Group and each of those assets capable of possession is in the possession of or under the control of the relevant member of the Hazel Group.

10.2 No option, right to acquire, mortgage, charge, pledge, lien (other than any lien arising by operation of law in the ordinary course of trading) or other form of Encumbrance or equity on, over or affecting the whole or any part of the undertaking or assets of any member of the Hazel Group (including any investment in any other member of the Hazel Group) is outstanding and there is no agreement or commitment to give or create any and no claim has been made by any person to be entitled to any.

11. **Commercial contracts and commitments**

11.1 No member of the Hazel Group is party to:

(A) any agency, distributorship or management agreement;

(B) except for the Nevis Joint Venture, any contract or arrangement which materially restricts its freedom to carry on its business in any part of the world in such manner as it may think fit;

(C) except for the Accrington Joint Venture and the Nevis Joint Venture, any joint venture agreement or arrangement or any agreement or arrangement under which it participates with any other person in any business;

(D) any contract or arrangement which relates to matters which are outside the ordinary business of that member or is not entirely on arms' length terms;

(E) any contract or arrangement which cannot be terminated by that member of the Hazel Group in accordance with its terms on less than six months' notice;

(F) any Material Contract or arrangement which can be terminated in the event of any change in the direct or indirect underlying ownership or control of that Hazel Group member;

(G) any agreement under which source code held in escrow is released to a counterparty in the event of any change in the direct or indirect underlying ownership or control of that Hazel Group member (other than the TCH Agreement and the SecureKey Agreement).

11.2 Complete and accurate copies of all Material Contracts have been provided in the Data Room.

11.3 The Accrington Joint Venture SHA provided in the Data Room is valid and binding on the parties thereto in accordance with its terms and is in full force and effect.

11.4 So far as the Seller is aware, no written notice of termination or of a clear intention to terminate has been received in respect of any Material Contract.

11.5 The Seller is not aware of any material breach of any Material Contract which would have a significant effect on the Hazel Group as a whole.

12. **Other contracts and commitments**

12.1 Neither the Company, Bell ID, Ecebs, nor, so far as the Seller is aware, any other member of the Hazel Group has given to any person a power of attorney or other written authority to enter into any contract or commitment on its behalf (other than to its directors, officers and employees to enter into routine trading contracts in the normal course of their duties) which remains outstanding or effective.

12.2 No security or arrangement having an effect equivalent to the granting of security has been given by or for the benefit of the Company, Bell ID, Ecebs, nor, so far as the Seller is aware, any other member of the Hazel Group.

12.3 Other than in the ordinary and usual course of business, no guarantee, indemnity or similar assurance against loss has been given by or for the benefit of the Company, Bell ID, Ecebs, nor, so far as the Seller is aware, any other member of the Hazel Group.

12.4 Full details of all existing contracts between, on the one hand, any member of the Hazel Group and, on the other hand, the Seller or any other member of the Seller's Group, other than on normal commercial terms in the ordinary course of business are set out in the Signing Disclosure Letter.

12.5 No member of the Hazel Group is party to any contract (other than in relation to any contract of employment) with any current or former employee or current or former director of any member of the Hazel Group or any person connected with any of such persons, or in which any such person is interested (whether directly or indirectly).

13. **Bank borrowings**

13.1 No member of the Hazel Group has any outstanding loan capital, nor has any member of the Hazel Group incurred or agreed to incur any borrowing from any third party finance providers or the Seller's Group which it has not repaid or satisfied.

14. **Insurances**

A list of the insurance policies in respect of which any member of the Hazel Group has an interest is contained in the Data Room and, so far as the Seller is aware, all such policies

are in full force and effect and are not void or voidable, all premiums have been duly paid to date and no individual or related claims for amounts in excess of $25,000 are outstanding.

15. **Litigation, claims and compliance with law**

15.1 No member of the Hazel Group is engaged in any: (i) claim, litigation, arbitration, mediation or other dispute resolution process, administrative or criminal proceedings, whether as claimant, defendant or otherwise; or (ii) regulatory investigation or enquiry, in each case, which is material in the context of the business of any member of the Hazel Group (other than in respect of the collection of debts in the ordinary course of business).

15.2 So far as the Seller is aware, no claim, litigation, arbitration, mediation or other dispute resolution process, administrative or criminal proceedings or regulatory investigation or enquiry by or against any member of the Hazel Group, in each case, with a value in excess of $50,000 or which involves the seeking of an injunction or equitable relief is pending or threatened.

15.3 Neither the Company, the Group Companies, nor, so far as the Seller is aware, either of the Joint Ventures, has received written notification that any investigation or inquiry is being or has been conducted by any court, tribunal, arbitrator, governmental, regulatory or other body in respect of its affairs.

15.4 During the two years immediately preceding the date of this Agreement, no member of the Hazel Group has received any written notice from any court, tribunal, arbitrator, governmental, regulatory or other body with respect to an alleged, actual or potential violation and/or failure to comply with any applicable law, bye-law or regulation, or requiring it to take or omit any action.

15.5 All licences, consents and authorisations material to the business of the Hazel Group have been obtained, are in force and, so far as the Seller is aware, have been complied with in all material respects.

15.6 So far as the Seller is aware, each member of the Hazel Group is, at the date of this Agreement in compliance and, during the two year period prior to the date of this Agreement has complied, in each case, in all material respects, with all applicable laws.

15.7 Since 25 January 2016, no member of the Hazel Group nor any of its directors, officers or employees, nor, so far as the Seller is aware, any of its Associated Persons or any other person acting on any member of the Hazel Group's behalf, has engaged in any activity or conduct that has resulted in or would result in a violation of:

(A) any Anti-Corruption Laws;

(B) any applicable laws or regulations relating to anti-money laundering; and

(C) any applicable laws relating to export controls or economic or trade sanctions, including the laws or regulations implemented by the Office of Foreign Assets Controls of the United States Department of the Treasury and any similar laws or regulations in other jurisdictions.

15.8 On and prior to 25 January 2016, so far as the Seller is aware, no member of the Hazel Group nor any of its directors, officers, employees or Associated Persons or any other person acting on any member of the Hazel Group's behalf, has engaged in any activity or conduct that has resulted in or would result in a violation of:

(A) any Anti-Corruption Laws;

(B) any applicable laws or regulations relating to anti-money laundering; and

(C) any applicable laws relating to export controls or economic or trade sanctions, including the laws or regulations implemented by the Office of Foreign Assets Controls of the United States Department of the Treasury and any similar laws or regulations in other jurisdictions.

15.9 The Hazel Group has in place adequate procedures to prevent bribery by its Associated Persons within the meaning of Section 7 of the Bribery Act 2010 in accordance with the guidance published from time to time by the Secretary of State pursuant to Section 9 of the Bribery Act 2010.

16. **Data protection**

Each member of the Hazel Group has:

(A) in place appropriate data protection policies and copies of all such policies are provided in the Data Room; and

(B) maintained appropriate procedures for ensuring the security of personal data in accordance with applicable laws.

16.2 During the two years immediately preceding the date of this Agreement, no member of the Hazel Group has suffered a personal data breach that required notification to a Data Protection Authority.

16.3 During the two years immediately preceding the date of this Agreement, no Data Protection Authority has: (i) provided any written allegation to any member of the Hazel Group indicating that such member of the Hazel Group has failed to comply with Data Protection Legislation; or (ii) so far as the Seller is aware, threatened to conduct an investigation into or take enforcement action against any member of the Hazel Group.

16.4 During the two years immediately preceding the date of this Agreement, each member of the Hazel Group has complied in all material respects with, in each case, all applicable requirements of Data Protection Legislation and any applicable guidance notes and guidelines issued by any Data Protection Authority.

17. **Intellectual Property and Information Technology**

17.1 Any Intellectual Property and rights in Business Information that subsist in, or otherwise protect, any Proprietary Software are owned by a member of the Hazel Group, and the software solutions and systems licensed out by any member of the Hazel Group under the brand names expressly listed in the definition of Proprietary Software comprise all material

software solutions and systems licensed out by any member of the Hazel Group to its respective end-user customers.

17.2 The Proprietary Tools that are capable of possession are in the possession of a member of the Hazel Group, and the Proprietary Tools that are in the possession of a member of the Hazel Group comprise all tools, source code, data and documents necessary for reasonably skilled personnel in the field of information technology to use, maintain and/or operate the Proprietary Software in materially the same manner as the Proprietary Software was used, maintained or operated (as applicable) by the Hazel Group immediately prior to the date of this Agreement.

17.3 All Owned Intellectual Property (including the Registered Owned IP) and Business IT that is owned by the Hazel Group:

(A) is exclusively legally and beneficially owned by a member of the Hazel Group; and

(B) is not subject to any Encumbrance or any licence in favour of another, except those Encumbrances and licences set out in the Data Room and any non-exclusive licences entered into in the ordinary course of business.

17.4 Details of all Registered Owned IP are set out in the Data Room and, in respect of all Registered Owned IP:

(A) all renewal fees due as at the date of this Agreement have been paid;

(B) at the date of this Agreement, there are no existing deadlines for the payment of any registration or renewal fees, which are required for their maintenance due within 90 days from the date of this Agreement;

(C) all assignments from inventors that are required to register any Registered Owned IP in the name of a member of the Hazel Group have been made or filed at the relevant Intellectual Property registry; and

(D) no member of the Hazel Group has received written notice that a registration or application for registration is, at the date of this Agreement, the subject of any action or proceedings (actual or threatened) for opposition, amendment, revocation, cancellation or invalidity.

17.5 No member of the Seller's Group owns any:

(A) rights in inventions or patents or patent applications that are used in the business of any member of the Hazel Group;

(B) Intellectual Property or rights in Business Information that subsists in, or otherwise protects, any software (excluding any Proprietary Software and Proprietary Tools) that is used in and material to the business of any member of the Hazel Group, other than any Intellectual Property or rights in Business Information licensed to the Hazel Group by the Seller's Group under clause 11.3 (*Intellectual Property*)

and any software relating to any services provided to, or licensed to, the Purchaser as Transitional Services; or

(C) Intellectual Property or rights in Business Information that subsists in, or otherwise protects, any Proprietary Software or Proprietary Tools or any part thereof.

17.6 Details of all licences (granted to or by any member of the Hazel Group) and agreements relating to Intellectual Property and Business IT entered into by any member of the Hazel Group, in each case, that are material to the business of any member of the Hazel Group, are set out in the Data Room.

17.7 No member of the Hazel Group nor, so far as the Seller is aware, any other party, is in material breach of any of the licences or agreements disclosed pursuant to paragraph 17.6 and no notice has been given on either side to terminate any such licence or agreement.

17.8 So far as the Seller is aware, no third party is infringing any Owned Intellectual Property.

17.9 Each current or former contractor or consultant engaged by any member of the Hazel Group, whose role it was or is to develop Intellectual Property in the course of his or her or its engagement or, who, during the course of his or her or its engagement, is likely to have developed or to develop Intellectual Property material to any member of the Hazel Group, has entered into an agreement under which he, she or it is obliged to assign any such Intellectual Property that he, she or it developed or develops during the course of his or her or its engagement for a member of the Hazel Group to a member to the Hazel Group.

17.10 In the two years prior to the date of this Agreement: (i) no member of the Seller's Group or the Hazel Group has received a written notice alleging that any activities of any member of the Hazel Group infringe any Intellectual Property, or misuse any rights in Business Information, of a third party; and (ii) so far as the Seller is aware, no activities of the Hazel Group have infringed the Intellectual Property of any third party. No member of the Hazel Group is engaged in any outstanding dispute under which it is alleged that it infringes any Intellectual Property, or misuses any rights in Business Information, of a third party.

17.11 No member of the Hazel Group has, in its creation or development of the source code of the Proprietary Software, infringed any copyright owned by any third party or misappropriated any trade secrets of any third party.

17.12 No activities of the Hazel Group infringe the Intellectual Property of any third party.

17.13 So far as the Seller is aware, and save in the ordinary course of business or to its employees, no member of the Hazel Group has disclosed any confidential Business Information, or the source code of any Proprietary Software, to any third party other than under an obligation of confidentiality.

17.14 There has been no material disruption to the commercial activities of the Hazel Group (taken as a whole) in the twelve months prior to the date of this Agreement which has been caused only or predominantly by any failure or breakdown of any Business IT used by the

Hazel Group and, so far as the Seller is aware, there has been no information security breach, unauthorised disclosure of data or unauthorised access of any Business IT owned by the Hazel Group during that same period.

17.15 Penetration testing has been carried out on the Business IT owned by the Hazel Group and, to the extent hosted in the operating environment of the Hazel Group and permitted by the relevant third party vendor, the Business IT used but not owned by the Hazel Group, in each case in the twelve months prior to the date of this Agreement, and any material weaknesses detected by such testing have, as at the date of this Agreement, been remedied or are in the process of being remedied.

17.16 Each member of the Hazel Group complies with current Payment Card Industry Data Security Standards when processing credit card information.

17.17 The procedures used by the Hazel Group to back up data, and the disaster recovery plans used by the Hazel Group, in each case of a standard which would reasonably be expected from a reputable organisation carrying out the business of the Hazel Group and seeking to ensure business continuity, and copies of these documents as at the date of this Agreement are set out in the Data Room.

17.18 Details of all domain names that are used to support active websites of the business of any member of the Hazel Group (excluding any domain names that include the word “Rambus” or any confusingly similar name or mark), and details of all domain names registered in the name of any member of the Hazel Group, are set out in the Data Room and all renewal fees due as at the date of this Agreement in respect of such registrations have been paid.

17.19 Compliance with the terms of any licence applying to “open source software” or “free software” incorporated into or contained in or distributed with any Proprietary Software, does not require any member of the Hazel Group to: (i) disclose or distribute any source code of any Proprietary Software, or other software owned by any member of the Hazel Group that is material to the business of any member of the Hazel Group; (ii) make available any Proprietary Software, or other software owned by any member of the Hazel Group that is material to the business of any member of the Hazel Group, under a licence authorising the creation of derivative works; or (iii) restrict the consideration charged by any member of the Hazel Group in respect of any Proprietary Software, or other software owned by any member of the Hazel Group that is material to the business of any member of the Hazel Group.

17.20 The Owned Intellectual Property, together with any Intellectual Property or rights in Business Information:

(A) of a third party that is licensed to a member of the Hazel Group;

(B) relating to any services provided to, or licensed to, the Purchaser as Transitional Services;

(C) assigned to Ecebs under the Trade Mark Assignment Agreement;

(D) licensed to the Purchaser’s Group under clause 11.3 ;

(E) protecting the Seller Marks (excluded from the licence to the Purchaser's Group under clause 11.3) ; and

(F) licensed to the Seller under the White Box Contract,

comprise all the Intellectual Property and Business Information: (i) used in, or necessary for the conduct of, the business of each member of the Hazel Group as currently conducted as at the date of this Agreement; and (ii) necessary to use, maintain and operate the Proprietary Software and the Proprietary Tools as currently used, maintained and operated as at the date of this Agreement. Notwithstanding the generality of the foregoing, this Seller Warranty 17.20 shall not be construed as, or deemed to be, a warranty that no member of the Hazel Group is infringing or has infringed any Intellectual Property or is making or has made unauthorised use of any Business Information of any third party **.**

17.21 The only third party software licensed-in to a member of the Seller's Group under which licence a member of the Hazel Group also currently uses that software is that listed in document reference 15.2.88 of the Data Room. Notwithstanding the generality of the foregoing, this Seller Warranty 17.21 shall not be construed as, or deemed to be, a warranty that no member of the Hazel Group is infringing or has infringed any Intellectual Property or is making or has made unauthorised use of any Business Information of any third party.

18. **Property**

18.1 No member of the Hazel Group owns any real property.

18.2 The Relevant Properties are the only Properties used or occupied by any member of the Hazel Group or in which any member of the Hazel Group has an interest.

18.3 The particulars of the Relevant Properties set out in Attachment 2 (*Relevant Properties*) are true and accurate in all material respects.

18.4 No member of the Hazel Group has any actual or contingent liability in respect of any estate or interest in real property whether arising as original tenant, assignee, guarantor or otherwise, other than in respect of the Relevant Properties.

19. **Employment**

19.1 A list of the employee IDs, jobs, details of the basic salary, start date of employment, date of birth, location, benefits, bonus opportunity and notice periods of every Listed Employee as at the date of this Agreement is set out in the Data Room.

19.2 Details of the Listed Workers as at the date of this Agreement are set out in the Data Room.

19.3 The Data Room contains details of the numbers, locations, and costs associated with the engagement of all staff made available to the Hazel Group pursuant to the Professional Services Agreement for Time and Materials Projects between Mobica Limited and Bell ID

dated 15 June 2015, together with specific details of the work being performed by such staff as at the date of this Agreement.

19.4 The Listed Employees, the Listed Workers and the Misplaced Employees are the only employees, agency workers, consultants, contractors, workers and other personnel required (in the reasonable opinion of the Seller) for the business of the Hazel Group to operate as it is currently conducted, in all material respects, as at the date of this Agreement.

19.5 Copies of all standard contracts of employment that currently apply to each grade of employee, and all handbooks, written policies and procedures which apply to Listed Employees, in each case, as at the date of this Agreement, are set out in the Data Room.

19.6 The contract of employment of each Listed Employee may be terminated by the relevant employing company without damages or compensation (other than that payable by statute) by giving at any time no more than three months' notice.

19.7 No Listed Employee is employed on terms which are materially more favourable to the Listed Employee than those which are included in the Hazel Group's standard contracts of employment.

19.8 There is no obligation or amount due to or in respect of any Listed Employee in connection with his or her employment which is in arrears or is unsatisfied as at the date of this Agreement (other than his or her normal salary for the calendar quarter during which this Agreement was entered into).

19.9 So far as the Seller is aware, each member of the Hazel Group has complied in all material respects with all applicable contracts of employment relating to its employees.

19.10 There are no collective agreements with trade unions or any other employee representative body, including Works Councils, in force in relation to any of the Listed Employees.

19.11 Save as Fairly Disclosed, the Hazel Group has complied with all applicable laws and regulations in the jurisdictions in which it operates in relation to the collective representation of, and consultation with, employees, whether in relation to the Transaction or otherwise.

19.12 No member of the Hazel Group is a party to any legal proceedings brought by any, Listed Employee or former employee of the Hazel Group in respect of his employment and, so far as the Seller is aware, no such proceedings are pending or threatened.

19.13 All Listed Employees have the right to work in the jurisdiction in which they work, and the Hazel Group has complied with all applicable laws and regulations in all jurisdictions in which it operates to verify, record and retain copies of documentation providing evidence of such rights.

20. **Incentive Schemes**

20.1 The Seller has provided to the Purchaser copies of the rules and other material documentation relating to all share incentive, share option, profit sharing, performance bonus, retention bonus or other incentive arrangements, including employee benefit trusts, relating to any Listed Employees, together with details of all outstanding awards, options and other incentive arrangements.

20.2 In respect of all share incentive, share option, profit sharing, bonus or other incentive arrangements, including employee benefit trusts, relating to any Listed Employees, so far as the Seller is aware, each member of the Hazel Group has duly accounted, in a form that is materially correct and complete, to the relevant Tax Authority for all amounts for which it is required to account under the PAYE, social security contributions or other equivalent withholding systems.

21. **Pensions**

21.1 In this paragraph 21:

(A) " **Contract Based Schemes** " means the Auto-Enrolment group pension scheme provided by Standard Life for employees of Ecebs, the pension plan with Delta Lloyd for employees of Bell ID, and the personal pension schemes to which any member of the Hazel Group currently contributes;

(B) " **Disclosed Schemes** " means the Life Assurance Scheme and the Contract Based Schemes or such one of them as the context requires; and

(C) " **Life Assurance Scheme** " means the personal life assurance schemes to which any member of the Hazel Group currently contributes.

21.2 Save for payment of employer's contributions under national insurance or social security legislation and any scheme provided by the state, the Disclosed Schemes are the only arrangements under which any member of the Hazel Group is under any obligation to provide or contribute or could become obliged to provide or contribute to any pension or other benefit on retirement, death or disability or the attainment of a specified age. So far as the Seller is aware, no announcement has been made regarding the introduction, continuation, amendment or termination of any Disclosed Scheme by any member of the Hazel Group.

21.3 Details of the Disclosed Schemes are set out in the Data Room, including:

(A) copies of all governing documentation and explanatory booklets;

(B) a list of all employees who are members of the Disclosed Schemes; and

(C) details of the rate of contribution to each of the Disclosed Schemes.

21.4 So far as the Seller is aware, since 25 January 2016, the Disclosed Schemes have been operated in compliance with their terms and with all applicable laws, regulations and government taxation or funding requirements.

21.5 No member of the Hazel Group has any liability to make any payment with respect to any of the Disclosed Schemes which is due and payable but remains unpaid.

21.6 Each Disclosed Scheme which is operated in the United Kingdom is a registered pension scheme for the purposes of Chapter 2 of Part 4 of the Finance Act 2004 and, so far as the Seller is aware, there is no reason why HMRC might de-register any such Disclosed Scheme;

21.7 So far as the Seller is aware, no member of the Hazel Group is party to any proceedings and, so far as the Seller is aware, no proceedings are pending or threatened in relation to: (i) the Disclosed Schemes; (ii) the rules and terms and conditions thereof; and/or (iii) in respect of the provision of (or failure to provide) pension or benefits on retirement, death, disability or the attainment of a specified age to any Listed Employee or former employee of the Hazel Group.

21.8 No Listed Employee has any right to occupational pension benefits on early retirement or redundancy as a result of a transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (or previous legislation).

22. **The Accounts and Tax**

22.1 No member of the Hazel Group has any liability in respect of Tax (whether actual or contingent):

(A) in any part of the world assessable or payable by reference to profits, gains, income or distributions earned, received or paid or arising or deemed to be earned, received, paid or arising on or at any time prior to the 2017 Accounts Date or in respect of any period starting before the 2017 Accounts Date; or

(B) referable to transactions effected on or before the 2017 Accounts Date, or events occurring on or before the 2017 Accounts Date,

that is not provided for in full in the Accounts.

22.2 The amounts shown in respect of deferred Tax in respect of each member of the Hazel Group in the Accounts were, at the 2017 Accounts Date, fully in accordance with accounting principles applying to that member of the Hazel Group.

23. **Tax returns, disputes and records, etc.**

23.1 Each member of the Hazel Group has:

(A) made or caused to be made, (in accordance with all applicable procedural and administrative requirements), all returns and computations which have been required to be made within the last six years and those returns and computations are correct in all material respects;

(B) supplied or caused to be supplied to the relevant Tax Authority, (in accordance with all applicable procedural and administrative requirements), all information and notices which have been required to be supplied to any Tax Authority within the

last six years and that information and those notices are up-to-date and correct in all material respects; and

(C) not, within the last six years, become liable to pay, or done or failed to do anything which could cause it to become liable to pay, any penalty, surcharge, fine or interest in respect of Tax.

23.2 There are no liens, charges or other forms of security interest on or over the Shares, or on or over any of the assets owned by any member of the Hazel Group, in either case in favour of a Tax Authority or other person in respect of Tax.

23.3 No member of the Hazel Group is currently under any audit, examination or enquiry by a Tax Authority that could result in the assessment of any material amount of Tax and neither the Seller nor any member of the Hazel Group is aware that any Tax Authority intends or is likely to commence any such audit, examination or enquiry. Neither the Seller nor any member of the Hazel Group is aware of any outstanding or contemplated dispute or disagreement with any Tax Authority; there are no circumstances making such dispute or disagreement likely; and no notice has been served by any Tax Authority on any member of the Hazel Group pursuant to any statutory regime relating to the avoidance of Tax or the conduct of Tax affairs (including, any failure to co-operate with a Tax Authority).

23.4 Each member of the Hazel Group is in possession of sufficient information or has reasonable access to such information (including any records, invoices and information that form part of the Tax or accounting arrangements of that member of the Hazel Group) to enable it and/or its officers, employees or representatives to compute its liability to Tax insofar as it depends on any Event (as defined in the Tax Covenant) occurring on or before the date of this Agreement.

23.5 So far as the Seller is aware, each member of the Hazel Group has duly and punctually paid all material Taxation which it has become liable to pay.

24. **Tax avoidance and evasion**

24.1 No member of the Hazel Group has been involved in any scheme or arrangement a main purpose of which was the avoidance of or a reduction in Tax.

24.2 Each member of the Hazel Group has materially complied with its obligations under Part 7 Finance Act 2004 and any similar legislation imposed under the laws of any other applicable jurisdiction.

24.3 No member of the Hazel Group has engaged, and so far as the Seller is aware no person acting in the capacity of a person associated with a member of the Hazel Group (within the meaning of Section 44 of the CFA 2017) has engaged, in any activity or conduct which would constitute a UK tax evasion offence, a UK tax evasion facilitation offence, a foreign tax evasion offence or a foreign tax evasion facilitation offence (each as defined in Part 3 of the CFA 2017), or a broadly equivalent offence under the law of any other applicable jurisdiction, and no member of the Hazel Group has committed an offence under Part 3 of the CFA 2017 or a broadly equivalent offence under the law of any other applicable jurisdiction.

25. **Value added tax and duties, etc.**

25.1 Each member of the Hazel Group is registered for the purposes of VAT and has in the last six years complied, in all material respects, with the terms of all legislation, rules and regulations in relation to VAT, customs duties or other duties and other similar Taxes and all notices, provisions and conditions made or issued thereunder including the terms of any agreement reached with any Tax Authority.

25.2 All material amounts in respect of VAT, customs duties or other duties and other similar Taxes payable to any Tax Authority upon the importation of goods or in respect of any assets (including trading stock) imported, owned or used by any member of the Hazel Group have been paid in full.

26. **Stamp duty, stamp duty reserve tax and stamp duty land tax**

26.1 All documents on which stamp duty or any other transfer, registration or documentary Tax is chargeable and which are in the possession of any member of the Hazel Group or by virtue of which any member of the Hazel Group has any right have been duly stamped (or, as the case may be, such transfer, registration or documentary Tax has been duly paid).

26.2 Since the 2017 Accounts Date no member of the Hazel Group has incurred any liability to pay (i) stamp duty reserve tax, (ii) stamp duty land tax, or (iii) any other transfer, registration or documentary Tax.

27. **Intra-group and non-arm's length transactions**

No member of the Hazel Group has, at any time within the last six years, (i) acquired any asset or liability from any other company which was at the time of the acquisition, or which has at any time after such acquisition become, a member of the same group of companies as, or otherwise connected or associated with, that member for the purposes of any Tax; or (ii) entered into any agreement, arrangement or transaction which was not on arm's length terms.

28. **Residence**

Each member of the Hazel Group is resident for Tax purposes solely in the place identified as its jurisdiction of Tax residence in Part A of Attachment 1 (*Basic information about the Hazel Group*) and does not have a permanent establishment in any other jurisdiction.

29. **Withholdings and deductions**

Each member of the Hazel Group has made all material withholdings, deductions and retentions for or on account of Tax as it was or is obliged to make and all such material amounts as should have been paid to any Tax Authority have been so paid within the requisite timeframe.

30. **Employment taxes and social security**

So far as the Seller is aware, each member of the Hazel Group has, in all material respects, properly operated its systems in relation to employment taxes and social security contributions by making such deductions as are required by law from all payments made or deemed to be or treated as made by it or on its behalf, and by duly accounting to the relevant Tax Authority for all sums so deducted and for all other amounts for which it is required to account under the relevant employment taxation and social security contribution systems.

31. **U.S. tax classifications**

Each of the Group Companies is classified as a corporation within the meaning of U.S. Treasury Regulations sections 301.7701-2(b) for U.S. federal income tax purposes.

32. **Group Tax Arrangements**

32.1 No member of the Hazel Group has, or (within the last six years) has had, or will at any time prior to Completion have, its Tax affairs dealt with on a consolidated basis or is, or (within the last six years) has been, or will at any time prior to Completion be, party to any Tax sharing arrangement or grouped for tax purposes (including without limitation any arrangement or group under which Tax losses or Tax Reliefs have been, are or can be surrendered or claimed or Tax or Income, Profits or Gains have been, are or can be allocated or reallocated for Tax purposes) with any entity not being another member of the Hazel Group.

32.2 No member of the Hazel Group has in the last six years made or received or is, or could be, obliged to make or receive, any payment under any such arrangements, or for any surrenders, claims, allocations or reallocations, referred to in paragraph 32.1 above.

Part B: Purchaser Warranties

1. **Capacity of the Purchaser**

1.1 The Purchaser has the requisite power and authority to enter into and perform its obligations under this Agreement and the other Transaction Documents to which it is a party.

1.2 The obligations of the Purchaser under this Agreement constitute, and the obligations of the Purchaser under the other Transaction Documents will when delivered at Completion constitute, in each case, valid and binding obligations of the Purchaser in accordance with their respective terms.

1.3 The execution and delivery of, and the performance by the Purchaser of its obligations under, this Agreement and the other Transaction Documents will not:

(A) result in a material breach of any provision of the memorandum or articles of association of the Purchaser;

(B) so far as the Purchaser is aware, result in a material breach of, or constitute a default under, any instrument to which the Purchaser is a party or by which the Purchaser is bound;

(C) so far as the Purchaser is aware, result in a breach of any order, judgment or decree of any court or governmental agency to which the Purchaser is a party or by which the Purchaser is bound; or

(D) require the consent of the shareholders of the Purchaser.

2. **Insolvency**

2.1 No order has been made and no resolution has been passed for the winding up of the Purchaser and no petition has been presented for the purpose of winding up the Purchaser, in each case, other than in connection with a solvent winding up or restructuring.

2.2 No administration order has been made and no petition or application for such an order has been made or presented and no administrator has been appointed in respect of the Purchaser.

2.3 No receiver (which expression shall include an administrative receiver) has been appointed in respect of the Purchaser or over all or substantially all of its assets.

2.4 No composition or similar arrangement with all or any class of creditors analogous to the procedure under Part 1 Insolvency Act 1986 has been proposed under in respect of the Purchaser.

2.5 The Purchaser is not unable to pay its debts as they fall due.

2.6 No event analogous to any of the foregoing has occurred in relation to the Purchaser.

Schedule 3
(*Limitations on the Seller's Liability*)

1. **General**

1.1 Each provision of this Schedule 3 (*Limitations on the Seller's liability*) shall be read and construed without prejudice to each of the other provisions of this Schedule 3 (*Limitations on the Seller's liability*).

1.2 For the avoidance of doubt, except where otherwise expressly provided to the contrary, references to " **claims** " in this Schedule 3 (*Limitations on the Seller's liability*) shall include any and all claims made by the Purchaser or any other member of the Purchaser's Group under this Agreement and any other Transaction Document on any ground whatsoever (including, for the avoidance of doubt, any claim made under the Seller Warranties and the Tax Covenant).

1.3 The provisions of this Schedule 3 (*Limitations on the Seller's liability*) shall not apply to Schedule 6 (*Transitional Services*).

1.4 The Purchaser shall not be entitled to claim for any indirect or consequential loss after Completion, whether actual or prospective or for any punitive damages. In assessing the amount of any damages or other payment in respect of any claim, the value of the Shares will not be taken as exceeding the Consideration.

1.5 The Purchaser agrees and undertakes that (in the absence of fraud) it has no rights against and shall not make any claim against any employee, director, agent, officer or adviser of the Seller or any other member of the Seller's Group on whom it may have relied before agreeing to any term of this Agreement or any other Transaction Document.

1.6 The only Seller Warranties given:

(A) in respect of Intellectual Property or rights in Business Information (or agreements relating thereto) are those contained in paragraphs 17.1 to 17.13 (inclusive) and 17.18 to 17.21 (inclusive) (*Intellectual Property and Information Technology*) of Part A (*Seller Warranties*) of Schedule 2 (*Warranties*) and none of the other Warranties shall or shall be deemed to be, whether directly or indirectly, a Warranty in respect of Intellectual Property or rights in Business Information (or agreements relating thereto) and the Purchaser acknowledges and agrees that the Seller makes no other warranty as to Intellectual Property or rights in Business Information (or agreements relating thereto);

(B) in respect of Information Technology (or agreements relating thereto) are those contained in paragraphs 17.1 to 17.3 (inclusive), 17.5 to 17.7 (inclusive), and 17.10 to 17.21 (inclusive) (*Intellectual Property and Information Technology*) of Part A (*Seller Warranties*) of Schedule 2 (*Warranties*) and none of the other Warranties shall or shall be deemed to be, whether directly or indirectly, a Warranty in respect of Information Technology (or agreements relating thereto), and the Purchaser acknowledges and agrees that the Seller makes no other warranty as to information technology (or agreements relating thereto); and

(C) in respect of Tax are the Tax Warranties and the warranty at paragraph 21.4 of Part A (*Seller Warranties*) to Schedule 2 (*Warranties*) and none of the other Warranties shall or shall be deemed to be, whether directly or indirectly, a Warranty in respect of Tax and the Purchaser acknowledges and agrees that the Seller makes no other warranty as to Tax.

1.7 As regards the Tax Covenant, the provisions of this Schedule 3 (*Limitations on the Seller's liability*) shall operate to limit the liability of the Seller in so far as any provision in this Schedule 3 (*Limitations on the Seller's liability*) is expressed to be applicable to any claim pursuant to the Tax Covenant and the provisions of the Tax Covenant shall further operate to limit the liability of the Seller in respect of any claim thereunder or, if and to the extent stated therein, any claim under the Tax Warranties.

1.8 Without prejudice to clause 17 (*Entire Agreement*), the Purchaser acknowledges and agrees that, except as expressly provided under the Seller Warranties, the Seller does not give or make any warranty, undertaking, representation, promise or other statement as to the accuracy of the forecasts, estimates, projections, statements of intent or statements of honestly expressed opinion provided to the Purchaser (however so provided) on or prior to the date of this Agreement, including in the Information Memorandum or any of the documents provided in the Data Room.

1.9 Nothing in this Agreement shall or shall be deemed to relieve or abrogate the Purchaser of any common law or other duty to mitigate any loss or damage including, enforcing against any person (other than the Seller) any rights any member of the Purchaser's Group has or may have in respect of the fact, matter or circumstance giving rise to the claim.

1.10 No Claim shall lie against the Seller if, and to the extent that, within 90 days following receipt of notification thereof in accordance with paragraph 3 (*Time limits for bringing claims)* , the matter giving rise to such Claim is remedied to the reasonable satisfaction of the Purchaser.

1.11 The Purchaser shall give and shall procure that there is given to the Seller and its professional advisers reasonable access to all such personnel, premises, chattels, information, books, records and documents (including in electronic form) within the possession or control of the Purchaser's Group (only to the extent that it relates to the Hazel Group) as the Seller may reasonably require to enable it to satisfy itself as to whether any breach of the Seller Warranties or any Tax Authority Claim under the Tax Covenant notified pursuant to paragraph 3 (*Time limits for bringing claims)* has occurred, assess the merits of any Claim or remedy any matter giving rise to any Claim, provided that the obligations of the Purchaser under this paragraph 1.11 shall not extend to allowing access to information which would result in:

(A) the breach of any binding obligations of confidentiality to which a member of the Purchaser's Group is a party;

(B) the loss of legal advice privilege or attorney-client privilege; or

(C) the breach of applicable law or regulation.

1.12 Where it is necessary to determine whether a monetary limit or threshold set out in paragraph 2 (*Limitation on quantum*) has been reached or exceeded (as the case may be) and the value of the relevant claim or any of the relevant claims is expressed in a currency other than USD, the value of each such claim shall be translated into USD at the prevailing exchange rate applicable to that amount of that non-USD currency by reference to middle of the bid-ask rate quoted by Bloomberg at 5 p.m. New York time on the Business Day prior to the date of receipt by the Seller of written notification from the Purchaser in accordance with paragraph 3 (*Time limits for bringing claims*) of the existence of such claim or, if such day is not a Business Day, on the Business Day immediately preceding such day.

1.12 None of the limitations contained in this Schedule 3 (*Limitations on the Seller's liability*) shall apply to any claim for breach of or under this Agreement if and to the extent it arises or is increased as a result of an act of fraud by the Seller, any member of the Hazel Group or any of their respective directors, officers, employees or agents.

2. **Limitation on quantum**

2.1 The Purchaser shall not be entitled to damages or other payment in respect of any Claim or Claims (other than for breach of the Tax Warranties):

(A) in respect of any individual Claim (or series of related Claims with respect to related facts or circumstances) for less than an amount equal to one-tenth of one per cent. (0.1%) of the Consideration; and

(B) unless and until the aggregate amount of all such Claims (disregarding any Claims excluded by paragraph 2.1(A) above) exceeds an amount equal to one per cent. (1%) of the Consideration, but once the aggregate amount of all such claims has exceeded such sum, the Seller shall be liable in respect of the full amount of all such Claims and not only the amount by which such sum is exceeded.

For the purposes of establishing whether any Claim falls to be notified under paragraph 3 (*Time limits for bringing claims*) below, no account shall be taken of the extent to which the amount of such Claim may be reduced by the operation of the subsequent provisions of this Schedule 3 (*Limitations on the Seller's liability*) when determining whether it exceeds the thresholds referred to in this paragraph 2.1 , but in the event that such a Claim falls to be so notified, the Seller shall not thereafter be precluded from excluding liability for that Claim by virtue of this paragraph 2 (*Limitation on quantum*) if the amount of the Claim is so reduced.

2.2 Without prejudice to paragraph 2.3 , the total aggregate liability of the Seller for all claims under the Transaction Documents (including all legal and other costs and expenses) shall not in any event exceed an amount equal to the Consideration.

2.3 The total aggregate liability of the Seller shall not in any event exceed:

(A) in the case of all Claims (excluding Claims for breach of the Third Party IP Infringement Warranty, a Secondary Warranty and/or a Fundamental Warranty), an amount equal to twenty per cent. (20%) of the Consideration;

(B) in the case of a Claim for breach of the Third Party IP Infringement Warranty, an amount equal to $12 million;

(C) in the case of Claims for breach of a Secondary Warranty, an amount equal to fifty per cent. (50%) of the Consideration; and

(D) in the case of Claims for breach of a Fundamental Warranty and claims under the Tax Covenant, an amount equal to the Consideration.

3. **Time limits for bringing claims**

3.1 No claim shall be brought against the Seller or any other member of the Seller's Group unless the Purchaser shall have given to the Seller written notice of such claim specifying (in reasonable detail) the matter which gives rise to the claim, the nature of the claim and a good faith estimate of the amount claimed in respect thereof on or before 5:00 p.m.:

(A) on the date falling on the first anniversary of the Completion Date in respect of a Claim under the Third Party IP Infringement Warranty;

(B) on the date falling 18 months after the Completion Date in respect of any Claims (except for any Claims under the Fundamental Warranties, the Tax Warranties or the Third Party IP Infringement Warranty);

(C) on the date falling on the second anniversary of the Completion Date in respect of any Claims under the Fundamental Warranties;

(D) on the date falling three months after the sixth anniversary of the Completion Date in respect of any Claims under the Tax Warranties or claims under the Tax Covenant; and

(E) on the date falling on the sixth anniversary of the Completion Date in respect of all other claims (except for the claims referred to in paragraph 3.2(B)),

PROVIDED THAT the liability of the Seller in respect of any such claim shall absolutely determine (if such claim has not been previously satisfied, settled or withdrawn) and the claim shall be deemed to have been withdrawn and no new claim may be made in respect of the facts giving rise to such claim unless legal proceedings in respect of such claim have been commenced within three months of the giving of such notice and for this purpose proceedings shall not be deemed to have been commenced unless they shall have been properly issued and validly served upon the Seller except:

(i) in the case of a claim based upon a liability which is contingent or otherwise not capable of being quantified, in which case the three-month period shall commence on the date that the contingent liability becomes an actual liability or the liability is capable of being quantified; or

(ii) in the case of a claim where a member of the Purchaser's Group has a corresponding claim against an insurer or a corresponding entitlement to recovery from some other person, in which case the three-month period

shall commence on the date that the corresponding claim or entitlement is finally settled or finally determined; and

(iii) in the case of a claim made in connection with a Tax Authority Claim which has been notified under paragraph 8 of Schedule 5 (*Tax Covenant*) (such Tax Authority Claim being the " **Underlying Claim** "), in which case the three month period shall commence on the date that the Underlying Claim is finally settled or finally determined.

3.2 No claim under this Agreement shall be brought against the Seller (or any other member of the Seller's Group) or against the Purchaser after the sixth anniversary of the Completion Date, except in relation to:

(A) any Claim under the Tax Warranties or any claims under the Tax Covenant; or

(B) any claim for breach of any of the Seller's or Purchaser's obligations under paragraph 5 (*Third party claims and conduct of litigation*).

4. **No Liability for Contingent or Non-Quantifiable Claims**

If any breach of the Seller Warranties (other than the Tax Warranties) or any other provision of this Agreement (other than the Tax Covenant) or any other Transaction Document arises by reason of some liability which, at the time such breach or Claim is notified to the Seller, is contingent only or otherwise not capable of being quantified, then the Seller shall not be under any obligation to make any payment in respect of such breach or Claim unless and until such liability ceases to be contingent or becomes capable of being quantified. So long as such Claim shall have been notified to the Seller in accordance with paragraph 3 (*Time limits for bringing claims*), as appropriate, then the proviso set out at paragraph 3(D)(i) shall operate to govern the time limit within which legal proceedings must be commenced in respect thereof.

5. **Third party claims and conduct of litigation**

5.1 Upon the Purchaser or any member of the Purchaser's Group becoming aware of: (i) any claim, action or demand against it by a third party which is likely to give rise to any claim in respect of any of the Seller Warranties or any other provision of this Agreement (excluding the Tax Warranties and the Tax Covenant) (a " **Third Party Claim** "); or (ii) any other matter likely to give rise to any claim in respect of any of the Seller Warranties or any other provision of any Transaction Document (excluding the Tax Warranties and the Tax Covenant) as a result of or in connection with a Third Party Claim (or potential Third Party Claim), the Purchaser shall and shall procure that the relevant member of the Purchaser's Group shall (subject to paragraph 5.2 and paragraph 5.3)):

(A) as soon as reasonably practicable: (i) notify the Seller of such Third Party Claim, specifying in reasonable detail the nature of the Third Party Claim; and (ii) consult with the Seller so far as reasonably practicable in relation to the conduct of the Third Party Claim;

(B) subject to the Seller indemnifying the Purchaser or the relevant member of the Purchaser's Group on an after-Tax basis in a form reasonably satisfactory to the

Purchaser against any and all liability, cost, damage or expense (including legal and professional costs and expenses) which may be reasonably incurred or, as the case may be, increased, and reimbursing the Purchaser and each member of the Purchaser's Group for all out-of-pocket expenses reasonably incurred by them in compliance with this clause 5.1(B) thereby:

(i) in connection with the Third Party Claim, promptly take such action and give such information and access during Working Hours to the personnel and premises of the Purchaser and/or any member of the Purchaser's Group and to any chattels, books, records and documents (including in electronic form) within the possession of the Purchaser and/or any member of the Purchaser's Group to the Seller or other relevant member of the Seller's Group and its and their professional advisers as the Seller or such other relevant member of the Seller's Group may reasonably request, provided that the Seller shall not be entitled to any information which would: (a) violate any confidentiality agreement to which any relevant member of the Purchaser's Group is a party; (b) result in a loss of legal advice privilege or attorney-client privilege; or (c) if shared with the Seller, breach any applicable law or regulation;

(ii) upon receipt of a written notice by the Seller allow the Seller to assume the sole conduct of the Third Party Claim as the Seller may deem appropriate in the name of the Purchaser or any relevant member of the Purchaser's Group and in that connection the Purchaser shall:

(a) give or cause to be given to the Seller all such assistance as it may reasonably require in avoiding, disputing, resisting, settling, compromising, defending or appealing the Third Party Claim;

(b) instruct such solicitors or other professional advisers as the Seller or such other member of the Seller's Group may nominate (with the approval of the Purchaser, such approval not to be unreasonably withheld or delayed) to act on behalf of the Purchaser or any relevant member of the Purchaser's Group, as appropriate, but to act in accordance with the instructions of the Seller or other member of the Seller's Group;

(c) be entitled to participate in the defence of the Third Party Claim and employ its own professional or legal adviser, in each case, without prejudice to the Seller's right to assume the sole conduct of the Third Party Claim; and

(iii) make no admission of liability, agreement, settlement or compromise with any third party in relation to the Third Party Claim without the prior written consent of the Seller, such consent not to be unreasonably withheld or delayed.

5.2 If the Seller sends a notice to the Purchaser pursuant to paragraph 5.1(B)(ii) and takes conduct of any action in relation to a Third Party Claim, the Seller shall:

(A) consult with the Purchaser and take reasonable account of the views of the Purchaser throughout the course of its dealings with the Third Party Claim before taking any action in relation to the Third Party Claim; and

(B) keep the Purchaser informed of all material matters relating to the Third Party Claim on a timely basis and shall promptly forward or procure to be forwarded to the Purchaser copies of all material correspondence and other material written communications relating to the Third Party Claim; and

(C) make no admission of liability, agreement, settlement or compromise with any third party in relation to the Third Party Claim without the prior written consent of the Purchaser, such consent not to be unreasonably withheld or delayed.

5.3 Notwithstanding the provisions of paragraphs 5.1 and 5.2 and subject to the provisions of paragraph 5.4 , neither the Purchaser nor any member of the Purchaser's Group shall be required to take any action or refrain from taking any action and shall be entitled to assume or re-assume the conduct of the Third Party Claim where:

(A) the Third Party Claim relates to and/or involves any Owned Intellectual Property, including any attack on the subsistence or validity of any Owned Intellectual Property;

(B) the Purchaser, or another relevant member of the Purchaser's Group, considers (acting reasonably) that such action or omission may be unduly onerous or materially prejudicial to it or to its business, including the goodwill, customer relationships and commercial interests of the Purchaser's Group or the Intellectual Property of any member of the Hazel Group;

(C) the action required to be taken in relation to a Third Party Claim:

(i)relates to or arises in connection with any criminal or quasi-criminal action;

(ii)has or is reasonably likely to have a regulatory impact on the business or operations of any member of the Hazel Group; or

(iii)involves the seeking of an injunction or equitable relief against the Purchaser or any other member of the Purchaser's Group.

5.4 If the Purchaser takes conduct of any action in relation to a Third Party Claim as contemplated by the provisions of paragraph 5.3 , the Purchaser shall:

(A) consult with the Seller and take reasonable account of the views of the Seller throughout the course of its dealings with the Third Party Claim before taking any action in relation to the Third Party Claim; and

(B) keep the Seller informed of all material matters relating to the Third Party Claim on a timely basis and promptly forward or procure to be forwarded to the Seller copies of all material correspondence and other material written communications relating to the Third Party Claim; and

(C) make no admission of liability, agreement, settlement or compromise with any third party in relation to the Third Party Claim without the prior written consent of the Seller, such consent not to be unreasonably withheld or delayed (and for these purposes, it would be unreasonable for the Seller to withhold or delay its consent if it is not able to provide to the Purchaser, within a reasonable timeframe, having regard to the circumstances, an opinion from a Queen's Counsel in England and Wales which reasonably demonstrates why no such admission of liability, agreement, settlement or compromise should be made (or whether an admission of liability, agreement, settlement or comprise should instead be made on different terms)).

6. **No liability if loss is otherwise compensated for**

6.1 No liability shall attach to the Seller by reason of any breach of any of this Agreement or the other Transaction Documents to the extent that the same loss has been recovered by the Purchaser or any member of the Purchaser's Group under any other term of this Agreement or other Transaction Document, and accordingly, the Purchaser may only recover once in respect of the same loss.

6.2 The Seller shall not be liable for any Claim to the extent that the subject of the Claim has been or is made good or is otherwise compensated for without cost to the Purchaser or any other member of the Purchaser's Group.

6.3 The Seller's liability in respect of any Claim shall be reduced by an amount equal to any loss or damage to which the Claim related which has actually been recovered under a policy of insurance, after deducting any costs incurred in making such recovery (including any deductible netted from the insurance proceeds and any increase in insurance premiums resulting from recovering under such policy of insurance) and any Tax incurred as a result of the receipt of such recovery.

6.4 Where the Seller has made a payment to the Purchaser in relation to any Claim and the Purchaser or any member of the Purchaser's Group recovers (whether by insurance or otherwise), from a third party a sum which indemnifies or compensates the Purchaser or relevant member of the Hazel Group (in whole or in part) for the loss or liability which is the subject matter of the claim, the Purchaser or relevant member of the Purchaser's Group shall or shall procure that the relevant member of the Hazel Group shall pay to the Seller, as soon as reasonably practicable after receipt:

(A) an amount equal to the amount recovered from that third party (net of Tax and less any costs of recovery); or

(B) if the amount referred to in paragraph 6.4(A) exceeds the amount paid by the Seller to such Purchaser in respect of the relevant claim, such lesser amount as shall have been so paid by the Seller.

7. **Recovery from Insurers and other Third Parties**

7.1 Without prejudice to clause 13 (*Insurance*), if, in respect of any matter which would give rise to a Claim, any member of the Purchaser's Group is entitled to claim under any policy of insurance in respect of any matter or event that is likely to give rise to a Claim, then the

Seller shall not be liable for such Claim unless and until the appropriate member of the Purchaser's Group shall have made a claim against its insurers and used reasonable endeavours to pursue such claim. To the extent that the relevant member of the Purchaser's Group recovers an amount under such insurance claim, any Claim against the Seller shall be reduced by the amount so recovered by the relevant member of the Purchaser's Group after deducting any costs which are reasonably and properly incurred in making such recovery (including any increase in insurance premiums solely resulting from recovery under such policy of insurance) and any Tax incurred as a result of the receipt of such recovery.

7.2 Where the Purchaser or any other member of the Purchaser's Group is at any time entitled to recover from some other person (other than an insurer under an insurance policy referred to under paragraph 7.1) any sum in respect of any matter giving rise to a Claim, the Purchaser shall, and shall procure that the member of the Purchaser's Group concerned shall, take reasonable steps to enforce such recovery prior to taking action against the Seller (other than to notify the Seller of the Claim) and so long as such Claim shall have been notified to the Seller in accordance with paragraph 3 (*Time limits for bringing claims*), as appropriate, then the relevant proviso of paragraph 3 (*Time limits for bringing claims*) shall operate to govern the time limit within which legal proceedings must be commenced in respect thereof. In the event that the Purchaser or any member of the Purchaser's Group shall recover any amount from such other person, the amount of the claim shall be reduced by the amount so recovered after deducting any costs which are reasonably and properly incurred in making such recovery (including any increase in insurance premiums solely resulting from recovery under such policy of insurance) and any Tax incurred as a result of the receipt of such recovery.

7.3 If the Seller pays at any time to the Purchaser or any other member of the Purchaser's Group an amount pursuant to a Claim made by the Purchaser against it and the Purchaser or any other relevant member of the Purchaser's Group subsequently recovers from some other person any sum (whether by payment, discount, credit, relief or otherwise) in respect of any matter giving rise to such claim, the Purchaser shall, and shall procure that the relevant member of the Purchaser's Group shall repay to the Seller the lesser of:

(A) the amount paid by the Seller to the Purchaser or relevant member of the Purchaser's Group; and

(B) the sum (including interest (if any) but after deducting any Tax incurred as a result of that recovery and any costs of recovery which are reasonably and properly incurred) recovered from such other person.

8. **Acts and knowledge of the Purchaser**

8.1 No Claim (excluding any Claim under the Tax Warranties) shall lie against the Seller to the extent that such claim is attributable to:

(A) any voluntary act, omission, transaction, or arrangement which is carried out pursuant to and in compliance with this Agreement; or

(B) any voluntary, act, omission, transaction or arrangement which is carried out:

(i) pursuant to and in accordance with a legally binding commitment binding on the Company or any member of the Hazel Group in force at or before Completion by the Purchaser or any member of the Purchaser's Group (or any person on its behalf) on or after Completion outside the ordinary course of business of the Hazel Group as carried on at Completion;

(ii) at the written request or written direction of or with the written consent of the Purchaser or any member of the Purchaser's Group; or

(iii) in order to comply with applicable laws and regulations.

8.2 Without prejudice to paragraph 8.3 , the Seller shall not be liable in relation to any matter forming the basis of a Claim of which the Purchaser actually knew about on or before the date of this Agreement. For these purposes:

(A) the Purchaser's awareness shall mean the actual knowledge of the Purchaser's Chief Executive Officer, President, Chief Financial Officer, Chief Technology Officer, Executive Vice President of Corporate Strategy, M&A, and Government Relations, SVP, Corporate Strategy and Development and SVP Global Head of Payment Products and Platform (the " **Purchaser's Executive Team** "), in each case, having made reasonable enquiries of the individuals employed by a member of the Purchaser's Group who have undertaken due diligence activities in connection with the Transaction and who directly report to the Purchaser's Executive Team; and

(B) the Purchaser shall be deemed to have knowledge of those matters which have been Fairly Disclosed in any of the Information Memorandum, the Data Room, the Signing Disclosure Letter and the Completion Disclosure Letter (provided that no warranty is given or shall be implied as to the accuracy or completeness of the contents of any of the foregoing) and the Transaction Documents.

8.3 The Purchaser shall not be entitled to claim that any fact, matter or circumstance causes any of the Warranties to be breached if it has been Fairly Disclosed in the Signing Disclosure Letter, the Completion Disclosure Letter or in any document delivered therewith.

9. **The Completion Accounts**

No matter shall be the subject of a Claim (excluding any Claim under the Tax Warranties) to the extent that a specific allowance, provision or reserve in respect of such matter is made in the Completion Accounts or has been included in calculating creditors in the Completion Accounts.

10. **Future legislation**

No liability shall arise in respect of any Claim (excluding any Claim under the Tax Warranties) to the extent that liability for such breach occurs or is increased directly as a result of the passing of, or a change in, any law, rule, regulation, treaty, constitution, order or administrative action, in each case having the force of law and which is not in force on or prior to the date of this Agreement.

Schedule 4
(*Completion Accounts*)

Part A: Preparation and determination of Completion Accounts and payment provisions

Preparation and determination of Completion Accounts by the Purchaser

1. The Purchaser shall procure the preparation of a consolidated balance sheet of the Hazel Group as at the Effective Time, substantially in the form set out in Part D (*Consolidated Balance Sheet*) of this Schedule 4 (*Completion Accounts*) and including a completion statement, specifying:

   (A) the Cash Value;

   (B) the Debt Value;

   (C) the Net Cash Balance; and

   (D) the Working Capital,

   (the " **Draft Completion Accounts** "). The Purchaser shall deliver the Draft Completion Accounts to the Seller in accordance with clause 18 (*Notices*) by the date falling 40 Business Days after Completion.

2. The Purchaser shall prepare the Draft Completion Accounts in accordance with those accounting policies, principles, practices, bases and methodologies set out in Parts B (*Accounting policies, principles, practices, bases and methodologies*) to C (*Specific accounting principles, practices and policies*) of this Schedule 4 (*Completion Accounts*).

3. In calculating the Net Cash Balance and the Working Capital, there shall (if relevant) be no double-counting of any asset, liability or expense.

4. The Completion Accounts shall include a breakdown for Inter-Company Payables and Inter-Company Receivables and shall specify the relevant debtor and creditor for each Inter-Company Payable and Inter- Company Financing Receivable.

5. Save in accordance with the provisions of paragraph 10 of this Part A (*Preparation and determination of Completion Accounts and payment provisions*) of this Schedule 4 (*Completion Accounts*), no amendment shall be made to the Draft Completion Accounts after their delivery to the Seller in accordance with paragraph 1 of this Part A (*Preparation and determination of Completion Accounts and payment provisions*) of this Schedule 4 (*Completion Accounts*).

Review of Draft Completion Accounts by the Seller

6. The Purchaser shall procure that, from Completion to the date on which the Completion Accounts have been agreed in accordance with this Schedule 4 (*Completion Accounts*), the Company and each other member of the Hazel Group (as required) provides without charge such reasonable access to its personnel (who shall be instructed to cooperate and give prompt information and explanations), books and records, calculations and working

papers as the Seller and/or its accountants and advisers may reasonably request in connection with the preparation of the Draft Completion Accounts, subject to providing such confidentiality undertakings as the Purchaser may reasonably request.

7. The Seller may dispute the Draft Completion Accounts by notice in writing (the " **Dispute Notice** ") delivered to the Purchaser in accordance with clause 18 (*Notices*) within 20 Business Days of receiving the Draft Completion Accounts. The Dispute Notice shall specify which items of the Draft Completion Accounts are disputed and the reasons therefor and the monetary value of the adjustments that the Seller claims are accordingly required to be made to:

   (A) the Cash Value;

   (B) the Debt Value;

   (C) the Net Cash Balance; and

   (D) the Working Capital.

   Only those items or amounts specified in the Dispute Notice shall be treated as being in dispute (the " **Disputed Items** ") and no amendment may be made by either party, or any Expert appointed pursuant to paragraph 10(B) of this Schedule 4 (*Completion Accounts*), to any items or amounts which are not Disputed Items.

8. The Dispute Notice shall be accompanied with relevant supporting documentation and working papers on which the Seller wishes to rely, it being acknowledged by the Seller that it shall provide further documentation to support its claims on request by the Purchaser or Expert (as applicable).

Finalisation of Completion Accounts

9. If the Seller does not serve the Dispute Notice under paragraph 7 of this Part A (*Preparation and determination of Completion Accounts and payment provisions*) of this Schedule 4 (*Completion Accounts*), the Draft Completion Accounts shall constitute the Completion Accounts.

10. If the Seller does serve a Dispute Notice under paragraph 7 of this Part A (*Preparation and determination of Completion Accounts and payment provisions*) of this Schedule 4 (*Completion Accounts*), then the Purchaser and the Seller shall use their reasonable endeavours to resolve the Disputed Items and either:

    (A) if the Purchaser and the Seller reach agreement on the Disputed Items within 10 Business Days of the Dispute Notice being served (or such longer period as the Purchaser and the Seller may agree in writing), the Draft Completion Accounts shall be amended to reflect such agreement and shall then constitute the Completion Accounts; or

    (B) if the Purchaser and the Seller do not reach agreement in accordance with paragraph 10(A) of this Part A (*Preparation and determination of Completion*

Accounts and payment provisions) of this Schedule 4 (*Completion Accounts*), the Purchaser or the Seller may refer the dispute in respect only of the Disputed Items:

(i) to such individual at an independent firm of chartered accountants of international repute as the Seller and the Purchaser may agree in writing; or

(ii) failing such agreement within 5 Business Days of the expiry of the period referred to in paragraph 10(A) of this Part A (*Preparation and determination of Completion Accounts and payment provisions*) of this Schedule 4 (*Completion Accounts*), to such independent firm of chartered accounts of international repute in the United States of America as the President of the American Institute of Certified Public Accountants may, on application of either the Seller or the Purchaser, nominate (the " **Expert** "), on the basis that the Expert is to make a decision on the dispute and notify the Seller and the Purchaser of its decision within 10 Business Days of receiving the reference or such longer period as the Expert may determine is reasonably required; and

(C) each party shall bear its own costs with respect to the finalisation of the Completion Accounts. The costs of the Expert shall be borne by the parties as set out in paragraph 11(G) of this Part A (*Preparation and determination of Completion Accounts and payment provisions*) of this Schedule 4 (*Completion Accounts*).

11. In any reference to the Expert in accordance with paragraph 10 of this Part A (*Preparation and determination of Completion Accounts and payment provisions*) of this Schedule 4 (*Completion Accounts*):

(A) the Expert shall act as an expert and not as an arbitrator and shall be directed to determine any dispute by reference to Parts B (*Accounting policies, principles, practices, bases and methodologies*) to C (*Specific accounting principles, practices and policies*) of this Schedule 4 (*Completion Accounts*);

(B) the Expert shall be engaged jointly by the Seller and the Purchaser on the terms set out in this Schedule 4 (*Completion Accounts*) and otherwise on such terms as shall be agreed;

(C) Except if and to the extent the Seller and Purchaser agree otherwise, the Expert shall determine its own procedure but apart from procedural matters and as otherwise set out in this Agreement shall determine only:

(i) whether any of the arguments for an alteration to the Draft Completion Accounts put forward in the Dispute Notice is correct in whole or in part; and

(ii) if so, subject to paragraph (D) of this Schedule 4 (*Completion Accounts*), what alterations should be made to the Draft Completion Accounts in order to correct the relevant inaccuracy in it.

(D) any determination made by the Expert of alternations to the Draft Completion Accounts pursuant to paragraph 11(C)(ii) must be made within (and no higher or lower than) the minimum and maximum range of the amount being disputed by the Seller and the Purchaser.

(E) the procedure of the Expert shall:

(i)give the Seller and the Purchaser a reasonable opportunity to make written representations to them; and

(ii)require that each of the Seller and the Purchaser supply the other with a copy of any written representations at the same time as they are made to the Expert.

(F) the decision of the Expert shall, in the absence of fraud or manifest error, be final and binding on the Purchaser and the Seller and the Completion Accounts shall be the Draft Completion Accounts amended as necessary to reflect the decision of the Expert and, as so amended, signed by the Expert;

(G) the costs of the Expert shall be paid by the Seller and the Purchaser in equal proportion within 10 Business Days of the decision of the Expert (or sooner if required by the Expert); and

(H) each of the Seller and the Purchaser shall cooperate with the Expert and respectively provide or procure the provision to the Expert of all such information as the Expert shall reasonably require including:

(i)by their respective advisers;

(ii)in the case of the Purchaser, the books and records and personnel of the Hazel Group; and

(iii)in the case of the Seller, the books and records and personnel of the Seller's Group.

12. Nothing in this Schedule 4 (*Completion Accounts*) shall entitle a party or the Expert access to any information or document which is protected by legal professional privilege or litigation privilege, provided that neither the Seller nor the Purchaser shall be entitled to refuse to supply such part or parts of documents as contain only the facts on which the relevant claim or argument is based.

13. Each of the Seller and the Purchaser and the Expert shall, and shall procure that its accountants and other advisers shall, keep all information and documents provided to them pursuant to this Part A (*Preparation and determination of Completion Accounts and payment provisions*) of this Schedule 4, confidential and shall not use the same for any purpose, except for disclosure or use in connection with the preparation of the Draft

Completion Accounts, the proceedings of the Expert or another matter arising out of this Agreement .

14. Following determination of the Completion Accounts, the amount of:

(A) the Cash Value;

(B) the Debt Value;

(C) the Net Cash Balance; and

(D) the Working Capital,

shall, in each case, be determined by reference to the Completion Accounts.

15. Following agreement or determination (as applicable) of the Completion Accounts in accordance with this Schedule 4 (*Completion Accounts*):

(A) subject to paragraph 15(C) of this Part A (*Preparation and determination of Completion Accounts and payment provisions*) of this Schedule 4 (*Completion Accounts*), if the Net Cash Balance of the Hazel Group is a negative amount, then the Seller shall pay to the Purchaser an amount equal thereto or, if the Net Cash Balance is a positive amount, the Purchaser shall pay to the Seller an amount equal thereto, in each case, within five Business Days of such agreement or determination (as applicable) of the Completion Accounts. Any payment pursuant to this paragraph 15 shall be adjusted to take into account the Estimated Net Cash Balance applied to the Consideration paid at Completion pursuant to paragraph 1 of Part B (*Accounting policies, principles, practices, bases and methodologies*) of Schedule 1 (*Completion Arrangements*);

(B) subject to paragraph 15(C) of this Part A (*Preparation and determination of Completion Accounts and payment provisions*) of this Schedule 4 (*Completion Accounts*), if the Working Capital is less than or greater than the Normalised Working Capital (such amount being the " **Working Capital Shortfall** " or the " **Working Capital Excess** " respectively), then, as relevant: (i) the Seller shall pay to the Purchaser an amount equal to the absolute value of the Working Capital Shortfall; or (ii) the Purchaser shall pay to the Seller an amount equal to the absolute value of the Working Capital Excess, in each case, within five Business Days of such agreement or determination (as applicable) of the Completion Accounts. Any payment pursuant to this paragraph 15(B) shall be adjusted to take into account the Estimated Working Capital applied to the Consideration paid at Completion pursuant to paragraph 1 of Part B (*Accounting policies, principles, practices, bases and methodologies*) of Schedule 1 (*Completion Arrangements*); and

(C) for the avoidance of doubt, no amount shall be payable in respect of the same matter both pursuant to: (i) either paragraphs 15(A) or 15(B) of this Part A (*Preparation and determination of Completion Accounts and payment provisions*) of this Schedule 4 (*Completion Accounts*) (as applicable); and (ii) in respect of any Seller Warranty being breached or being inaccurate or misleading, or in respect

of any breach of, or under, any other provision of this Agreement or other Transaction Document.

16. The Seller, as agent for the members of the Seller's Group, and the Purchaser, as agent for the members of the Hazel Group, agree and acknowledge that:

(A) the amount of the Inter-Company Receivables and the amount of the Inter-Company Payables is included in the Completion Accounts as part of the Cash Value and Debt Value respectively;

(B) the Net Cash Balance adjustment made to the Base Consideration pursuant to clause 3.1 takes into account the amount of the Inter-Company Receivables and the amount of the Inter-Company Payables; and

(C) as a result of the adjustments made to the Base Consideration as described above, the Inter-Company Receivables and the Inter-Company Payables shall, upon payment of the Net Cash Balance pursuant to paragraph 15(C) of this Part A (*Preparation and determination of Completion Accounts and payment provisions*) of this Schedule 4 (*Completion Accounts*) (and to the extent that the same have not yet been discharged at Completion pursuant to paragraph 1 of Part C (*Specific accounting principles, practices and policies*) of Schedule 1 *(Completion Arrangements*)), now be settled and discharged by the Purchaser and the Seller who shall each procure that the actual amount of each Inter-Company Receivable and each Inter-Company Payable has been repaid by each relevant member of the Seller's Group to the relevant member of the Hazel Group or by the relevant member of the Hazel Group to the relevant member of the Seller's Group, as the case may be,

and, following the settlement and discharge above (if applicable), no further amount shall be considered as due, owing or payable between any member of the Seller's Group and any member of the Purchaser's Group (including, for this purpose, the Hazel Group) (or vice versa) in respect of the Inter-Company Payables or the Inter-Company Receivables.

17. All payments to be made under this Schedule 4 (*Completion Accounts*) shall be made in immediately available funds in dollars without any set-off, restriction or condition and without any deduction or withholding (save only as may be required by law) by wire transfer to the account of the Seller or the Purchaser (as the case may be) notified in advance to the party making the payment by the party receiving the payment

18. Any payment made by the Seller or, as the case may be, by the Purchaser pursuant to this Schedule 4 (*Completion Accounts*) shall take effect as an alteration to the Consideration.

PART B: Accounting policies, principles, practices, bases and methodologies

The Completion Accounts shall:

1. be prepared using the specific accounting principles, practices and policies set out in Part C (*Specific accounting principles etc.*) of this Schedule 4 (*Completion Accounts*);

2. subject to paragraph 1 of this Part B (*Accounting policies, principles, practices, bases and methodologies*) of this Schedule 4 (*Completion Accounts*) above, be prepared using the accounting principles, practices and policies of the Seller which are applied in accordance with the preparation of the audited financial statements of the Seller for the accounting reference period ending 31 December 2018; and

3. subject to paragraphs 1 and 2 of this Part B (*Accounting policies, principles, practices, bases and methodologies*) of this Schedule 4 (*Completion Accounts*) above, be prepared under generally accepted accounting principles and financial reporting and accounting standards in the United States of America in force and applicable as at the Completion Date.

For the avoidance of doubt, paragraph 1 shall take precedence over paragraphs 2 and 3 , and paragraph 2 shall take precedence over paragraph 3 , in each case, of this Part B **(** *Accounting policies, principles, practices, bases and methodologies* **)** of this Schedule 4 (*Completion Accounts*).

PART C: Specific accounting principles, practices and policies

The Completion Accounts shall be prepared:

1. as if the date to which the Completion Accounts are made up were the last day of a financial year;

2. subject to paragraph 4 below, on the basis of the same management judgments, estimates, forecasts and opinions that were used for the purposes of and reflected in the accounts relevant to the matter being evaluated consistently applied but taking into account any material change in circumstances (other than the change of ownership of the Hazel Group) that has occurred between the date on which those accounts were signed and the Completion Date;

3. so as to include no charge, provision, reserve or write-off in respect of any costs, liabilities or charges to be incurred after the date to which the Completion Accounts are made up as a consequence of the change of ownership of the Hazel Group or any change in management strategy, direction or priority or possible closure of any business (or part thereof) which results from the change of ownership (provided that the valuation of a business, and its assets, shall be conducted in the context of the relevant business at

Completion without taking into account any change of ownership thereof or the Purchaser's intentions with respect to the conduct of any business after Completion);

4. so as to take no account of events following the Effective Time;

5. so as to take no account of the costs of the Seller or the Purchaser in relation to this agreement (including, without limitation, the costs of the preparation, delivery, review and resolution of the Completion Accounts);

6. so as to include no provision for or with respect to any matter (other than any Tax Liability (as defined in the Tax Covenant)) which is the subject of an indemnity in favour of the Purchaser or a member of the Hazel Group under the Transaction Documents;

7. so as not to reappraise the value of any of the fixed assets of any member of the Hazel Group and, in particular (but without limitation), so as not to revalue any land or buildings; and

8. so as not to (i) show any Relief (other than any right to repayment of Tax) as an asset of any member of the Hazel Group, or (ii) take any Relief (other than any right to repayment of Tax) into account in computing a provision for deferred Tax.

PART D: Balance sheet

Currency: € 000	Cash	Debt	Working Capital	Other
PPE	-	-	-	X
Other LT Assets	-	-	-	X
Operating lease assets	-	-	-	X
Total non-current assets	-	-	-	-
Cash and Cash equivalents	X	-	-	-
Accounts receivable	-	-	X	-
Intercompany receivable	X	-	-	-
Prepayments and other current assets	-	-	X	-
Prepaid taxes	X	-	-	-
Total current assets	-	-	-	-
Total assets	-	-	-	-
Deferred revenue	-	-	X	-
Accrued income tax payable	-	X	-	-
Deferred rent	-	X	-	-
Operating lease liabilities	-	-	-	X
Total non-current liabilities	-	-	-	-
Accounts payable	-	-	X	-
Intercompany payable	-	X	-	-

Income taxes payable	-	X	-	-
Accrued Salary and benefits	-	-	X	-
Operating lease liabilities	-	-	-	X
Other accrued liabilities - current	-	-	X	-
Deferred rent	-	X	-	-
Deferred revenue	-	-	X	-
Total current liabilities	-	-	-	-
Total liabilities	-	-	-	-
Net assets	-	-	-	-

Schedule 5
(*Tax Covenant*)

1. Interpretation

In this schedule:

1.1 defined terms have the same meaning as under the Agreement provided that the following expressions have the following meanings:

"Actual Tax Liability"	has the meaning given in paragraph 1.2(A) ;
"Covenantor Liability"	means each of (i) a Tax Liability of any member of the Covenantor's Group, and (ii) any liability of the Covenantor under paragraph 2 (*Covenant*);
"Covenantor's Dispute Document"	has the meaning given in paragraph 8.7(A) ;
"Covenantor's Group"	has the meaning ascribed to "Seller's Group" in clause 1.1 of the Agreement;
"Event"	means any transaction, event, circumstance, action or omission, including, without limitation, Completion and any change in the residence of any person for the purposes of any Tax;
"FA 2014"	means the Finance Act 2014;
"Follower Notice"	means a notice served under section 204 FA 2014;
"Group Companies"	means the Company and the Subsidiaries and "Group Company" means any of them;
"Income, Profits or Gains"	has the meaning given in paragraph 1.3(A) ;
"Interest Restriction Rules"	means the provisions of Part 10 of, and Schedule 7A to, TIOPA and any regulations made in relation thereto, in each case as the same may be amended from time to time, together with any similar regime outside the United Kingdom;
"Overprovision Amount"	has the meaning given in paragraph 5.2 ;
"Payment on Account"	has the meaning given in paragraph 8.4 ;
"Post-Completion Relief"	means any Relief of a Group Company which arises: (i) as a consequence of or by reference to an Event occurring (or deemed to occur) after Completion; or (ii) in respect of a period commencing after Completion;

"Purchaser Group Relief"	means any Relief of a member of the Purchaser's Group (other than a Group Company);
"Purchaser's Group"	means the Purchaser, its subsidiaries and subsidiary undertakings, any holding company of the Purchaser and all other subsidiaries and subsidiary undertakings of such holding company from time to time (including, following Completion, the Group Companies);
"Purchaser's Relief"	means any Post-Completion Relief and any Purchaser Group Relief;
"Purchaser's Repayment"	means (i) any repayment of Tax taken into account in the preparation of the Completion Accounts, and (ii) any repayment of Tax arising as a consequence of, or by reference to, an Event occurring (or deemed to incur) after Completion or in respect of a period commencing after Completion;
"Relevant Percentage"	means in the case of: Nevis Joint Venture the number of shares held by Ecebs Limited (at the time of Completion) in Nevis Technologies Ltd as a percentage of the total issued share capital (at the time of Completion) of the Nevis Joint Venture; Accrington Joint Venture the number of shares held by Limited (at the time of Completion) in Accrington Technologies Ltd as a percentage of the total issued share capital (at the time of Completion) of the Accrington Joint Venture; and all other companies 100%;
"Repayment Amount"	has the meaning given in paragraph 6.3 ;
"Secondary Liability"	means a Tax Liability by reference to which an amount becomes payable under paragraphs 12.1 or 12.2;
"Straddle Period"	has the meaning given in paragraph 9.4 ;

"Subsidiaries"	means each entity, basic information concerning which is set out in Attachment 1 (*Basic information about the Hazel Group*) of the Agreement as at Completion;
"Tax"	means all taxes, levies, duties and imposts and any contributions, assessments, charges, deductions or withholdings in the nature of tax whether levied by reference to gross or net Income, Profits or Gains, net wealth, asset values, turnover, added value or otherwise and including taxes on receipts, sales, use, occupation, development, franchise, employment, value added and personal property and stamp, documentary and social security taxes, together with all penalties, charges and interest relating to any of them or to any failure to file any return required for the purposes of any of them; but not including rates in respect of business premises or utilities, or other items generally treated as Tax deductible revenue expenditure; regardless of whenever and wherever imposed and of whether any such taxes, levies, duties, imposts, contributions, assessments, charges, deductions, withholdings, penalties and interest are chargeable directly or primarily against or attributable directly or primarily to a Group Company or any other person and of whether any amount in respect of any of them is recoverable from any other person as mentioned in paragraph 7 (*Recovery From Other Persons*);
"Tax Assessment"	means any assessment, demand, determination or other similar formal notice of a Tax Effect issued by or on behalf of any Tax Authority by virtue of which a Group Company or any other person (including, in the context of paragraph 12.2 , any member of the Covenantor's Group) either is liable (or would, but for the use of a Relief, become liable) to make a payment of Tax or will, with the passing of time, become so liable (in the absence of any successful application to postpone any such payment) and also means any self-assessment made by a Group Company or any other person (including, in the context of paragraph 12.2 , any member of the Covenantor's Group) in respect of any amount of Tax which any of them considers that either it is liable (or would, but for the use of a Relief, become liable) to pay or it will (or would, but for the use of a Relief), with the passing of time, become liable to pay;
"Tax Authority"	means any authority responsible for the assessment, collection or management of any Tax;

"Tax Authority Claim"	means any self-assessment or the issue of any notice, letter or other document by or on behalf of any Tax Authority or the taking of any other action by or on behalf of any Tax Authority from which self-assessment, notice, letter document or action it appears either (i) that a Tax Effect may arise or be increased in respect of a Group Company, (ii) in the context of paragraph 12.1 , that a Tax Liability of any member of the Purchaser's Group may arise or be increased, or (iii) in the context of paragraph 12.2 , that a Tax Liability of any member of the Covenantor's Group may arise or be increased;
"Tax Effect"	means (i) a Tax Liability, or (ii) the loss, disallowance, reduction or unavailability of any right to repayment of Tax within paragraph 2.3 ;
"Tax Liability"	has the meaning given in paragraph 1.2 ;
"Tax Period"	subject to paragraph 13 (*Notional End of Tax Period*), means an accounting period or any other period in respect of which a Tax return is required to be submitted to any Tax Authority or in respect of which, or by reference to which, Tax is required to be calculated;
"Tax Return Period"	means an accounting period or any other period in respect of which a Tax return is required to be submitted to any Tax Authority in connection with the assessment of a company's Tax Liability on Income, Profits or Gains; and
"TIOPA"	means the Taxation (International and Other Provisions) Act 2010.

1.2 references to any " **Tax Liability** " mean:

(A) a liability or increase in a liability to make a payment of Tax, regardless of whether any such liability has been discharged in whole or in part before Completion (an " **Actual Tax Liability** "), in which case the amount of the Actual Tax Liability is to be the Relevant Percentage of the liability or increase in liability; and/or

(B) the setting off or utilisation of any Relief or repayment of Tax against any Tax or any Income, Profits or Gains (in which case, the amount of the Tax Liability is to be the Relevant Percentage of the amount of Tax thereby saved) and, for this purpose, the application of any deduction in computing Income, Profits or Gains for the purposes of any Tax is to be treated as the setting off or utilisation of a Relief against Income, Profits or Gains;

1.3 references to:

(A) " **Income, Profits or Gains** " include any income, profits or gains which are deemed to be earned, accrued or received for the purposes of any Tax; and

(B) Income, Profits or Gains (as defined in paragraph 1.3(A)) as being earned, accrued or received on or before a particular date or in respect of a particular period mean

Income, Profits or Gains which are regarded as having been, or are deemed to have been, earned, accrued or received on or before that date or in respect of that period for the purposes of any Tax;

1.4 references to " **Tax thereon** " in this schedule include an amount equal to Tax which would have been charged thereon but for the use or set off of a Purchaser's Relief or a Purchaser's Repayment;

1.5 unless otherwise specified:

(A) references to paragraphs are to paragraphs of this schedule;

(B) a reference in this schedule to the ordinary and usual course of the business or trade as carried on by a Group Company at Completion shall be construed as meaning the ordinary and usual course of the business or trade as carried on by the relevant Group Company in the twelve months preceding Completion;

(C) references to " **period** " are to a period of time and not to an accounting period unless the phrase "accounting period" is used;

(D) references to " **repayment of Tax** " mean a repayment or refund of Tax paid or amounts paid for, or on account of, Tax and shall be deemed to include any interest or repayment supplement on or in respect thereof; and

(E) references to any transaction or action " **required by law** " shall not include the stamping or notarisation of any instrument unless (i) the Group Company or other member of the Purchaser's Group in question is required by law to present such instrument for stamping or notarisation, or (ii) the same is necessary to satisfy a legal requirement or condition relating to the instrument being used for a particular purpose and such purpose cannot otherwise be reasonably achieved;

1.6 for the purposes of paragraph 5 (*Overprovisions*) and paragraph 6 (*Repayments*) the matters referred to in this paragraph are:

(A) the loss, non-availability, reduction, set off or utilisation of any Purchaser's Relief;

(B) any change in law that is made after Completion;

(C) any change in the published practice of, or any change in a published extra statutory concession of, any Tax Authority or any change in generally accepted accounting practice, in each case where the same occurs or is made after Completion;

(D) any transaction, action or omission carried out, effected or made by a Group Company or other member of the Purchaser's Group at any time after Completion other than any such transaction, action or omission which is required by law or which is carried out, effected or made in any of the circumstances specified in paragraphs 3.1(F)(i) , 3.1(F)(ii) or 3.1(F)(iii);

(E) any failure or omission as described in paragraph 3.1(G) ; and

(F) any changes after Completion of the date to which a Group Company makes up its accounts or in the bases, methods or policies of accounting of a Group Company or any other member of the Purchaser's Group.

2. Covenant

Subject to the provisions of paragraph 3 (*Limitations and Exclusions*), the Covenantor hereby covenants with the Purchaser to pay to the Purchaser (so far as possible by way of repayment of the consideration payable under the Agreement for the Shares) an amount equal to:

2.1 any Actual Tax Liability of a Group Company:

(A) arising as a consequence of or by reference to any Event which occurred on or before Completion or was deemed to occur on or before Completion for the purposes of any Tax but excluding any such Actual Tax Liability to the extent that it arises in respect of or by reference to any Income, Profits or Gains; or

(B) arising in respect of or by reference to any Income, Profits or Gains to the extent that such Income, Profits or Gains were earned, accrued or received (i) on or before Completion, or (ii) in respect of a period ending on or before Completion;

2.2 any Tax Liability, other than an Actual Tax Liability, where an Actual Tax Liability falling within paragraph 2.1 would have arisen but for the set-off or utilisation which comprises that Tax Liability;

2.3 the Relevant Percentage of any right to repayment of Tax which (i) has been taken into account in computing a provision for deferred Tax in the Completion Accounts to the extent that the Net Cash Balance and/or Working Capital are higher, individually or in aggregate, by the amount of such right to repayment than they would have otherwise have been or (ii) is shown as an asset of a Group Company in the Completion Accounts to the extent that such right to repayment is lost, disallowed or reduced, or is otherwise proven to be unavailable to any member of the Purchaser's Group (otherwise than by way of setting off or utilisation following Completion); and

2.4 the Relevant Percentage of any reasonable out-of-pocket costs and expenses properly incurred by the Purchaser and/or a Group Company directly in connection with, and to the extent that such costs and expenses would not have been so incurred but for (i) any Tax Effect to the extent that it gives rise to an obligation for the Covenantor to make a payment to the Purchaser under this paragraph 2 ; (ii) any Tax Authority Claim for, or in connection with, a Tax Effect referred to in (i), or (iii) taking or defending any action under this schedule, to the extent such action is successful.

3. Limitations and Exclusions

3.1 The covenant given in paragraph 2 (*Covenant*) shall not cover any Tax Liability of a Group Company and there shall be no liability in respect of a claim under the Tax Warranties (treating the circumstances giving rise to such claim as if, for the purposes of this paragraph 3 , they were a Tax Liability) to the extent that:

(A) provision or reserve in respect of that Tax Liability was made in the Completion Accounts or such Tax Liability was otherwise expressly taken into account in the preparation of the Completion Accounts (and, for this purpose, the phrase "taken into account in the Completion Accounts" means that the Net Cash Balance and/or the Working Capital are lower (individually or in aggregate), by the amount of such Tax Liability); or

(B) that Tax Liability was paid or discharged before Completion and such payment or discharge was reflected in the Completion Accounts (and, for this purpose, the phrase "reflected in the Completion Accounts" means that the Net Cash Balance and/or the Working Capital are lower (individually or in aggregate), by the amount paid or discharged, than they would have been if such payment or discharge had not occurred); or

(C) that Tax Liability is a Tax Liability within the meaning of paragraph 1.2(B) and, as the case may be: (i) the Relief in question is not a Purchaser's Relief or a Relief taken into account for the purposes of paragraphs 5 (*Overprovisions)* , 6 (*Repayments*), 7 (*Recovery From Other Persons*) or 11 (*Deductions from Payments, etc.*); and/or (ii) the repayment of Tax in question is not a Purchaser's Repayment or a repayment taken into account for the purpose of paragraph 5 (*Overprovisions)* , 6 (*Repayments*) or 7 (*Recovery From Other Persons*) or 11 (*Deductions from Payments, etc.*); or

(D) that Tax Liability would not have arisen but for any change in law that is made after Completion; or

(E) that Tax Liability would not have arisen but for:

(i) any change in the published practice of, or any change in a published extra statutory concession of, any Tax Authority; or

(ii) any change in generally accepted accounting practice,

in either case, where the same occurs or is made after Completion; or

(F) that Tax Liability would not have arisen but for a transaction, action or omission (provided, in the case of an omission, that the Group Company or member of the Purchaser's Group knew, or ought reasonably to have known, that such omission would give rise to such Tax Liability) carried out, effected or made by a Group Company or other member of the Purchaser's Group at any time after Completion, other than any such transaction, action or omission which is required by law or which is carried out, effected or made:

(i) under a legally binding commitment of a Group Company created on or before Completion; or

(ii) in the ordinary and usual course of the business or trade as carried on by a Group Company at Completion; or

(iii) at the written request or with the written consent of any member of the Covenantor's Group; or

(G) that Tax Liability would not have arisen or would have been reduced but for a failure or omission on the part of the Purchaser and/or a Group Company after Completion to make or submit all claims, disclaimers, elections, consents or other similar documents which have been assumed to have been made or submitted for the purposes of computing the provision or reserve for Tax in the Completion Accounts and for which the need to so make or submit is either (i) notified in writing to the Purchaser (whether or not in accordance with clause 18 (*Notices*)) as part of the process of agreeing the Completion Accounts in accordance with Schedule 4 (*Completion Accounts*), or (ii) notified in writing to the Purchaser at least 15 Business Days before the relevant claim, disclaimer, election, consent or other similar document is required to be made or submitted ; or

(H) that Tax Liability would not have arisen but for any changes after Completion of the date to which a Group Company makes up its accounts or in the bases, methods or policies of accounting of a Group Company or any other member of the Purchaser's Group except where such change was necessary to comply with law or generally accepted accounting practice as, and to the extent that, it applied to the relevant company at Completion; or

(I) that Tax Liability has been made good without cost to any Group Company or to any other member of the Purchaser's Group; or

(J) any Income, Profits or Gains to which that Tax Liability is attributable were actually earned or received by or actually accrued to a Group Company on or before Completion and were not (in either such case) reflected in the Completion Accounts but should have been so reflected (such that the Net Cash Balance and/or Working Capital are lower (individually or in aggregate), by the amount of such Income, Profits or Gains, than they would have been if such Income, Profit or Gains had been so reflected); or

(K) the Purchaser has otherwise made recovery in respect of that Tax Liability under this schedule or by means of a claim for breach of any of the warranties set out in Schedule 2 (*Warranties*) to the Agreement or under any other provision of any of the Transaction Documents; or

(L) that Tax Liability would not have arisen or would have been reduced but for a failure by the Purchaser to comply with any of its obligations under this schedule; or

(M) that Tax Liability comprises a penalty, charge or interest and is attributable to any unreasonable delay or failure on the part of any member of the Purchaser's Group.

3.2 For the purposes of paragraph 3.1 and paragraph 4 (*Mitigation*), references to "Tax Liability" include any loss, non-availability, disallowance or reduction in any repayment of Tax as referred to in paragraph 2.3 .

3.3 Certain provisions of Schedule 3 (*Limitations on the Seller's liability*) to the Agreement contain further limitations which apply to this schedule (including setting certain financial and time limits).

4. Mitigation

4.1 Subject to paragraph 4.2 , the Purchaser shall, at the direction in writing of the Covenantor, procure that the Group Companies take all such steps as the Covenantor may reasonably require to:

(A) use in the manner hereinafter mentioned all such Reliefs including, without limitation, Reliefs made available to a company by means of a surrender from another company without payment but excluding a Purchaser's Relief, as are available to a Group Company and can actually be used to reduce, eliminate or to make good any Tax Liability in respect of which the Purchaser would have been able to make a claim against the Covenantor under this schedule, the said use being to effect the reduction, elimination or making good of any such Tax Liability to the extent specified by the Covenantor and permitted by law; and

(B) make all such claims and elections in respect of a Group Company specified by the Covenantor in respect of any Tax Period of that Group Company commencing before Completion or in respect of any Event occurring (or deemed to occur) on or before Completion as have the effect of reducing, eliminating or making good any such Tax Liability as is mentioned in paragraph 4.1(A) , provided that no such claim or election shall require a Group Company to use (i) any Purchaser's Relief, or (ii) any Purchaser's Repayment, or (iii) any Relief or repayment to the extent it has already been taken into account for the purpose of paragraph 5 (*Overprovisions*), 6 (*Repayments*) or 7 (*Recovery From Other Persons*) or has otherwise reduced a liability of the Covenantor under the Transaction Documents.

4.2 The Purchaser shall not be obliged under this paragraph 4 to take, or to procure that any Group Company takes, any action which:

(A) would, or may, have the effect of giving rise to any Tax Liability of any Group Company for which no claim could be made under this schedule other than any Tax Liability within the meaning of paragraph 1.2(B) arising as a result of the utilisation of a Relief that is neither a Purchaser's Relief nor a Relief already taken into account for the purposes of paragraphs 5 (*Overprovisions*), 6 (*Repayments*) or 7 (*Recovery From Other Persons*); or

(B) would, or may, have the effect of preventing from arising (or reducing) a Relief which would, but for that action, have been a Purchaser's Relief.

5. Overprovisions

5.1 Subject to the provisions of paragraph 6.5 and paragraph 15 (*Notification and Limits on Covenantor's Claims*), if any provision for Tax in the Completion Accounts (which shall include, for these purposes, any provision for deferred Tax to the extent that the Net Cash Balance and/or Working Capital are lower, individually or in aggregate, by the amount of such provision than they would have otherwise have been) is an overprovision otherwise

than as the result of any matter referred to in paragraph 1.6 , then the Relevant Percentage of the amount of such overprovision shall be dealt with in accordance with paragraph 5.2 .

5.2 Where it is provided under paragraph 5.1 that any amount (the " **Overprovision Amount** ") shall be dealt with in accordance with this paragraph 5.2 :

(A) the Overprovision Amount shall first be set off against any payment then due from the Covenantor under this schedule; and

(B) to the extent there is an excess, a refund shall be made to the Covenantor of any previous payment or payments made by the Covenantor under this schedule and not previously refunded under this paragraph 5.2(B) or paragraph 6.3(B) up to the amount of such excess; and

(C) to the extent that the excess referred to in paragraph 5.2(B) is not exhausted under that paragraph, then the remainder of that excess shall be carried forward and set off against any future payment or payments which become due from the Covenantor under any of the Transaction Documents.

6. Repayments

6.1 Subject to the provisions of paragraph 6.5 and paragraph 15 (*Notification and Limits on Covenantor's Claims*), this paragraph 6.1 shall apply if a Group Company has received or obtained, a repayment of Tax other than a repayment:

(A) arising as a result of any matter referred to in paragraph 1.6 ; or

(B) referred to in paragraph 8.5 .

6.2 Where paragraph 6.1 applies, then to the extent that:

(A) the repayment is of Tax paid as a consequence of or by reference to any Event which occurred on or before Completion or was deemed to occur on or before Completion for the purposes of any Tax but excluding such repayment to the extent that it is a repayment of Tax paid in respect of or by reference to any Income, Profits or Gains; or

(B) the repayment is of Tax paid in respect of any Income, Profits or Gains which were, or were reasonably believed to be, earned, accrued or received (i) on or before Completion, or (ii) in respect of a period ending on or before Completion;

and, in each case, the repayment of Tax is not a Purchaser's Repayment, the Relevant Percentage of the amount of such repayment less the Relevant Percentage of any Tax on the full amount of the repayment and the Relevant Percentage of any reasonable costs of recovery incurred by that or any other member of the Purchaser's Group shall be dealt with in accordance with paragraph 6.3 .

6.3 Where it is provided under paragraph 6.2 that any amount (the " **Repayment Amount** ") shall be dealt with in accordance with this paragraph 6.3 :

(A) the Repayment Amount shall first be set off against any payment then due from the Covenantor under this schedule; and

(B) to the extent there is an excess, the amount of such excess shall be paid to the Covenantor.

6.4 Where there would otherwise be both an Overprovision Amount and a Repayment Amount in respect of the same matter, the Covenantor shall be entitled to the benefit of only one such amount to the exclusion of the other without prejudice to the Covenantor's ability to initiate proceedings under more than one of paragraphs 5 (*Overprovisions*) and 6 (*Repayments*).

6.5 No claim shall be made under paragraphs 5 (*Overprovisions*) or 6 (*Repayments*) to the extent that the Covenantor has already benefited from the relevant Overprovision Amount or Repayment Amount under any of the Transaction Documents.

7. Recovery From Other Persons

7.1 If, in the event of any payment becoming due from the Covenantor under paragraph 2 (*Covenant*), a Group Company either is immediately entitled at the due date for the making of that payment to recover from any person (excluding any other member of the Purchaser's Group or any employee or officer of any member of the Purchaser's Group) any sum (including any interest) in respect of the matter that has resulted in that payment becoming due from the Covenantor, or at some subsequent date becomes entitled to make such a recovery, then the Purchaser shall procure that the Group Company entitled to make that recovery shall promptly notify the Covenantor of its entitlement and shall, if so required by the Covenantor and at the Covenantor's sole expense, take all reasonable steps to enforce that recovery (keeping the Covenantor fully informed of the progress of any action taken and providing the Covenantor with copies of all relevant correspondence and documentation) and to the extent that:

(A) the Covenantor has not yet made a payment under paragraph 2 (*Covenant*) in respect of the matter in question, the amount due from the Covenantor under paragraph 2 in respect of that matter shall be reduced (but not below nil) by the Relevant Percentage of the sum so recovered by the Group Company in respect of that matter less the Relevant Percentage of any Tax on the full amount of the sum recovered and the Relevant Percentage of any reasonable costs of recovery incurred by that or any other member of the Purchaser's Group; and

(B) the Covenantor has made a payment under paragraph 2 (*Covenant*) in respect of the matter in question, the Purchaser shall account to the Covenantor for whichever is the lesser of:

(i) the Relevant Percentage of any sum so recovered by the Group Company in respect of that matter less any Tax on the full amount of the sum recovered and the Relevant Percentage of any reasonable costs of recovery incurred by that or any other member of the Purchaser's Group; and

(ii) the amount paid by the Covenantor under paragraph 2 (*Covenant*) in respect of that matter.

7.2 If, in addition to the provisions of this paragraph 7 (*Recovery From Other Persons*), the provisions of either of paragraph 5 (*Overprovisions*) or paragraph 6 (*Repayments*) would apply in respect of a repayment of Tax, the provisions of paragraph 5 (*Overprovisions*) or paragraph 6 (*Repayments*) (as applicable) and not the provisions of this paragraph 7 (*Recovery From Other Persons*) shall apply in relation to that repayment of Tax.

8. Tax Authority Claims Procedure

8.1 Upon the Purchaser or a Group Company becoming aware of a Tax Authority Claim relevant for the purposes of this schedule or relevant for the purposes of the Tax Warranties, the Purchaser shall:

(A) give written notice of that Tax Authority Claim to the Covenantor as soon as reasonably practicable, or, as the case may be, shall procure that the relevant Group Company, as soon as reasonably practicable, gives written notice of that Tax Authority Claim to the Covenantor (such written notice to include reasonably sufficient details of such Tax Authority Claim, the due date for payment and the time limits for appeal, and so far as practicable, the amount of Tax involved); and

(B) procure that the relevant Group Company takes such action and gives such information and assistance in connection with the affairs of the Group Company as the Covenantor may reasonably and promptly by written notice request to avoid, dispute, resist, appeal, compromise or defend the Tax Authority Claim, provided that the Covenantor shall indemnify the Purchaser and the relevant Group Company to their reasonable satisfaction on an after-Tax basis against all losses, costs, damages and expenses, including any additional Tax, to the extent that the same would not have arisen or been incurred but for the Covenantor having exercised any rights under this paragraph 8 .

8.2 The actions which the Covenantor may reasonably request under paragraph 8.1 include (without limitation) the relevant Group Company applying to postpone (so far as legally possible) the payment of any Tax and/or allowing the Covenantor to take on or take over at its own expense the conduct of all or any proceedings of whatsoever nature arising in connection with the Tax Authority Claim in question. If the Covenantor takes on or takes over the conduct of proceedings, the Purchaser shall provide and shall procure that the relevant Group Company provides such information and assistance as the Covenantor may reasonably require in connection with the preparation for and conduct of those proceedings.

8.3 Where, pursuant to paragraph 8.1(B) , the Covenantor deals itself with any matter which could give rise to a liability under paragraphs 2 or 12.1 or under the Tax Warranties, the Covenantor shall procure that:

(A) the Purchaser is kept fully informed of the progress of all matters relating to the Tax affairs of the relevant Group Companies in relation to such matter;

(B) the Purchaser receives copies of, or extracts from, all written correspondence to, or from, any Tax Authority insofar as it is relevant to such matters *;* and

(C) the Purchaser is consulted fully in relation to such matters (for the avoidance of doubt, without being under obligation to take any action proposed by the Purchaser during such consultation).

8.4 Where a Group Company is required by law to make a Payment on Account relating to the relevant Tax Authority Claim for any reason, including in order for the proceedings relating to the Tax Authority Claim to continue, then:

(A) the Covenantor shall pay to the Purchaser an amount equal to the Relevant Percentage of the Payment on Account three Business Days before the date that the Payment on Account is required by law to be made, or, if later, three Business Days after the date upon which the Covenantor has been notified that the Payment on Account is required to be made; and

(B) if the Payment on Account is required to be made in order for the proceedings relating to the Tax Authority Claim to continue, the Covenantor's rights under paragraphs 8 and 8.2 in relation to the Tax Authority Claim shall cease unless the Covenantor pays to the Purchaser the Relevant Percentage of the amount of the Payment on Account on or before the date specified at paragraph 8.4(A) above.

" **Payment on Account** " means a payment into court or to a Tax Authority, in either case of, or on account of, Tax where the liability to such Tax (or to the amount of such Tax) is in dispute or otherwise not settled.

8.5 Where a Payment on Account has been made in accordance with the foregoing and a repayment of such Payment on Account is made (or a right to a repayment thereof arises), the Purchaser shall procure that the relevant Group Company notifies the Covenantor (and, in the case of a right to repayment, if so requested and at the Covenantor's expense, takes all reasonable steps to procure such repayment) and accounts to the Covenantor for the Relevant Percentage of the amount so repaid (together with any interest thereon), less the Relevant Percentage of any Tax on the full amount repaid (together with any interest thereon) and the Relevant Percentage of any reasonable costs of obtaining the repayment incurred by any Group Company or any other member of the Purchaser's Group.

8.6 In relation to the Covenantor's rights under paragraph 8.1 (including as specified under paragraph 8.2) in respect of a Tax Authority Claim, where a Group Company is served with a Follower Notice relating to such Tax Authority Claim:

(A) those rights shall include the Covenantor's requiring or directing the taking of any actions under sections 207, 208 and/or 214 FA 2014; and

(B) unless the Covenantor shall pay to the Purchaser an amount equal to the Relevant Percentage of any penalty due under section 208 FA 2014, its rights under paragraphs 8.1 and 8.2 in relation to the Tax Authority Claim shall cease. To the extent that any such penalty is repaid, such penalty shall be treated as having been a Payment on Account and paragraph 8.5 shall apply accordingly.

8.7 Nothing in this paragraph 8 shall: (i) require the Purchaser to procure; or (ii) permit the Covenantor, in having conduct of any proceedings, to allow, direct or require, that a Group Company:

(A) submits any material return, computation, statement, defence, claim, notice, election, surrender, disclaimer, filing or other document or material correspondence proposed to be submitted to any Tax Authority, court or tribunal by or at the request or direction of the Covenantor (a " **Covenantor's Dispute Document** ") unless the same has been submitted in draft form to the Purchaser at least fifteen Business Days before the date on which such Covenantor's Dispute Document shall be sent to the Tax Authority, court or tribunal, the Purchaser has been given a reasonable opportunity to make comments thereon and the Covenantor has taken into account all reasonable comments of the Purchaser on such Covenantor's Dispute Document that are received at least seven Business Days before that date;

(B) appeals against any Tax Assessment if, the Covenantor having been given written notice of the receipt of that Tax Assessment in accordance with the preceding provisions of this paragraph 8 , the relevant Group Company has not within fifteen Business Days thereafter received instructions in writing from the Covenantor, in accordance with the preceding provisions of this paragraph 8 , to make that appeal; or

(C) takes any action (a " **Relevant Action** ") which is materially prejudicial to that or another Group Company's or a member of the Purchaser's Group's relationship with a relevant Tax Authority.

9. Tax Returns

9.1 The Covenantor shall prepare the Tax returns of all the Group Companies, except Accrington Technologies Limited and Nevis Technologies Limited, for all Tax Return Periods ended on or before Completion.

9.2 The Purchaser shall procure that all the Group Companies, except Accrington Technologies Limited and Nevis Technologies Limited, shall cause the returns mentioned in paragraph 9.1 which have not been submitted before Completion to be signed and submitted to the appropriate Tax Authority on a timely basis without amendment or with such amendments as the Covenantor shall agree and shall give the Covenantor all such assistance as may be required to agree those returns with the appropriate Tax Authority or Tax Authorities, provided that the Purchaser shall not be obliged to procure that a Group Company, except Accrington Technologies Limited and Nevis Technologies Limited, takes any such action as is mentioned in this paragraph 9.2 in relation to any Tax return that is not to the best of that Group Company's knowledge correct and complete.

9.3 The Covenantor shall prepare all documentation and deal with all matters (including correspondence) relating to the Tax returns of all the Group Companies, except Accrington Technologies Limited and Nevis Technologies Limited, for all Tax Return Periods ended on or before Completion.

9.4 The Covenantor shall procure that:

(A) the Purchaser is kept fully informed of the progress of all matters relating to the Tax affairs of the Group Companies in relation to all Tax Return Periods ended on or before Completion;

(B) the Purchaser receives copies of, or extracts from, all written correspondence to, or from, any Tax Authority insofar as it is relevant to the matters referred to in paragraph 9.4(A) above;

(C) the Purchaser receives drafts of any return, computation, statement, defence, claim, notice, election, surrender, disclaimer, filing or other document which is to be submitted. If a time limit applies in relation to the submission of any such document, the Covenantor shall ensure that the Purchaser receives the Pre-Closing Tax Document no later than thirty Business Days before the expiry of the time limit; and

(D) the Purchaser is consulted fully in relation to the matters referred to in paragraph 9.4(A) above and any reasonable written comments of the Purchaser are taken into account in relation to such matters provided the Purchaser's comments are received no later than fifteen Business Days after the draft document has been received by the Purchaser pursuant to paragraph 9.4(C) .

9.5 The Purchaser shall prepare the Tax returns of all the Group Companies, except Accrington Technologies Limited and Nevis Technologies Limited, for all Tax Return Periods beginning on or before, but ending after, Completion (each such Tax Return Period a " **Straddle Period** ").

9.6 The Purchaser shall submit each such Tax return referred to in paragraph 9.4 in draft form to the Covenantor at least thirty Business Days before the last date on which the return may be filed with the applicable Tax Authority without incurring interest and penalties (the " **filing date** ") and the Covenantor shall be given an opportunity to make comments thereon. The Purchaser shall properly reflect in the relevant Tax return all reasonable comments of the Covenantor that are received at least fifteen Business Days before the filing date to the extent that the comments relate to a matter which could affect a Covenantor Liability.

9.7 The Purchaser shall procure that all the Group Companies, except Accrington Technologies Limited and Nevis Technologies Limited, shall cause the completed returns mentioned in paragraph 9.6 to be signed and submitted to the appropriate Tax Authority on a timely basis and without amendment, provided that the Purchaser shall not be obliged to procure that a Group Company takes any such action as is mentioned in this paragraph 9.7 in relation to any Tax return that is not to the best of that Group Company's knowledge correct and complete.

9.8 The Purchaser shall prepare all documentation and deal with all matters (including correspondence) relating to the Tax returns of all the Group Companies, except Accrington Technologies Limited and Nevis Technologies Limited, for all Straddle Periods, provided that, where there is or is to be any correspondence, meeting or telephone call with any Tax Authority in relation to such Tax returns and that correspondence, meeting or call

relates or is likely to relate, wholly or partly, to a matter which the Purchaser knows or ought reasonably to have known may affect a Covenantor Liability:

(A) the Purchaser shall promptly send copies of all such correspondence received and copies of all draft replies to the Covenantor and shall give the Covenantor an opportunity to make comments thereon a reasonable time in advance of the submission of those replies to the relevant Tax Authority. The Purchaser shall reflect in those replies all reasonable comments of the Covenantor received before their submission to the extent that a Covenantor Liability may be affected and shall take into account all other reasonable comments of the Covenantor received before their submission; and

(B) the Purchaser shall give reasonable advance notice of any such meeting or call to the Covenantor and the Covenantor (if acceptable to the relevant Tax Authority) shall be entitled to nominate an individual to attend and participate in such meeting or call.

9.9 Without prejudice to the foregoing provisions of this paragraph 9 , the parties acknowledge and agree that, in preparing any Tax return in accordance with paragraphs 9.1 or 9.4 , amending, submitting and seeking to agree any such Tax return in accordance with paragraphs 9.2 and 9.6 and preparing any documentation and dealing with any matter in relation to such Tax return in accordance with paragraphs 9.3 or 9.8 , documentation will be prepared and the returns or matter will be dealt with (as the case may be) in accordance with the past practice of the Group Company in question, save to the extent that to do so would not comply with law or generally accepted accounting practice.

9.10

(A) The Purchaser shall procure that all the Group Companies shall afford such access to their personnel, books, accounts and records and provide such assistance as is necessary and reasonable to enable the Covenantor to exercise its rights, and fulfil its obligations, under this paragraph 9 .

(B) The Covenantor shall procure that the members of the Covenantor's Group shall afford such access to their personnel, books, accounts and records and provide such assistance as is necessary and reasonable to enable the Purchaser to exercise its rights, and fulfil its obligations, under this paragraph 9 .

9.11 The Purchaser shall not, and shall procure that each Group Company (except Accrington Technologies Limited and Nevis Technologies Limited) shall not, amend or withdraw any return mentioned in paragraph 9.1 or submitted in accordance with paragraph 9.7 , or make any representation, claim or filing that is inconsistent therewith, save: (i) with the express written consent of the Covenantor; or (ii) if required by a Tax Authority; or (iii) if otherwise required by law.

9.12 Where there is conflict between the foregoing provisions of this paragraph 9 (Tax Returns) and the provisions of paragraph 4 (*Mitigation*) or paragraph 8 (*Tax Authority Claims Procedure*), the provisions of paragraph 4 (*Mitigation*) or paragraph 8 (*Tax Authority Claims Procedure*) (as applicable) take precedence over the foregoing provisions of this paragraph 9 (*Tax Returns*).

9.13 Notwithstanding any other provision of this schedule (including those referred to in paragraph 9.12), (i) the Covenantor shall procure that no member of the Covenantor's Group shall, and (ii) the Purchaser shall procure that no member of the Purchaser's Group, except Accrington Technologies Limited and Nevis Technologies Limited, shall, do or omit to do anything in connection with any Interest Restriction Rules that would be inconsistent with the position in relation to any Interest Restriction Rules which:

(iii) was reflected in the Completion Accounts (subject to any contrary express written agreement between the parties); or

(iv) is expressly agreed in writing between the parties.

10. Due Date of Payment

10.1 Where a payment falls to be made under this schedule, other than a payment under paragraphs 8.4 (*Deductions from Payments*) or paragraph 14 (*Transfer Pricing*), the payment shall be made in cleared funds and, save to the extent that it has already been made, the due date for the making of that payment shall be:

(v) in the case of a payment in respect of an Actual Tax Liability, to the extent that the Actual Tax Liability does not comprise interest or penalties, the later of:

(i) three Business Days before the last date upon which the Tax concerned can be paid without the person liable to pay it incurring a liability to interest or a charge or penalty in respect of it;

(ii) the date falling five Business Days after the date upon which the party liable to make the payment under this schedule has been notified of the obligation to make the payment by the party entitled to claim the payment; and

(iii) if there is a dispute with a Tax Authority and payment of the Tax is deferred, three Business Days after the date when the amount of Tax is finally and conclusively determined (and, for this purpose, an amount of Tax shall be deemed to be finally and conclusively determined when, in respect of such amount: (a) an agreement under section 54 Taxes Management Act 1970 or any legislative provision corresponding to that section is made; or (b) a decision of a court or tribunal is given or any binding agreement or determination is made, from which either no appeal lies or in respect of which no appeal is made within the prescribed time limit) or, if earlier, three Business Days before the date (if any) where such deferral ceases to be available such that the Tax in dispute becomes payable;

(vi) in any other case, the date falling five Business Days after the date upon which the party liable to make the payment under this schedule has been notified by the party entitled to claim the payment that such payment is due.

11. Deductions from Payments, etc.

11.1 All sums payable by the Covenantor to the Purchaser under this schedule shall be paid free and clear of all deductions or withholdings whatsoever, save only as may be required by law and, if any such deduction or withholding is required, the Covenantor shall provide such evidence satisfactory to the Purchaser, acting reasonably, that such deduction or withholding has been made and appropriate payment made to the relevant Tax Authority.

11.2 If any deductions or withholdings for, or on account of, Tax are required by law to be made from any of the sums payable as mentioned in paragraph 11.1 then, except to the extent that the sum constitutes interest, the Covenantor shall be obliged to pay to the Purchaser such additional amount as will, after such deduction or withholding has been made, leave the Purchaser with the same amount as it would have been entitled to receive in the absence of any such requirement to make a deduction or withholding.

11.3 If any sum payable by the Covenantor to the Purchaser under this schedule is required by law to be brought into charge to Tax within the United Kingdom in the hands of the Purchaser, then, except to the extent that the sum constitutes interest, the Covenantor shall pay such additional amount as shall be required to ensure that the total amount paid, less any Tax payable (or that would be payable but for the use of a Purchaser's Relief) on or in respect of such amount, is equal to the amount that would be payable if the sum payable by the Covenantor were not required by law to be brought into charge to Tax in the hands of the Purchaser.

11.4 The Purchaser shall use reasonable endeavours to obtain and utilise a Relief arising in respect of any deduction or withholding in respect of which an additional amount has been paid pursuant to paragraph 11.2 and in respect of any such additional amount and, to the extent that any such Relief is obtained and utilised by the Purchaser, the Purchaser shall pay to the Covenantor, within ten Business Days of utilising such Relief, such amount as will leave the Purchaser in the same after-Tax position as that in which it would have been if no such deduction or withholding had been required by law to be made.

12. Secondary Liabilities

12.1 Subject to paragraph 12.6 , the Covenantor shall pay to the Purchaser an amount equal to any Tax Liability of a Group Company, except Accrington Technologies Limited and Nevis Technologies Limited, in respect of Tax which is chargeable directly or primarily against, or arises directly or primarily in consequence of or by reference to anything done by, any person that is or may be treated for the purposes of any Tax as being or having been, at any time on or before Completion, a member of the same group of companies as a member of the Covenantor's Group.

12.2 Subject to paragraph 12.6 , the Purchaser shall pay to the Covenantor an amount equal to any Tax Liability of a member of the Covenantor's Group, except Accrington Technologies Limited and Nevis Technologies Limited, in respect of Tax which is chargeable directly or primarily against, or arises directly or primarily in consequence of or by reference to anything done by, any member of the Purchaser's Group. No payment shall be due under this paragraph 12.2 to the extent that, had the Tax in question been discharged by the relevant member of the Purchaser's Group (and ignoring for this purpose all of the limitations set out in Schedule 3 (*Limitations on the Seller's liability*) to the Agreement but not, for the

avoidance of doubt, any of the limitations set out in paragraph 3 (*Limitations and Exclusions*)), the Purchaser would have been entitled to make a claim against the Covenantor under this schedule in respect of such Tax; and, in such circumstances and to that extent, the Covenantor shall procure that no statutory or other right to recover in respect of that Secondary Liability shall be exercised.

12.3 If a payment is due under paragraphs 12.1 or 12.2 , the payer shall also pay any reasonable out-of-pocket costs and expenses reasonably incurred by, in the case of a payment under paragraph 12.1 , any member of the Purchaser's Group or, in the case of a payment made under paragraph 12.2 , any member of the Covenantor's Group, to the extent in either case that such costs and expenses would not have been so incurred but for any Secondary Liability which gives rise to an obligation for the payer to make a payment under paragraphs 12.1 or 12.2 or with any Tax Authority Claim therefor; or in successfully taking or defending any action under paragraphs 12.1 or 12.2 .

12.4 Where a party is entitled to receive an amount under this paragraph 12 and that party or an Affiliate is or becomes entitled, under any statutory provision or otherwise, to recover an amount in respect of the relevant Secondary Liability other than pursuant to this paragraph 12 , then such party shall use, or shall procure that the relevant Affiliate uses, all reasonable endeavours to make such recovery. In the event that such recovery is made, such payments shall be made between the parties as will ensure that the aggregate amount paid by the paying party under this paragraph 12 is equal to the amount that would have been so payable but for this paragraph 12.4 minus the amount of such recovery net of the reasonable out-of-pocket costs and expenses properly incurred in making such recovery including any Tax on such recovery (provided that such aggregate amount shall not be less than zero).

12.5 Paragraph 8 (*Tax Authority Claims Procedure*) and paragraph 11 (*Deductions from Payments, etc.*) shall apply to the covenant in paragraph 12.2 as if references to the Purchaser were replaced with references to the Covenantor (and vice versa) and "Purchaser's Relief" were replaced with "Relief other than a Purchaser's Relief" and making any other necessary modifications.

12.6 Paragraph 3.1(A) (provision or reserve in Completion Accounts), paragraph 3.1(B) (paid or discharged before Completion and payment or discharge reflected in Completion Accounts), paragraph 3.1(I) (made good without cost), paragraph 3.1(K) (otherwise made recovery) and paragraph 3.1(L) (failure to comply with obligations) shall apply to the covenants in paragraphs 12.1 and 12.2 , making any necessary modifications.

13. Notional End of Tax Period

For the purposes of determining whether a Tax Liability, Relief, or entitlement to or receipt of a repayment of Tax has arisen in respect of a period ending on or before Completion or in respect of a period commencing after Completion, a Tax Period of each Group Company current at the time of Completion shall be deemed to end at that time.

14. Transfer Pricing

14.1 If: (i) a member of the Covenantor's Group is required to make a compensating adjustment which gives rise to, or increases, the amount of any Income, Profits or Gains; and (ii) a

Group Company is required or entitled to make a corresponding adjustment which gives rise to, or increases, any Relief, then the Purchaser shall procure that the said Group Company takes all reasonable steps to secure such corresponding adjustment and shall either:

(C) pay to the Covenantor, to the extent possible by way of an adjustment to the consideration for the Shares; or

(D) procure that the said Group Company shall pay to the relevant member of the Covenantor's Group, to the extent possible by way of a balancing payment,

such amount as is determined in accordance with paragraph 14.2 .

14.2 The amount determined hereunder shall be the lesser of:

(vii) the Relevant Percentage of the amount by which any Actual Tax Liability of the person making the corresponding adjustment is reduced in consequence of the corresponding adjustment; and

(viii) the Relevant Percentage of the amount by which any Actual Tax Liability of the person making the compensating adjustment is increased (disregarding any voluntary disclaimer or postponement of any Relief by such person) in consequence of the compensating adjustment.

14.3 The Purchaser shall notify the Covenantor to which paragraph 14.1(i) applies of the corresponding adjustment once secured and of the amount referred to in paragraph 14.2(i) once ascertained. The Covenantor shall then notify the Purchaser of the amount referred to in paragraph 14.2(ii) once ascertained and under which of paragraphs (i) or (ii) of paragraph 14.2 any payment is accordingly due under paragraph 14.1 .

14.4 The reference to "reasonable steps" in paragraph 14.1 shall not include taking any steps to pursue or instigate a mutual agreement procedure under any double taxation treaty (or any similar process).

14.5 The expressions "compensating adjustment", "corresponding adjustment" and "balancing payment" shall be construed in accordance with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (July 2017) or any successor publication.

15. Notification and Limits on Covenantor's Claims

15.1 Upon becoming aware of the existence of an Overprovision Amount or a Repayment Amount, the Purchaser shall give written notice to the Covenantor setting out reasonably sufficient details of such Overprovision Amount or Repayment Amount.

15.2 The provisions of paragraphs 5 (*Overprovisions*) and 6 (*Repayments*) do not apply unless any member of the Purchaser's Group becomes aware of the existence of an Overprovision Amount or a Repayment Amount, within the period ending on or before 5:00 p.m. on the date falling three months after the sixth anniversary of Completion.

15.3 The Covenantor shall not bring an individual claim (or a series of related claims with respect to related facts or circumstances) which is, or are, for less than the amount set out in paragraph 2.1(A) of Schedule 3 *(Limitations on the Seller's liability)* to the Agreement.

16. No Double Counting

No Relief (or part thereof) shall be taken into account, set off or credited more than once in determining or reducing a party's liability under this Agreement (including this Schedule 5 (*Tax Covenant*)).

Signatures

Signed by LUC SERAPHIN
for and on behalf of Rambus Inc.

/s/ Luc Seraphin

Signed by VASANT PRABHU
for and on behalf of Visa International Service Association

/s/ Vasant Prabhu

Exhibit 10.1

LEASE AGREEMENT

by and between

RAMBUS INC.,
a Delaware corporation
("Tenant")

and

237 NORTH FIRST STREET HOLDINGS, LLC,
a Delaware limited liability company
("Landlord")

LEASE AGREEMENT

For and in consideration of the rentals, covenants, and conditions hereinafter set forth, Landlord hereby leases to Tenant, and Tenant hereby rents from Landlord, the following described Premises for the term, at the rental and subject to and upon all of the terms, covenants and agreements set forth in this Lease Agreement ("Lease"):

1. Summary of Lease Provisions . The following terms shall have the following meanings set forth below:

1.1 Tenant : Rambus Inc., a Delaware corporation ("Tenant").

1.2 Landlord : 237 North First Street Holdings, LLC, a Delaware limited liability company ("Landlord").

1.3 Date of Lease, for reference purposes only : July 2, 2019.

1.4 Premises : That certain space, consisting of (i) that portion of the first floor of the Building referred to in Paragraph 1.5 below, consisting of approximately twenty-four thousand nine hundred eight (24,908) rentable square feet, and shown cross-hatched on the floor plan attached hereto as Exhibit A-1 , and (ii) the entire fifth floor of the Building, consisting of approximately thirty-two thousand seven hundred forty-five (32,745) rentable square feet, and shown cross-hatched or otherwise identified on the floor plan attached hereto as Exhibit A-2 , and (iii) the entire sixth floor of the Building, consisting of approximately thirty-one thousand seven hundred seventy-two (31,772) rentable square feet, and shown cross-hatched or otherwise identified on the floor plan attached hereto as Exhibit A-3 . For purposes of this Lease, the total rentable square footage of the Premises is stipulated and agreed to be eighty-nine thousand four hundred twenty-five (89,425) rentable square feet. For purposes of calculating the amount of Base Rent to be paid by Tenant under this Lease and Tenant's percentage share of Operating Expenses as described herein, as well for purposes of calculating the amount of the Test Fit Allowance and Improvement Allowance to be paid or contributed by Landlord pursuant to the Improvement Agreement attached hereto as Exhibit C , the rentable square footage of the Building referred to in Paragraph 1.5 below is hereby stipulated and agreed to be one hundred eighty-seven thousand six hundred sixty (187,660) rentable square feet, which is comprised of (x) one hundred eighty-four thousand three hundred fifty-one (184,351) rentable square feet constituting the Building referred to in Paragraph 1.5 below plus (y) fifty percent (50%) of that portion of the rentable square footage of the building located at 4353 North First Street in San Jose, California that is used or occupied by the fitness center described in Paragraph 11.3 below (as of the date hereof, such 50% portion of the fitness center is deemed to be 3,309 rentable square feet). (Paragraph 2.1)

1.5 Building : That certain building constructed on Parcel B (as described on Exhibit F-1) and shown cross-hatched or otherwise identified on the site plan attached hereto as Exhibit B located at 4453 North First Street in the City of San Jose, County of

Santa Clara, State of California. The Building is ready for construction of the Initial Improvements referred to in Exhibit C attached hereto (Paragraph 2.1)

1.6 Term : One hundred twenty-eight (128) months (plus the partial month following the Commencement Date if such date is not the first day of a month), unless sooner terminated or extended pursuant to the terms of this Lease. The initial Term, as the same may be extended or earlier terminated pursuant to the terms of this Lease, is herein called the "Term" or the "term" of this Lease. If the Commencement Date is other than the first day of a calendar month, the first month shall include the remainder of the calendar month in which the Commencement Date occurs plus the first full calendar month thereafter, provided, however, that the inclusion of any partial month in the first full calendar month shall not entitle Tenant to any additional free Base Rent; it being understood and agreed that Base Rent for the first eight (8) full calendar months of the initial Lease Term shall be conditionally abated as provided in Paragraph 1.10 below. (Paragraph 3)

1.7 Delivery Date : The term "Delivery Date" as used in this Lease shall mean October 1, 2019, and neither earlier nor later. As of the Delivery Date, Landlord shall deliver the Premises to Tenant (i) with construction of the Building substantially completed (subject only to punchlist items that do not prevent Tenant from constructing, or causing to be constructed, the Initial Improvements (as defined in the Improvement Agreement attached hereto as Exhibit C) in the Building) in substantial conformity with the "Basis of Design" attached as Schedule C-1 to the Improvement Agreement (and in the Base Building Condition), (ii) in compliance with all applicable laws and free from Hazardous Materials in violation of applicable environmental laws (iii) with the roof of the Building free of leaks, (iv) with the (x) Base Building mechanical, electrical, fire-life safety, plumbing, sprinkler and HVAC systems serving the Building and/or the Premises installed or furnished by Landlord as shown in the Base Building Condition (collectively, the "Building Systems"), and (y) the exterior walls, foundation, and roof structure (collectively, the "Building Structure") in good working order and repair, (iv) with all governmental permits having been issued to Landlord with respect to the Base Building Condition that are necessary for Tenant to commence construction of the Initial Improvements (defined in the Improvement Agreement attached hereto as Exhibit C) and (v) with the Common Areas and the Project as they exist as of the Delivery Date. The conditions described in clauses (i) through (v) are referred to herein as the "Delivery Condition".

1.8 Commencement Date : April 1, 2020, as extended pursuant to the terms of this Paragraph 1.8. The date April 1, 2020 referred to in the immediately preceding sentence shall be extended by one day for each day that Tenant is delayed in commencing or completing its Initial Improvements (as defined in Exhibit C attached hereto) by April 1, 2020, due to (A) (1) delay by Landlord in responding to any request for approval of any plans (to the extent Tenant's approval is required under the Improvement Agreement referred to above) beyond the applicable time

period set forth in the Improvement Agreement; (2) the negligent or willfully wrongful acts or failures to act (where action is required under this Lease), of Landlord or any of its agents, employees or contractors where such acts or failures to act delay the completion of the Initial Improvements; (3) the interference of Landlord or any of its agents, employees, contractors, subcontractors or representatives with the completion of the Initial Improvements, or (4) any uncured default by Landlord of any of its obligations under this Lease ("Landlord Delay(s)"). Landlord Delays shall not commence earlier than two (2) days prior to the date Tenant notifies Landlord in writing of such applicable Landlord Delay. (Paragraph 3)

1.9 Ending Date : The date one hundred twenty-eight (128) full calendar months following the Commencement Date, unless sooner terminated or extended pursuant to the terms of this Lease. (Paragraph 3)

1.10 Base Rent : During the initial Lease Term, Tenant shall pay monthly Base Rent for the Premises to Landlord in accordance with the schedule set forth below:

Lease Months During Term	Monthly Base Rental Rates Per Rentable Square Foot (Rounded to nearest one hundredth)	Monthly Base Rent
01-12	$3.26/RSF*	$291,526.74*
13-24	$3.36/RSF	$300,272.54
25-36	$3.46/RSF	$309,280.72
37-48	$3.56/RSF	$318,559.14
49-60	$3.67/RSF	$328,115.92
61-72	$3.78/RSF	$337,959.39
73-84	$3.89/RSF	$348,098.18
85-96	$4.01/RSF	$358,541.12
97-108	$4.13/RSF	$369,297.35
109-120	$4.25/RSF	$380,376.27
121-128	$4.38/RSF	$391,787.56

* The Base Rent payable during each of the first eight (8) full calendar months of the initial Lease Term (the "Abatement Period") is actually Two Hundred Ninety-one Thousand Five Hundred Twenty-six and 74/100 Dollars ($291,526.74) per month; however, Landlord agrees that such monthly Base Rent during the Abatement Period (the "Abated Rent") shall be conditionally abated so long as no Default by Tenant (as defined in Paragraph 14 below) occurs and is uncured during the initial Lease Term. In the event a Default by Tenant occurs during the initial

Lease Term and Landlord terminates this Lease or Tenant's possession as a result thereof pursuant to Paragraph 14.2.1 below, then the unamortized portion of the Abated Rent (which Abated Rent shall be amortized over a period of one hundred twenty (120) months) shall become immediately due and payable following written demand of Landlord and Landlord shall be entitled to include such unamortized portion of the Abated Rent in the amount of rentals that it is otherwise entitled to recover from Tenant under Paragraph 14.2(d) below and under California Civil Code Section 1951.2. For sake of clarification, if the Commencement Date is other than the first (1st) day of a calendar month, the Abatement Period will begin on the first day of the first full month following the Commencement Date and will end on the last day of the eighth (8 th) full calendar month of the initial Lease Term, and the Base Rent payable for the partial month in which the Commencement Date occurs shall be paid by Tenant to Landlord prior to the Commencement Date. Notwithstanding such conditional abatement of Base Rent as provided above, commencing as of the Commencement Date, and thereafter continuing during the Lease Term, as such Lease Term may be extended, Tenant shall be obligated to pay Tenant's percentage share of Operating Expenses pursuant to the terms of the Lease below. (Paragraph 4)

Within ten (10) days following the execution of this Lease by Landlord and Tenant, Tenant shall pay to Landlord the sum of $291,526.74, which shall be credited against the Base Rent payable during the ninth (9th) full calendar month of the initial Lease Term.

1.11 Use of Premises : Administration, general office, labs, research and development, data centers, servers, electronics testing, assembly work, sales and marketing and other legally related uses, but in no event shall any use be in violation of any Laws, ordinances, rules or regulations (Paragraph 6.1)

1.12 Tenant's percentage share : Forty-seven and sixty-five one hundredths percent (47.65%). For purposes of calculating Tenant's percentage share of Operating Expenses for the Building, Tenant's percentage share is the rentable square footage of the Premises (stipulated in Paragraph 1.4 above to be 89,425 rentable square feet) divided by the rentable square footage of the Building (stipulated in Paragraph 1.5 above to be 187,660 rentable square feet). As provided in Paragraph 1.5 above, approximately three thousand three hundred nine (3,309) square feet of the fitness center situated in the building having an address of 4353 North First Street, San Jose, California (and considered part of the Common Area) is allocated by the Landlord to the Building referred to in Paragraph 1.5. In addition, Operating Expenses for the Building will include the "Building's percentage share" of Exterior Common Area Operating Expenses which is fifty and ninety one hundredths percent (50.90%), which is derived by dividing the rentable square footage of the Building (as stipulated in Paragraph 1.5 above) by the sum of said rentable square footage of the Building plus the rentable square footage of the other building(s) on the Land, which as of the date hereof shall include the square footage of the building located at 4353 North First Street in San Jose, which is stipulated to be one hundred eighty-one thousand forty-three (181,043). For avoidance of doubt, if an additional

building(s) is constructed on the Land, including, without limitation, any retail building described in Paragraph 2.1(d) below, then, upon completion of construction of such additional building, the Building's percentage share of Exterior Common Area Operating Expenses shall be adjusted to equal the rentable square footage of the Building (as stipulated in Paragraph 1.5 above) divided by the sum of the rentable square footage of the Building plus the rentable square footage of the other building(s) on the Land (Paragraph 12)

1.13 Security Deposit : None

1.14 Addresses for Notices:

To Landlord: 237 North First Street Holdings, LLC
c/o South Bay Development Company
475 Alberto Way, Suite 150
Los Gatos, CA 95032
Attn: Mark Regoli

With a courtesy copy to: PCCP, LLC
Attn: Legal Notices
10100 Santa Monica Blvd., Suite 1000
Los Angeles, CA 90067

To Tenant: Prior to the Commencement Date:

Rambus Inc.
1050 Enterprise Way, Suite 700
Sunnyvale, CA 94089
Attn: General Counsel

Rambus Inc.
1050 Enterprise Way, Suite 700
Sunnyvale, CA 94089
Attn: Real Estate and Facilities

After the Commencement Date:

Rambus Inc.
4453 North First Street
San Jose, California
Attn: General Counsel

Rambus Inc.
4453 North First Street
San Jose, California
Attn: Real Estate and Facilities

1.15 Right to Use No More Than : Two hundred ninety-five (295) unreserved parking spaces within the Common Area on Parcel A pursuant to Paragraph 11.2 below. (Paragraph 11.2)

1.16 Summary Provisions in General . Parenthetical references in this Paragraph 1 to other paragraphs in this Lease are for convenience of reference, and designate some of the other Lease paragraphs where applicable provisions are set forth. All of the terms and conditions of each such referenced paragraph shall be construed to be incorporated within and made a part of each of the above referring Summary of Lease Provisions. In the event of any conflict between any Summary of Lease Provision as set forth above and the balance of the Lease, the latter shall control.

2. Premises; Building; Exterior Common Area; Project; Option to Expand .

2.1 Premises . Landlord hereby leases to Tenant and Tenant hereby leases from Landlord upon the terms and conditions herein set forth, those certain premises ("Premises") referred to in Paragraph 1.4 above and shown cross-hatched or otherwise identified on the floor plans attached hereto as Exhibit A-1 through Exhibit A-3 . In addition, during the entire Term of the Lease, Tenant shall have such rights in and to the Common Area (defined in Paragraph 11.1 below) as are more fully described in Paragraph 11.1 below.

(a) Definitions . The building in which the Premises are located is that certain building constructed on Parcel B (as described on Exhibit F-1) and shown cross-hatched or otherwise identified on the site plan attached hereto as Exhibit B located at 4453 North First Street in the City of San Jose, County of Santa Clara, State of California, and referred to herein as the "Building." Landlord shall, at its sole cost and expense (without cost to Tenant, by way of inclusion in Operating Expenses or otherwise) deliver the Premises to Tenant in the Delivery Condition as required by this Lease. The "Land" shall mean and refer to all of the real property described on Exhibit F attached hereto and commonly known, as of July 1, 2018, as APNs: 015-39-057 (consisting of approximately 1.159 acres), 015-39-058 (consisting of approximately 1.159 acres) and a parcel identified as "Common Area" on the Assessor's Parcel Map attached hereto as Exhibit F-1 . The Land consists of the real property comprising Parcels A, B and C as shown on that certain Parcel Map being a Subdivision of Parcel 1 as Shown on that certain Parcel Map filed October 29, 2015 in Book 888 of Maps at Pages 1-11, Santa Clara County Records, which Parcel Map has been recorded in the Santa Clara County Records and a copy of which is attached hereto as Exhibit F-2 (the "Parcel Map"). The term "Exterior Common Area" as used herein shall mean the Common Area located on Parcel A as shown on such Parcel Map and any access drives and Common Area parking areas (if any) to the extent located elsewhere on Parcel A or elsewhere on the Land. The Land, the Common Area (including, without limitation, the Exterior Common Area referred to above and the Restricted Common Area referred to in Paragraph 11.1 below), the Building and any other building(s) or improvement(s) now or hereafter located on the Land are referred to herein collectively as the "Project." Landlord and Tenant agree that all measurements of area contained in this Lease, including, without limitation, the size of the Premises, Building and Project, are an approximation which Landlord and Tenant agree are reasonable. Such measurements of area contained in this Lease also are conclusively agreed to be correct and binding upon the parties, and any subsequent determination that the area is more or less than shown in this Lease shall not result in a change in any way in the computations of Rentals; provided, however, in the event that Landlord constructs the retail building described in Paragraph 2.1(d) below or any other building on Parcel A or on any other portion of the Land, Taxes assessed or levied on such retail building or other building shall not be charged to Tenant

and the Building's percentage share of Exterior Common Area Operating Expenses shall be adjusted as provided in Paragraph 1.12 above.

(b) Use of Exterior Common Area . Landlord reserves the right to grant to tenants of the Project, and to the agents, employees, servants, invitees, contractors, guests, customers and representatives of such tenants or to any other user authorized by Landlord, the nonexclusive right to use the Exterior Common Area (exclusive of any portion of the Land designated for the exclusive use of any tenant, including, without limitation, the Restricted Common Area referred to in Paragraph 11.1 and identified on Exhibit G attached hereto and any parking spaces marked for a particular tenant's visitors) for pedestrian and vehicular ingress and egress and, subject to the provisions of Paragraph 11.1 and Paragraph 11.2 below, vehicular parking.

(c) Use of Interior Common Area . Landlord hereby grants access to Tenant and Tenant's designated employees and contractors during the Term of this Lease to use in common with Landlord and any other tenants of the Building and their designated employees and contractors the MPOE electrical room in the south end of the Building. Subject to Landlord's approval of plans therefor, Tenant shall have the right to use chasers, risers and conduits in the Building in such locations shown on plans submitted by Tenant to Landlord and approved by Landlord. In addition, Landlord hereby grants access to Tenant and Tenant's employees, invitees, agents, contractors, subtenants and licensees during the Term of this Lease to use in common with Landlord and any other tenants of the Building, and their respective agents, employees, servants, invitees, contractors, guests, customers and representatives, all of the interior public areas of the Building, including the stairwells, elevators, corridors and corridor lavatories.

(d) Construction of Retail Building . Landlord may obtain entitlements and permits for, and thereafter construct, an approximately 6,500 square foot retail building in the area identified on Exhibit E attached hereto (and located in a part of the southern portion of the Exterior Common Area). During the construction of such retail building, Tenant shall abide by, and cause its agents, employees, contractors, invitees, licensees, guests and customers to abide by, all safety and construction rules and regulations of Landlord or its affiliate and its general contractor. Tenant's monthly Base Rent and Additional Rent shall not be abated as a result of such construction and, during the period of construction of such retail building, Tenant shall continue to timely perform all of its obligations under this Lease then accruing. The preceding notwithstanding, Landlord shall exercise commercially reasonable efforts to minimize, to the extent practicable under the circumstances, any interference that the construction of such retail building may have on Tenant's business operations in the Premises. Such commercially reasonable efforts, as such term is used in the immediately preceding sentence, shall not require Landlord or its affiliate or contractors to undertake construction of any of such retail building on weekends or evenings or require Landlord to install any soundproofing in the Premises or Building or elsewhere in the Project. Tenant hereby waives any right to terminate this Lease due to any such construction activities undertaken with respect to the construction of the retail building referred to herein.

2.2 Improvements. The improvements to be constructed by Landlord for Tenant's use in the Premises are set forth in detail in the Improvement Agreement attached hereto as Exhibit C (the "Improvement Agreement"). The Improvement Agreement also addresses the terms and conditions upon which Tenant shall have the right to construct Initial Improvements (as defined in the Improvement Agreement) in the Premises. The Improvement Agreement is incorporated herein by reference and made a part hereof. Landlord and Tenant each agree that it is bound by the terms and conditions of the Improvement Agreement and that it shall timely perform its respective obligations thereunder. Except as otherwise expressly provided in this Lease (including, without limitation, the Improvement Agreement), Landlord shall not be

obligated to construct or install any leasehold improvements in, on or around the Premises, Building or Project or obligated to provide any tenant improvement allowance or other allowance to Tenant.

2.3 Delivery Date; Acceptance of Premises. Landlord shall deliver the Premises to Tenant on the Delivery Date specified in Paragraph 1.7. As of the Delivery Date, Landlord, at its sole cost and expense, and without reimbursement by Tenant (by way of Operating Expenses or otherwise) shall cause the Premises, Building and Common Area to be in the Delivery Condition. Upon the Delivery Date, Tenant shall be deemed to have accepted the Premises as being in good and sanitary condition and to have accepted the Premises in their condition existing as of the date the same is delivered to Tenant, subject to all applicable laws, ordinances, rules, regulations, matters of record affecting the Premises, Building and Project, and the Rules and Regulations described in Paragraph 44 below; provided, however, the foregoing shall not relieve Landlord from its obligations under this Lease, including, without limitation, its maintenance and repair obligations. Tenant acknowledges that, except as expressly set forth in this Lease, neither Landlord nor any of Landlord's agents, employees, affiliates, or property manager have made any representation or warranty (express or implied) as to the suitability of the Premises for the conduct of Tenant's business, the condition of the Building or Premises, the compliance of the Premises with any codes, laws, ordinances, rules or regulations, or the use or occupancy which may be made thereof and Tenant has independently investigated and is satisfied that the Premises are suitable for Tenant's intended use. Tenant shall be responsible for confirming that its use of the Premises is permitted under local zoning ordinances applicable to the Premises (and Tenant acknowledges that Landlord makes no representation or warranty with respect to the same).

Notwithstanding anything to the contrary contained in this Lease, Landlord agrees to deliver possession of the Premises to Tenant in the Delivery Condition referred to in Paragraph 1.7 above. Landlord hereby warrants the Building Systems serving the Premises and the roof of the Building against defects in workmanship and materials for a period of twelve (12) months following the Commencement Date. In order to make a warranty claim, and in order for the costs of repairs or replacements, as the case may be, in connection therewith to be excluded from Operating Expenses, Tenant shall give written notice to Landlord if any defect in the Building Systems serving the Premises and/or the roof becomes reasonably apparent, provided, however, such notice must be delivered to Landlord within twelve (12) months following the Commencement Date. Failure to give such notice shall not relieve Landlord of nor alter any of Landlord's obligations of maintenance, repair or replacement, as the case may be, regarding the Building Systems serving the Premises and/or the roof. Provided such written notice is timely given to Landlord by Tenant within such twelve (12) month period, Landlord shall, as Tenant's sole and exclusive remedy for such defect(s), repair or replace, if necessary (as reasonably determined by Landlord) such defect(s) in the Building Systems serving the Premises and/or roof identified in Tenant's notice as soon as practicable, at Landlord's sole cost and expense (and without pass through to Tenant as an Operating Expense or otherwise). For avoidance of doubt, the parties hereto agree that routine, preventative maintenance of any of the Building Systems serving the Premises shall not be covered by Landlord's twelve (12) month warranty above, but replacement of any compressors, coils and/or fan motors comprising part of the heating, ventilation and air conditioning system serving the Premises, if necessary, shall be covered by Landlord's twelve (12) month warranty above. Anything herein to the contrary notwithstanding, the parties hereto agree that Landlord's obligation to repair any defects in the Building Systems serving the Premises or the roof of the Building pursuant to the terms of this paragraph above shall not be applicable to any defects (as opposed to ordinary wear and tear) caused by the acts, omissions (where there is a duty to act), negligence or willful misconduct of, or misuse of the Premises or Building, or applicable portion thereof, by Tenant or any of Tenant's agents, employees, officers,

directors, partners, members, managers, affiliates, contractors, subcontractors, guests, invitees, licensees, sublessees or other representatives.

Landlord represents for the benefit of Tenant that on the Delivery Date the Building (including the Premises) and Parcel A shall be in compliance with all applicable Laws (as defined in Paragraph 6.1 below). Tenant shall give written notice to Landlord within twelve (12) months following the Commencement Date if Tenant determines that on the Delivery Date any part of the Building (including the Premises) and/or Parcel A was not in compliance with applicable Laws. If such non-compliance notice is timely given to Landlord by Tenant within such twelve (12) month period, Landlord shall, as Tenant's sole and exclusive remedy for such non-compliance, repair or replace, if necessary (as reasonably determined by Landlord), such non-compliance items pertaining to the Building (including the Premises) and/or Parcel A identified in Tenant's notice as soon as practicable, at Landlord's sole cost and expense (and without pass through to Tenant as an Operating Expense or otherwise). Anything herein to the contrary notwithstanding, the parties hereto agree that Landlord's obligation to remedy or correct any non-compliance items with respect to the Building (including the Premises) and/or Parcel A pursuant to the terms of this paragraph above shall not be applicable to any defects or non-compliance with applicable Laws caused by the acts, omissions (where there is a duty to act), negligence or, willful misconduct or misuse of the Premises or Building, or applicable portion thereof, by Tenant or any of Tenant's agents, employees, officers, directors, partners, members, managers, affiliates, contractors, subcontractors, guests, invitees, licensees, sublessees or other representatives.

Nothing set forth in the two immediately preceding paragraphs shall excuse Landlord of any of its maintenance, repair or replacements obligations under this Lease.

3. Delivery; Term .

3.1 Commencement Date . The term of this Lease ("Lease Term") shall be for the period specified in Paragraph 1.6 above, commencing on the Commencement Date set forth in Paragraph 1.8 above and expiring, unless earlier terminated or extended pursuant to the terms of this Lease, on the Ending Date set forth in Paragraph 1.9 above. When the Commencement Date and Ending Date become ascertainable, Landlord and Tenant shall specify the same in writing, in the form of the attached Exhibit D , which writing shall be deemed incorporated herein. If Tenant fails to execute and deliver the letter attached hereto as Exhibit D within ten (10) business days after Tenant receives written request from Landlord to do so (subject to any legitimate disagreement by Tenant with the terms thereof, which both parties shall use reasonable efforts to resolve, and which legitimate disagreement shall eliminate the ten (10) business day deadline), the letter shall deemed correct as completed by Landlord and binding on Tenant. The expiration of the Lease Term or sooner termination of this Lease is referred to herein as the "Lease Termination."

3.2 Occupancy Following Delivery Date and Prior to Commencement Date. Following the Delivery Date and prior to the Commencement Date of the Lease (the "Early Occupancy Period"), Tenant and its approved contractors shall have the right to (i) install Tenant's furniture, fixtures, equipment, and furnishings and Tenant's telephone and telecommunication wiring and cabling in the Premises, (ii) subject to the provisions of Paragraphs 13 and 17 below and the Improvement Agreement attached hereto as Exhibit C , construct or install Tenant's Initial Improvements (as described in Exhibit C) in the Premises, and (iii) enter the Premises generally for design and construction purposes. If Tenant or any of its agents, employees or contractors enter the Premises prior to the Commencement Date as provided above, then such entry shall be upon all the terms and conditions of this Lease (including, without limitation, Tenant's obligations regarding indemnity and insurance), except that Tenant shall not be obligated to pay monthly Base Rent

(except to the extent provided in the last paragraph of Paragraph 1.10 above) or Tenant's percentage share of Operating Expenses prior to the Commencement Date (but Tenant shall be obligated to pay for all utilities used or consumed in the Premises during the Early Occupancy Period). Any entry into the Premises by Tenant or any of its agents, employees, consultants, contractors and/or subcontractors during the Early Occupancy Period shall be at the sole risk of Tenant, and Tenant hereby releases Landlord, its agents, employees, contractors and subcontractors, from any and all liabilities, costs, damages, liens, actions, causes of action, judgments, expenses, and claims for injury (including bodily injury, death, or property damage) incurred or suffered by Tenant or any of its agents, employees, consultants, contractors or subcontractors in or about the Premises during the construction of any improvements in the Premises by Landlord or its contractors or subcontractors prior to the Commencement Date. The preceding to the contrary notwithstanding, if any work or other activity in the Premises by Tenant or any of its agents, employees, consultants, contractors or subcontractors prior to the Commencement Date would materially interfere with or delay the completion of any work to be performed by or on behalf of Landlord pursuant to the Improvement Agreement attached hereto as Exhibit C or to place the Premises in the Delivery Condition, Tenant shall, upon Landlord's request, cease, or cause to be ceased, such work until such time that Tenant may resume its work without interfering with Landlord's or its contractor's completion of the work required to be performed by Landlord pursuant to such Improvement Agreement attached hereto as Exhibit C or to place the Premises in the Delivery Condition. Prior to Tenant or any of its agents, employees, contractors or other representatives entering any portion of the Premises prior to the Commencement Date, Tenant shall provide Landlord with evidence that Tenant is maintaining such insurance as is required pursuant to Paragraph 8.2 below.

3.3 Option to Extend Lease Term . Landlord hereby grants to Tenant the option to extend the Lease Term for one (1) additional period of five (5) years ("Extended Term"), on the following terms and conditions:

A. Tenant shall give Landlord written notice of its exercise of the option to extend the Lease Term for the Extended Term no earlier than twelve (12) months nor later than nine (9) months before the date the Lease Term would end but for said exercise. Time is of the essence.

B. Tenant may not extend the Lease Term pursuant to this Paragraph 3.3 if Tenant is in default beyond any applicable notice and cure period, in the performance of any of the material terms and conditions of this Lease at the time of Tenant's notice of exercise of this option, or if this Lease has been assigned (other than to a Permitted Transferee) or in the event the Premises has been sublet in its entirety for the balance of the Lease Term (other than to a Permitted Transferee).

C. All terms and conditions of this Lease shall apply during the Extended Term, except that (i) the monthly Base Rent for the Extended Term shall be determined in accordance with Paragraph 3.3.E below, (ii) there shall be no further rights to extend the Lease Term beyond the Extended Term, (iii) Tenant shall not be entitled to eight (8) months of free or conditionally abated Base Rent as provided in Paragraph 1.10 above and (iv) Landlord shall have no obligation to construct any tenant improvements on, in or around the Premises or in the Building or to provide any tenant improvement allowance, refurbishment allowance, preliminary site plan allowance or fit-up allowance.

D. Once Tenant delivers notice of its applicable exercise of the option to extend the Lease Term, Tenant may not withdraw such exercise and, subject to the provisions of this Paragraph 3.3, such notice shall operate to extend the Lease Term. Upon the extension of the Lease Term pursuant to this Paragraph 3.3, the term "Lease Term" or "Term of the Lease" or similar expression as used in this Lease

shall thereafter include the Extended Term and the expiration date of the Lease shall be the expiration date of the Extended Term.

E. If Tenant elects to extend the Lease Term pursuant to the terms of Paragraph 3.3.A above, the monthly Base Rent for the applicable Extended Term shall be an amount equal to one hundred percent (100%) of the monthly fair market rental value of the Premises in relation to market conditions at the time of the extension (including, but not limited to, rental rates for comparable space in Class A office buildings in the North San Jose submarket ("Comparable Buildings") with comparable tenant improvements and taking into consideration all relevant factors, including, without limitation, any adjustments to rent based upon direct costs (operating expenses) and taxes, load factors, cost of living or other rental adjustments; rent abatements and other rent concessions; tenant improvement allowances; the relative strength of the tenants; the size of the space; whether a brokerage commission will be paid; and any other factors which affect market rental values at the time of extension); provided, that the monthly Base Rent for the applicable Extended Term shall in no event be lower than the monthly Base Rent payable during the last month of the Lease Term immediately preceding the Extended Term (without regard to any abatement of monthly Base Rent during such last month of the Lease Term immediately preceding the Extended Term). The Base Rent payable by Tenant during the Extended Term shall include any cost of living or other inflationary adjustments to occur during the Extended Term that are assumed in the determination of the fair market rental value of the Premises. The monthly Base Rent for the Extended Term shall be determined as follows:

1. Mutual Agreement . After timely receipt by Landlord of Tenant's notice of exercise of the option to extend the Lease Term, Landlord and Tenant shall have a period of thirty (30) days in which to agree on the monthly Base Rent for the Extended Term. If Landlord and Tenant agree on said monthly Base Rent during that period, they shall immediately execute an amendment to this Lease stating the monthly Base Rent for the Extended Term. If Landlord and Tenant are unable to agree on the monthly Base Rent for the Extended Term as aforesaid, the provisions of Paragraph 3.3.E.2 immediately below shall apply.

2. Appraisal . Within ten (10) days after the expiration of the thirty (30) day period described in Paragraph 3.3.E.1 above, each party, at its cost and by giving notice to the other party, shall appoint a licensed commercial real estate broker with at least ten (10) years' commercial brokerage experience in Santa Clara County, to determine the fair market rental value of the Premises. If a party does not appoint such a broker within ten (10) days after the other party has given notice of the name of its broker, the single broker appointed shall be the sole broker and shall set the fair market rental value. The cost of such sole broker shall be borne equally by the parties. If two brokers are appointed by the parties as provided in this Paragraph 3.3.E.2., the two brokers shall each separately determine the fair market rental value of the Premises within twenty (20) days of the date the last of such two brokers is selected. In addition, during such twenty (20) day period, the two brokers shall select a third broker meeting the qualifications above who will be required to determine which of the fair market rental valuations determined by the two original brokers is closer to the fair market rental value of the Premises as determined by the third broker. If the parties cannot agree on the third broker within such twenty (20)-day period, then either of the parties to this Lease, by giving ten (10) days' notice to the other party, may apply to either the presiding judge of the Superior Court of the County of Santa Clara for the selection of a third broker who meets the qualifications stated above. The two original brokers shall submit their respective valuations to the third broker in a sealed envelope within ten (10) days following the date the third broker is selected. Once the third broker has been selected as provided above, then, as soon as practicable but in any case within twenty (20) days thereafter, the third broker shall select one of the two fair market rental valuations submitted by the two original brokers selected

by the parties, which valuation shall be the one that is closer to the fair market rental value as determined by the third broker. The third broker's selection shall be rendered in writing to both Landlord and Tenant and shall be final and binding upon them and shall not be subject to appeal; provided, that the monthly Base Rent for the Extended Term shall in no event be lower than the monthly Base Rent payable during the last month of the Lease Term immediately preceding the Extended Term (without regard to any abatement of monthly Base Rent during such last month of the Lease Term immediately preceding the Extended Term). The parties shall each pay one-half of the costs of the third broker. In establishing the fair market rental value, the broker or brokers shall take into consideration the factors described in Paragraph 3.3.E above.

4. Rent .

4.1 Base Rent . Tenant shall pay to Landlord, as rent for the Premises, in advance, on the first day of each calendar month, commencing on the Commencement Date (but subject to the Base Rent conditional abatement referred to in Paragraph 1.10 above) and continuing throughout the Lease Term, the Base Rent set forth in Paragraph 1.10 above (and Paragraph 3.3 above, if applicable). Base Rent shall be prorated, based on thirty (30) days per month, for any partial month during the Lease Term. Base Rent shall be payable, except as otherwise expressly set forth in this Lease, without deduction, offset, prior notice or demand in lawful money of the United States to Landlord at the address herein specified for purposes of notice or to such other persons or such other places as Landlord may designate in writing. Notwithstanding the foregoing, at Tenant's request Landlord shall provide Landlord's banking information ("Landlord's ACH Account Information") so that Tenant can pay Base Rent and Additional Rent (as defined below) by Electronic Funds Transfer (EFT) as an Automated Clearing House ("ACH") transaction. Any such ACH transfers shall be paid by Tenant, from Tenant's account in a bank or financial institution designated by Tenant and credited to Landlord's bank account as Landlord shall have designated in Landlord's ACH Account Information. Tenant shall not be in default of Tenant's obligation to pay Base Rent and/or Additional Rent if and for so long as Tenant shall timely comply with ACH transfer requirements and accurately state Landlord's ACH Account Information. However, if Tenant shall have timely complied with ACH transfer requirements, but the applicable funds shall thereafter have been misdirected or not accounted for properly by the recipient bank designated by Landlord, then Tenant shall reasonably cooperate with Landlord in an effort to recover the misdirected funds and the same shall not relieve Tenant's obligation to make the payment so transferred (but Tenant shall not be required to be out-of-pocket the applicable payment amount in a duplicate amount due to such misdirected payment or payment not accounted for properly by the recipient bank), but shall toll the due date for such payment until the applicable funds shall have been located and deposited in Landlord's bank account. In the event that Landlord elects to designate a different bank or financial institution into which any ACH transfer is to be deposited, written notification of such change and the required documents, instruments, authorizations, and any modified Landlord's ACH Account Information, must be delivered to Tenant no later than 30 days prior to the date such change is to become effective. Tenant shall make a verbal confirmation with the Landlord party identified in Paragraph 1.14 of this Lease (who is Mark Regoli as of the date of execution of this Lease) upon receiving the initial ACH or new ACH account information to verify the accuracy of the same.

4.2 Late Charge . Tenant hereby acknowledges that late payment by Tenant to Landlord of Base Rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any mortgage or deed of trust covering the Premises. Accordingly, Tenant shall pay to Landlord, as Additional Rent (as defined in

Paragraph 4.3 below), without the necessity of prior notice or demand, a late charge equal to five percent (5%) of any installment of Base Rent or other amount payable by Tenant under this Lease which is not received by Landlord on or before the due date for such installment or payment. Notwithstanding the foregoing, Landlord will not assess a late charge until Landlord has given written notice of such late payment for the first late payment in any twelve (12) month period and after Tenant has not cured such late payment within three (3) business days from receipt of such notice. No other notices will be required during the following twelve (12) months for a late charge to be imposed or incurred. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. In no event shall this provision for a late charge be deemed to grant to Tenant a grace period or extension of time within which to pay any installment of Base Rent or other sum payable by Tenant to Landlord under this Lease or, subject to the notice and cure period set forth in Paragraph 14.1(a), prevent Landlord from exercising any right or remedy available to Landlord upon Tenant's failure to pay such installment of Base Rent or other sum when due, including without limitation the right to terminate this Lease. In the event any installment of Base Rent or other sum payable by Tenant to Landlord under this Lease is not received by Landlord by the due date for such installment, such installment shall bear interest at the annual rate set forth in Paragraph 34 below, commencing on the date such Base Rent installment or other sum payable under this Lease is due and continuing until such installment or other sum payable under this Lease is paid in full.

4.3 Additional Rent. All taxes, charges, costs and expenses and other sums which Tenant is required to pay hereunder (together with all interest and charges that may accrue thereon in the event of Tenant's failure to pay the same), and all damages, costs and reasonable expenses which Landlord may incur by reason of any Default by Tenant (but only to the extent such damages, costs and reasonable expenses are not precluded under this Lease) shall be deemed to be additional rent hereunder ("Additional Rent"). Additional Rent shall accrue commencing on the Commencement Date. In the event of nonpayment by Tenant of any Additional Rent, Landlord shall have all the rights and remedies with respect thereto as Landlord has for the nonpayment of Base Rent. The term "Rentals" as used in this Lease shall mean Base Rent and Additional Rent.

5. Intentionally Omitted .

6. Use of Premises .

6.1 Permitted Uses . Tenant shall have the right to use the Premises and Tenant shall use the Premises, and knowingly permit the use of the Premises, only in conformance with applicable governmental or quasi-governmental laws, statutes, orders, regulations, rules, ordinances and other requirements now or hereafter in effect (collectively, "Laws") for the purposes set forth in Paragraph 1.11 above, and for no other purpose without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed, provided that such other use is in conformance with applicable Laws. Tenant shall not use or knowingly permit the use of the Premises for any purpose other than as set forth in Paragraph 1.11. Tenant acknowledges and agrees that Landlord has selected or will be selecting tenants for the Building in order to produce a mix of tenant uses compatible and consistent with the design integrity of the Building and with other uses of the Building; provided, however, the selection of Building tenants shall be in Landlord's reasonable discretion, and Landlord in making such selection shall not be deemed to be warranting that any use of the Building made by any such tenant is compatible or consistent with the design integrity of the Building or other uses of the Building. Any change in use of the Premises for any purpose other than those permitted by this Lease without the prior written consent of Landlord shall be a Default by Tenant. Tenant and its Tenant's agents, employees, officers, directors, members, managers, partners, licensees, invitees, sublessees, contractors, subcontractors, successors, representatives, guests, customers,

suppliers and affiliated companies (collectively, "Tenant Related Parties") shall use the Premises and the Common Area, in compliance with all applicable Laws and in conformity with the provisions of all recorded documents, including, without limitation, any recorded declaration of covenants, conditions, and restrictions, affecting the Premises and/or Common Area; provided that no future recorded documents encumbering the Premises or Common Area shall materially restrict or materially and unreasonably interfere with Tenant's use of the Premises in the manner contemplated by this Lease, and the reasonable exercise by Tenant of its rights and privileges under this Lease, in accordance with the terms of this Lease, shall not conflict with or contravene the terms of such future recorded declarations.

6.2 Tenant to Comply with Laws . Tenant shall, at its sole cost, promptly comply with all Laws (as defined in Paragraph 6.1 above) relating to or affecting Tenant's and/or Tenant Related Parties' particular manner of use or occupancy of the Premises or use of the Common Area, now in force, or which may hereafter be in force, including without limitation those relating to utility usage and load or number of permissible occupants or users of the Premises, whether or not the same are now contemplated by the parties; with the provisions of all recorded documents affecting the Premises and/or the Common Area insofar as the same relate to or affect Tenant's particular manner of use or occupancy of the Premises or use of the Common Area; and with the requirements of any board of fire underwriters (or similar body now or hereafter constituted) relating to or affecting Tenant's or any of the Tenant Related Parties' particular manner of use or occupancy of the Premises or use of the Common Area. Tenant's obligations pursuant to this Paragraph 6.2 shall include, without limitation, maintaining or restoring the Premises, and making structural and non-structural alterations and additions in compliance and conformity with all Laws and recorded documents, each relating to (i) Tenant's particular manner of use or occupancy of the Premises during the Lease Term, as the same may be extended, (ii) Tenant's application for any permit or governmental approval, (iii) any alterations, additions or improvements made to the Premises by Tenant or any Tenant Related Parties, or (iv) any negligence or willful misconduct of Tenant or any Tenant Related Parties or any violations of this Lease by Tenant. The foregoing provisions of this Paragraph 6.2 shall not be interpreted to require Tenant to cause the Premises, the Building, the Common Areas, the Project or any thereof to comply with Laws, except to the extent that such compliance is required as a result of, in connection with or arising out of (x) Tenant and/or Tenant Related Parties' activities at the Premises, (y) any of the events or actions described in clauses (i), (ii), (iii) or (iv) above or (z) the construction or installation of the Initial Improvements. Any alterations or additions undertaken by Tenant pursuant to this Paragraph 6.2 shall be subject to the requirements of Paragraph 13.1 below. At Landlord's option, Landlord may make the required alteration, addition or change, and Tenant shall pay Landlord's actual and reasonable cost thereof as Additional Rent within thirty (30) days after receipt of Landlord's invoice therefor accompanied by reasonable supporting documentation.

Tenant shall obtain prior to its or any of its employees taking possession or occupancy of the Premises any and all permits, licenses and/or other authorizations required for the lawful operation of its business at the Premises. The judgment of any court of competent jurisdiction (upon the expiration of all appeal periods) or the admission of Tenant in any action or proceeding against Tenant, regardless of whether Landlord is a party thereto or not, that Tenant has violated such Law relating to Tenant's or any Tenant Related Parties' particular use or occupancy of the Premises or use of the Common Area shall be conclusive of the fact of such violation by Tenant.

6.3 Prohibited Uses . Tenant shall not commit or permit any Tenant Related Parties to commit any waste upon the Premises or Common Area. Tenant and Tenant Related Parties shall not do or permit anything to be done in the Premises or do or permit anything to be done by any of them in other parts

of the Building, Project or Common Area which will obstruct or interfere with the rights of any other tenants of the Project, other authorized users of the Common Area, or occupants of neighboring property, or injure or unreasonably annoy them. Tenant shall not conduct or permit any auction or sale open to the public to be held or conducted on or about the Premises, Building, Project or Common Area. Neither Tenant nor any Tenant Related Parties shall use or knowingly allow the Premises to be used for any hazardous purpose, nor shall Tenant or any Tenant Related Parties cause, maintain, or permit any nuisance in, on or about the Premises, Building, Project or Common Area. Tenant shall not overload existing electrical systems or other mechanical equipment servicing the Building, impair the efficient operation of the sprinkler system or the heating, ventilation or air conditioning equipment within or servicing the Building or Premises or damage (ordinary wear and tear excepted), overload or corrode or misuse the sanitary sewer system. Tenant and Tenant Related Parties shall not do or knowingly permit anything to be done in or about the Premises nor bring or keep anything in the Premises which will in any way increase the rate of any insurance upon any portion of the Project or any of its contents, or cause a cancellation of any insurance policy covering any portion of the Project or any of its contents, nor shall Tenant or any Tenant Related Parties keep, use or sell or permit to be kept, used or sold in or about the Premises any articles which may be prohibited by a standard form policy of fire insurance. In the event the rate of any insurance upon any portion of the Project or any of its contents is increased because of Tenant's or any Tenant Related Party's particular use of the Premises, Tenant shall pay, as Additional Rent, the full cost of such increase; provided, however this provision shall in no event be deemed to constitute a waiver of Landlord's right to declare a default hereunder by reason of the act or conduct of Tenant or any Tenant Related Parties causing such increase or of any other rights or remedies of Landlord in connection therewith. Tenant and Tenant Related Parties shall not place any loads upon the floor, walls or ceiling of the Premises which would endanger the Building or the structural elements thereof or of the Premises, nor place any harmful liquids in the drainage system of the Building or Common Area. No waste materials or refuse shall be dumped upon or permitted to remain upon any part of the Project except in enclosed trash containers designated for that purpose by Landlord. No materials, supplies, equipment, finished products (or semi-finished products), raw materials, or other articles of any nature shall be stored outside of the Premises, or be permitted to remain outside of the Premises, except for temporary loading and unloading. Tenant shall not tint or frost, or permit any Tenant Related Parties or their respective contractors or representatives to tint or frost, the windows of the first floor of the Building.

6.4 Hazardous Materials . Tenant shall not cause or knowingly permit, or allow any of the Tenant Related Parties to cause or knowingly permit, the introduction, placement, use, storage, manufacture, transportation, release or disposition (collectively "Release") of any Hazardous Material(s) (defined below) on or about any portion of the Project without the prior written consent of Landlord, which consent may be withheld in the sole and absolute discretion of Landlord without any requirement of reasonableness in the exercise of that discretion Notwithstanding the immediately preceding sentence to the contrary, Tenant may (i) use de minimis quantities of the types of materials which are technically classified as Hazardous Materials but commonly used in domestic or office use to the extent not in an amount, which, either individually or cumulatively, would be a "reportable quantity" under any applicable Law and/or (ii) use in the Premises such Hazardous Materials commonly used in connection with any of the Permitted Uses so long as such use of such Hazardous Materials is in compliance with all applicable Laws. Tenant covenants that, at its sole cost and expense, Tenant will comply, and cause its agents, employees, contractors, sublessees, licensees and invitees to comply, with all applicable Laws with respect to the Release by Tenant, its agents, employees, contractors, sublessees, licensees or invitees of such Hazardous Materials. Any Release beyond the scope allowed in this paragraph shall be subject to Landlord's prior consent, which may be withheld in Landlord's sole and absolute discretion, and shall require an amendment to the Lease in the event Landlord does consent which shall set forth the materials, scope of use, indemnification and any other matter required

by Landlord in Landlord's sole and absolute discretion. Notwithstanding anything contrary contained in Paragraph 8.4 of this Lease, to the greatest extent permitted by Law, Tenant shall indemnify, defend and hold Landlord and Landlord's agents, members, managers, property manager and lenders harmless from and against any and all claims, losses, damages, liabilities, actions, causes of action, clean up and remediation costs, penalties, liens, costs and/or expenses arising in connection with the Release of Hazardous Materials by Tenant, any Tenant Related Parties or any other person using the Premises with Tenant's knowledge and consent or authorization; provided, however, in no event shall the foregoing be construed as requiring Tenant to indemnify, defend, protect or hold harmless the Landlord for any claims, losses, damages, liabilities, actions, causes of action, clean up and remediation costs, penalties, liens, costs and/or expenses to the extent caused by the gross negligence or willful misconduct of Landlord or its employees, contractors or agents. Tenant's obligation to defend, hold harmless and indemnify pursuant to this Paragraph 6.4 shall survive Lease Termination.

The foregoing indemnity, defense and hold harmless obligation shall not apply to, and Tenant shall not be responsible for the presence of Hazardous Materials on, above, under, or about or in the vicinity of or affecting the Premises, Building, Common Area, Project or the Land, or any portion thereof, or the soils, or surface thereof, or groundwater thereunder, or the atmosphere above, to the extent (i) existing prior to the Delivery Date or (ii) released or otherwise introduced by any persons or entities other than Tenant or Tenant Related Parties (including, without limitation, Landlord and any of the Landlord Related Parties) or any other person using the Premises with Tenant's knowledge, consent or authorization unless and to the extent such Hazardous Materials are exacerbated by the acts of Tenant or any Tenant Related Parties or any other person using the Premises with Tenant's knowledge, consent or authorization. Notwithstanding the foregoing or anything to the contrary contained in this Lease, under no circumstance shall Tenant be liable for any losses, costs, claims, liabilities or damages (including attorneys' and consultants' fees) of any type or nature, directly or indirectly arising out of or in connection with any Hazardous Materials present at any time on, in, under or about the Premises, the Building or the Project, or the soils, surface water or groundwater thereof, or the violation of any environmental laws, except to the extent that any of the foregoing actually results from the Release of Hazardous Materials, or exacerbated of then existing Hazardous Materials, by Tenant or any Tenant Related Party or any other person using the Premises with Tenant's knowledge, consent of authorization.

As used in this Lease, the term "Hazardous Materials" means any chemical, substance, waste or material which has been or is hereafter determined by any federal, state or local governmental authority to be capable of posing risk of injury to health or safety, including without limitation, those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," or "solid waste" under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, and the Hazardous Materials Transportation Act, as amended, and in the regulations promulgated pursuant to said laws; those substances defined as "hazardous wastes" in section 25117 of the California Health & Safety Code, or as "hazardous substances" in section 25316 of the California Health & Safety Code, as amended, and in the regulations promulgated pursuant to said laws; those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or designated by the Environmental Protection Agency (or any successor agency) as hazardous substances (see , e.g. , 40 CFR Part 302 and amendments thereto); such other substances, materials and wastes which are or become regulated or become classified as hazardous or toxic under any Laws, including without limitation the California Health & Safety Code, Division 20, and Title 26 of the California Code of Regulations; and any material, waste or substance which is (i) petroleum, (ii) asbestos, (iii) polychlorinated biphenyls, (iv) designated as a "hazardous substance" pursuant to section 311 of the Clean Water Act of 1977, 33 U.S.C. sections 1251 et seq. (33 U.S.C. § 1321) or listed pursuant to section 307

of the Clean Water Act of 1977 (33 U.S.C. § 1317), as amended; (v) flammable explosives; (vi) radioactive materials; or (vii) radon gas.

Landlord has delivered or made available to Tenant the environmental reports identified on Exhibit H attached hereto (the "Environmental Reports"). Landlord hereby represents to Tenant as of the date of execution of this Lease, that, to the current actual knowledge of Landlord, except as otherwise set forth in any of the environmental reports identified on Exhibit H and/or disclosed to Tenant in writing, there are no Hazardous Materials in, on or under the Premises, Building or Common Area in violation of applicable environmental laws. For purposes of the immediately preceding sentence, the phrase "to the current actual knowledge of Landlord" shall mean the current, actual knowledge of (i) Mark Regoli (who, as of the date of this Lease, has an indirect ownership interest in the Project and in South Bay Development Company, the current property manager for the Project and is an Executive Vice-President of South Bay Development Company), as of the date of execution of this Lease by Landlord, (ii) David Andris (who, as of the date of this Lease has an indirect ownership interest in the Project and is an Executive Vice-President of South Bay Development Company) as of the date of execution of this Lease by Landlord, and (iii) the Managing Member of Landlord, without any investigation or duty of inquiry, and without any knowledge of any other person being imputed to Mark Regoli or the Managing Member. Neither Landlord, Mark Regoli, David Andris nor the Managing Member) shall be charged with constructive, inquiry, imputed or deemed knowledge. In the event of any breach of any representation or warranty of Landlord set forth herein, Tenant agrees that Mark Regoli, David Andris and the Managing Member(s) shall not be personally liable for any damages, losses, liabilities, claims, costs or expenses suffered or incurred by Buyer in connection with such breach of such representation or warranty. This warranty shall not limit or modify any liability or obligation of Landlord under this Lease or under the Law.

Landlord hereby discloses to Tenant that a vapor barrier exists under the Building. Tenant hereby agrees that it shall not alter or modify or cut into, or permit and of the Tenant Parties to alter, modify or cut into, the vapor barrier without Landlord's approval (which may be given or withheld in Landlord's sole and absolute discretion). Tenant hereby discloses to Landlord that lab improvements to be constructed or installed, or caused to be constructed or installed, by Tenant on the first floor of the Building as part of Tenant's Initial Improvements will require penetration of the slab of the Building. Landlord approves of such penetration(s) of the slab, provided such penetrations are shown on plans to be submitted by Tenant to Landlord for submittal to Golder Associates Inc. and approved by Golder Associates Inc. and then such penetrations are undertaken in accordance with such approved plans and that certain Appendix D Construction Quality Assurance Plan for the Vapor Barrier Sub-slab Vapor Intrusion Protection Systems Syntax Court Disposal Site at 237 @ First Street Development Project – Parcel 1 San Jose, California, dated February 2015, submitted by Golder Associates Inc.. Following completion of such lab improvements requiring penetration of the Building slab, Tenant shall cause the slab to be placed back to its condition existing prior to the construction or installation of such lab improvements (ordinary wear and tear excepted) and to be certified by Golder Associates Inc. as being in its condition existing immediately prior to the construction or installation of such lab improvements (ordinary wear and tear excepted).

Landlord shall have the right, upon reasonable advance notice to Tenant, to inspect, investigate, sample and/or monitor the Premises, the Building, Common Area and/or any other part of the Project, including any soil, water, groundwater, or other sampling, to the extent reasonably necessary to determine whether Tenant and/or the Tenant Related Parties are complying with the terms of this Lease with respect to Hazardous Materials. In connection therewith, Tenant shall provide Landlord with reasonable access to all portions of the Premises (other than the Secured Areas as described in Paragraph 18 below); provided,

however, that Landlord shall not unreasonably interfere with the operation of Tenant's business on the Premises. In the event that such inspections, investigations, sampling and/or monitoring reasonably indicate that Tenant or any Tenant Related Parties has violated any of its covenants or agreements set forth in this Paragraph 6.4, then all costs reasonably incurred by Landlord in performing such inspections, investigation, sampling and/or monitoring with respect to any actual violations of this Lease by Tenant or any Tenant Related Parties shall be reimbursed by Tenant to Landlord as Additional Rent within ten (10) days after Landlord's demand for payment.

6.5 CASp Inspections . For purposes of California Civil Code Section 1938, Landlord hereby discloses to Tenant that, as of the date of execution of this Lease by Landlord, to Landlord's actual knowledge, the Premises have not undergone inspection by a Certified Access Specialist ("CASp"). Pursuant to California Civil Code Section 1938(e), Landlord hereby further discloses to Tenant the following: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." Notwithstanding the foregoing and/or anything to the contrary contained in this Lease, Landlord and Tenant hereby agree and acknowledge that, in the event Tenant desires to obtain a CASp inspection, then:

(a) Tenant shall provide Landlord with no less than twenty (20) business days' prior written notice and, upon receipt of such notice, Landlord shall have the right to, among other things, select the date on which such inspection shall occur, and have one (1) or more representatives present during such inspection.

(b) Tenant hereby agrees and acknowledges that it shall (i) provide Landlord with a copy of any and all findings, reports and/or other materials (collectively, the "CASp Report") provided by the CASp immediately following Tenant's receipt thereof, (ii) at all times maintain (and cause to be maintained) the CASp Report and its findings (and any and all other materials related thereto) confidential and (iii) pay for the CASp inspection and CASp Report at Tenant's sole cost and expense. If Tenant receives a disability access inspection certificate, as described in subdivision (e) of California Civil Code Section 55.53, in connection with or following any CASp inspection undertaken on behalf, or for the benefit, of Tenant, then Tenant shall cause such certificate to be provided immediately to Landlord.

(c) If the CASp Report identifies any violation(s) of applicable construction-related accessibility standards ("CASp Violation(s)"), Tenant shall immediately provide written notice to Landlord of any and all such CASp Violation(s). In such event, Tenant shall, at Tenant's sole cost and expense, perform, or cause to be performed, any repairs, modifications and/or other work necessary to correct any and all such CASp Violation(s), irrespective of whether such CASp Violations relate to the Premises, Building and/or Project (any such repairs, modifications and/or other work being collectively referred to herein as the "CASp Work"). Tenant shall commence (or cause the commencement of) such CASp Work no later than fifteen (15) business days after Landlord's receipt of the CASp Report in accordance with the terms and conditions of this Lease (including, without limitation, Paragraph 6.5(b) above). Tenant shall diligently prosecute (or cause to be diligently prosecuted) to completion all such CASp Work in a lien free, good and workmanlike manner, and, upon completion, obtain an updated CASp Report showing that the Premises (and any other portions of the Building and/or Project where CASp Violations were identified)

then comply with all applicable construction-related accessibility standards. Any and all cost and expense associated with the CASp Work and/or the updated CASp Report (which Tenant shall provide to Landlord immediately upon Tenant's receipt thereof) shall be at Tenant's sole cost and expense.

Without limiting the generality of the foregoing, Tenant hereby agrees and acknowledges that: (i) Tenant assumes all risk of, and agrees that Landlord shall not be liable for, any and all loss, cost, damage, expense and liability (including, without limitation, court costs and reasonable attorneys' fees) sustained as a result of the Premises not having been inspected by a Certified Access Specialist (CASp); (ii) Tenant's indemnity obligations set forth in this Lease shall include any and all claims relating to or arising as a result of the Premises not having been inspected by a Certified Access Specialist (CASp); and (iii) Landlord may require, as a condition to its consent to any Alteration(s) that the same be inspected and certified by a Certified Access Specialist (CASp) (following completion) as meeting all applicable construction-related accessibility standards pursuant to California Civil Code Section 55.53.

6.6 ADA Violations . Prior to the Delivery Date, Landlord shall responsible, if required by any governmental authority, for correcting any existing violations of Title III of the Americans with Disabilities Act with respect to the Premises and to ensure that the Premises is in full compliance with the American with Disabilities Act. Prior to the Delivery Date, Landlord shall be responsible, if required by any governmental authority, for correcting any violations of Title III of the Americans with Disabilities Act with respect to the Premises and to ensure that the Premises in full compliance with the American with Disabilities Act. Notwithstanding anything to the contrary set forth in this Lease, if, during the Lease Term (or during the Early Occupancy Period referred to above), Tenant establishes that an uncured violation of the American with Disabilities Act exists with respect to the Premises and predates the Delivery Date, and such uncured violation was not caused or triggered by (i) any activities of Tenant or any Tenant Related Parties during the Early Occupancy Period referred to in Paragraph 3.2 above, (ii) Tenant's application for any permit or governmental approval, (iii) any alterations, additions or improvements made to the Premises by Tenant or any Tenant Related Parties, or (iv) any negligence or willful misconduct of Tenant or any Tenant Related Parties or any violations of this Lease by Tenant, then Landlord shall be solely responsible, at its sole cost (and without pass through to Tenant as an Operating Expense or otherwise) to correct such violation. In addition, Landlord agrees to comply with all applicable Laws (including, without limitation, applicable environmental, access, ADA and other Laws) related to the Building Structure and Common Areas to the extent such compliance is required by a governmental authority, provided that compliance with such applicable Laws is not the responsibility of Tenant under this Lease and is not caused or triggered by any of the events or actions described in clauses (i), (ii), (iii) or (iv) of the immediately preceding sentence. Landlord shall be permitted to include in Operating Expenses any costs or expenses incurred by Landlord in complying with the provisions of the immediately preceding sentence to the extent not prohibited by the list of exclusions to Operating Expenses set forth in the penultimate paragraph of Paragraph 12.2 below. Notwithstanding the foregoing, (x) Landlord shall have the right, in Landlord's reasonable discretion, to promptly and diligently contest, in good faith, the need to perform any such work, including, without limitation, the right to apply for and obtain a waiver or deferment of compliance, the right to assert any and all defenses allowed by law and the right to appeal any decisions, judgments or rulings to the fullest extent permitted by law and (y) after exhausting, as soon as reasonably practicable, any rights to contest or appeal, Landlord shall promptly and diligently perform any work necessary to comply with any final order or judgment (as soon as reasonably practicable after such order or judgment).

7. Taxes.

7.1 Personal Property Taxes . Tenant shall cause Tenant's trade fixtures, equipment, furnishings, furniture, merchandise, inventory, machinery, appliances and other personal property installed or located on or in the Premises (collectively the "Tenant's personal property") to be assessed and billed separately from the Land and the Building. Tenant shall pay, or cause to be paid, before delinquency any and all taxes, assessments and public charges levied, assessed or imposed upon or against Tenant's personal property. If any of Tenant's personal property shall be assessed with the Land or the Building, Tenant shall pay to Landlord, as Additional Rent, the amounts attributable to Tenant's personal property within thirty (30) days after receipt of a written statement from Landlord setting forth the amount of such taxes, assessments and public charges attributable to Tenant's personal property. Tenant shall comply with the provisions of any Law which requires Tenant to file a report of Tenant's personal property located on the Premises.

7.2 Other Taxes Payable Separately by Tenant . Tenant shall pay (or reimburse Landlord, as Additional Rent, if Landlord is assessed), prior to delinquency or within thirty (30) days after receipt of Landlord's statement thereof, any and all taxes, levies, assessments or surcharges imposed by any governmental authority(ies) and/or quasi-governmental authority(ies) payable by Landlord or Tenant and levied, assessed or charged specifically and only on this Lease, the Premises or Tenant and separate from all other portions of the Building and the Project, but specifically excluding Landlord's net income, succession, transfer, sales, gift, franchise, estate or inheritance taxes, and Taxes, as that term is defined in Paragraph 7.3(a) below, payable as an Operating Expense), whether or not now customary or within the contemplation of the parties hereto, whether or not now in force or which may hereafter become effective, including but not limited to:

(a) A sales tax, use tax, or other tax upon or measured by the area of the Premises or by the Rentals payable hereunder levied by the state, any political subdivision thereof, city or federal government with respect to the receipt of such Rentals;

(b) Any tax or assessment (1) assessed upon the use, possession occupancy, leasing, operation and management by Tenant of the Premises or any portion thereof and (2) assessed by the governmental taxing authorities separately from the balance of the Building and Parcel B shown on the Parcel Map or itemized on the applicable property tax bill separately from the balance of the Property;

(c) Any tax upon or with respect to Tenant's use or occupancy of the Premises, or any portion thereof;

(d) Any tax upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises, but excluding any County or City transfer taxes levied or assessed as a result of any sale of the Premises, Building or Land.

Tenant shall also pay, prior to delinquency, all privilege, sales, excise, use, business, occupation, or other taxes, assessments, license fees, or charges levied, assessed or imposed upon, or required to be collected by, Tenant in connection with, Tenant's business operations conducted at the Premises.

Notwithstanding anything to the contrary in this Paragraph 7.2 or elsewhere in this Lease, the amounts payable under this Paragraph 7.2 shall specifically not include and Tenant shall not be required to pay any portion of any tax or assessment expense or increase therein attributable to: (1) Landlord's net income, estate, inheritance, succession, transfer, sales, gift, or franchise taxes, or any deed stamps or mortgage taxes, (2) any Taxes imposed upon or relating to any property, buildings or improvements (other than the Building

(and the improvements therein or thereon), Parcel B and the Common Areas (and improvements thereon)) now or hereafter located at the Project, including the Parcel C Building (situated at 4353 North First Street in San Jose, California) and/or Parcel C as shown on the Parcel Map; and/or (3) any item which would be required under this Paragraph 7.2, but which is excluded from Operating Expenses under Paragraph 12.1 below.

In the event any such taxes are payable by Landlord and it shall not be lawful for Tenant to reimburse Landlord for such taxes, then the Rentals payable hereunder shall be increased to net Landlord the same net Rental after imposition of any such tax upon Landlord as would have been payable to Landlord prior to the imposition of such tax.

7.3 Common Taxes .

(a) Definition of Taxes . The term "Taxes" as used in this Lease shall collectively mean (to the extent any of the following are not paid by Tenant pursuant to Paragraphs 7.1 and 7.2 above), to the extent levied or assessed on the Building and/or Common Areas (but excluding any building(s) hereafter located on Parcel A), the following: all real estate taxes and general and special assessments (including, but not limited to, assessments for public improvements or benefit); personal property taxes; taxes based on vehicles utilizing parking areas on the Exterior Common Area; taxes computed or based on rental income or on the square footage of the Building (including without limitation any municipal business tax but excluding federal, state and municipal net income taxes); increases in real property taxes arising from a change in ownership of Parcel A and/or Parcel B as shown on the Parcel Map, or applicable portion thereof, or new construction; environmental surcharges; excise taxes; gross rental receipts taxes; sales and/or use taxes; employee taxes; water and sewer taxes, levies, assessments and other charges in the nature of taxes or assessments (including, but not limited to, assessments for public improvements or benefit); and all other governmental, quasi-governmental or special district impositions of any kind and nature whatsoever; regardless of whether any of the foregoing are now customary or within the contemplation of the parties hereto and regardless of whether resulting from increased rate and/or valuation, or whether extraordinary or ordinary, general or special, unforeseen or foreseen, or similar or dissimilar to any of the foregoing and which during the Lease Term are laid, levied, assessed or imposed upon Landlord due to its ownership of Parcel B and/or Parcel A (and/or the Building and improvements within the Building and/or improvements on Parcel A, but excluding any building(s) hereafter located on Parcel A) and/or become a lien upon or chargeable against any portion of Parcel B and/or Parcel A (and/or the Building and improvements within the Building and/or improvements on Parcel A, but excluding any building(s) hereafter located on Parcel A) under or by virtue of any present or future laws, statutes, ordinances, regulations, or other requirements of any governmental, quasi-governmental or special district authority whatsoever. The term "environmental surcharges" shall include any and all expenses, taxes or charges imposed by the Federal Department of Energy, Federal Environmental Protection Agency, the Federal Clean Air Act, or any regulations promulgated thereunder, or imposed by any other local, state or federal governmental agency or entity now or hereafter vested with the power to impose taxes, assessments or other types of surcharges as a means of controlling or abating environmental pollution or the use of energy or any natural resource in regard to the use, operation or occupancy of the applicable real property. The term "Taxes" shall include (to the extent the same are not paid by Tenant pursuant to Paragraphs 7.1 and 7.2 above), without limitation, all taxes, assessments, levies, fees, impositions or charges levied, imposed, assessed, measured, or based in any manner whatsoever upon or with respect to the use, possession, occupancy, leasing, operation or management of the applicable real property or in lieu of or equivalent to any Taxes set forth in this Paragraph 7.3(a). Notwithstanding anything to the contrary in this Paragraph 7.3 or elsewhere in this Lease, "Taxes" shall specifically not include and Tenant shall not be required to pay any portion of any tax or assessment expense or increase therein attributable to Landlord's estate, inheritance, succession, transfer,

gift, or franchise taxes, any deed stamps or mortgage taxes, and any Taxes imposed upon or relating to the Parcel C Building (situated at 4353 North First Street in San Jose, California) or Parcel C as shown on the Parcel Map (except Tenant shall be obligated to pay an equitable share of the Taxes allocable to the Fitness Center situated in the Parcel C Building (as equitably determined by Landlord). As used in this Lease, "Building Taxes" shall mean Taxes imposed, levied or assessed solely upon or solely relating to the Building (and the leasehold improvements therein and/or thereon) and Parcel B as shown on the Parcel Map, and "Parcel A Taxes" shall mean the Taxes that would have been assessed or imposed solely upon or solely relating to Parcel A as shown on the Parcel Map and the Common Area improvements thereon and that are equitably allocated by the Santa Clara County Assessor's Office to Parcel B and Parcel C, respectively, as shown on the Parcel Map and the improvements thereon. Landlord discloses to Tenant that the Taxes previously levied or assessed against APN: 015-39-055 (which APN: 015-39-055 consisted of Parcels A, B and C on the Parcel Map) have been segregated or allocated to APNs: 015-39-057 (which is Parcel B on the Parcel Map) and 015-39-058 (which is Parcel C on the Parcel Map) and currently there now is no separate tax bill for Parcel A. For avoidance of doubt, Building Taxes, Parcel A Taxes and Taxes shall not include, and Tenant shall not be responsible for payment of: (a) estate, inheritance, succession, transfer, gift or franchise taxes of Landlord or any federal, state or local net income, sales or transfer tax, (b) penalties and interest, other than those attributable to Tenant's failure to timely comply with its obligations pursuant to this Lease, or (c) any Taxes or assessments in excess of the amount which would be payable if such tax or assessment expense were paid in installments over the longest possible term without penalty.

(b) Operating Expense . Operating Expenses shall include Building Taxes (as defined in Paragraph 7.3(a) above) for the tax periods (or applicable portions thereof) occurring during the Lease Term, as the same may be extended. Tenant shall pay as Additional Rent each month during the Lease Term 1/12th of its annual percentage share of such Taxes, based on Landlord's estimate thereof, pursuant to Paragraph 12 below. Tenant's percentage share of any such Taxes during any partial tax fiscal year(s) within the Lease Term shall be prorated according to the ratio which the number of days during the Lease Term during such partial tax fiscal year bears to 365.

8. Insurance; Indemnity; Waiver .

8.1 Insurance by Landlord . Landlord shall, during the Lease Term, procure and keep in force the following insurance, the cost of which with respect to the Building and/or Parcel B may be included in Operating Expenses and with respect to the Exterior Common Areas may be included in Exterior Common Area Operating Expenses (in both cases, subject to any applicable limitations or exclusions set forth elsewhere in this Lease), payable by Tenant pursuant to Paragraph 12 below:

(a) Property Insurance . "Special Form" or "all risk" property insurance, covering (or equitably allocated by Landlord to) the Building (and leasehold improvements constructed therein or thereon by Landlord and the Initial Improvements following substantial completion thereof and any other leasehold improvements funded by any allowance given by Landlord to Tenant) and other buildings located within the Project (and improvements located in the Common Area to the extent desired to be insured by Landlord). Such insurance shall be in the full amount of the replacement cost of the foregoing, with reasonable deductible amounts, which deductible amounts with respect to the Building may be included in Operating Expenses and with respect to the Exterior Common Areas may be included in Exterior Common Area Operating Expenses (in both cases, subject to any applicable limitations or exclusions set forth elsewhere in this Lease), payable by Tenant pursuant to Paragraph 12. Such insurance may also include rental income insurance, insuring that one hundred percent (100%) of the Rentals (as the same may be adjusted hereunder) will be paid to Landlord for a period of up to twelve (12) months (or such longer period as may be determined by Landlord or required by any beneficiary of a deed of trust or any mortgagee of any mortgage affecting

the Premises) if the Premises or Building are destroyed or damaged. Landlord may so insure the Project separately, or may insure the Building or Project with other property owned by Landlord which Landlord elects to insure together under the same policy or policies. Landlord shall have the right, but not the obligation, in its sole and absolute discretion, to obtain insurance for such additional perils that Landlord deems appropriate, including, without limitation, coverage for damage by earthquake and/or flood and/or terrorism insurance. Such insurance maintained by Landlord as provided herein shall not cover any leasehold improvements installed in the Premises by Tenant at its sole expense (but Landlord shall maintain insurance covering the Initial Improvements referred to in Exhibit C attached hereto following the substantial completion of such Initial Improvements and the cost of such insurance shall be included in Operating Expenses), or Tenant's equipment, trade fixtures, inventory, furniture, furnishings or other personal property located on or in the Premises;

(b) Liability Insurance . Commercial general liability (lessor's risk) insurance against any and all claims for personal injury, death or property damage occurring in or about the Land, Building and/or Exterior Common Area (subject to such limitations or exclusions as are set forth in such commercial general liability insurance policy). Such insurance shall be on an occurrence basis and shall be in an amount as determined by Landlord, but commensurate with liability insurance carried by reasonably prudent owners of Comparable Buildings. Such commercial general liability insurance may cover the Project and, in such instance, Landlord shall equitably allocate the cost of such insurance to the Building and Exterior Common Area (and in no event shall Tenant be obligated to pay any insurance costs allocable to the Parcel C Building or any improvements therein, other than Tenant's equitable share of the general liability insurance premiums allocable to the Fitness Center located in the Parcel C Building as equitably determined by Landlord); and

(c) Other . Such other commercially reasonable insurance as Landlord reasonably deems necessary and prudent. In no event shall the limits of any policies maintained by Landlord be considered as limiting the liability of Landlord under this Lease.

8.2 Insurance by Tenant . Tenant shall, during the Lease Term, at Tenant's sole cost and expense, procure and keep in force the following insurance:

(a) Personal Property Insurance . "Special Form" or "all risk" property insurance on all leasehold improvements installed in the Premises by Tenant at its sole expense (if any), and on all equipment, trade fixtures, inventory, fixtures, office furniture and personal property located on or in the Premises, including improvements, alterations, additions or fixtures hereinafter constructed or installed on the Premises by Tenant or Tenant's agents, employees, contractors or subcontractors (but including, without limitation, Tenant's furniture, fixtures, telephone equipment, computer wiring, security system, and signage). Such insurance shall also provide coverage for water damage from any cause whatsoever, including, but not limited to, back up or overflow from sprinkler leakage, bursting, leaking or stoppage of any pipes, explosion and back up of sewers and drainage. Such insurance shall be in an amount equal to the full replacement cost of the aggregate of the foregoing and shall provide coverage comparable to (or better than) the coverage afforded under policies using the ISO Special Causes of Loss Form (CP 10 30) or on an All Risk or Special Perils form. Such insurance shall also provide coverage for water damage. Landlord shall have no obligation to insure, or to protect against theft or damage, any personal property or equipment placed or installed in any portion of the Premises by Tenant or any Tenant Related Parties.

(b) Liability Insurance . Commercial general liability insurance against any and all claims for bodily injury (including sickness, disease and death) or property damage occurring in or about the Premises or arising out of Tenant's or any Tenant Related Parties' use of the Common Area and/or Parcel C and the fitness center located in the Parcel C Building, use or occupancy of the Premises or Tenant's or any of Tenant Related Parties' operations or activities on or in the Premises, personal injury and advertising liability, products and completed operations. Such insurance shall be on an occurrence basis and have a combined single limit of not less than Ten Million Dollars ($10,000,000) per occurrence and in the aggregate. Umbrella and excess liability policies may be used to satisfy the foregoing limits. The minimum limits specified above are the minimum amounts required by Landlord, and may be revised by Landlord from time to time (but not more than once during each calendar year of the Lease Term) to meet changed circumstances. Such liability insurance shall name Landlord and indemnified parties described in Paragraph 8.4 below, including Landlord's lender, as additional insureds for incidents occurring on or about the Premises on a primary basis and not contributing to any insurance available to Landlord or indemnified parties, and Landlord's and such indemnified parties' insurance (if any) shall be in excess thereto. Such commercial general liability coverage provided shall not contain any restriction or requirement for privity of contract. Tenant's commercial general liability insurance shall specifically insure Tenant's performance of the indemnity, defense and hold harmless agreements contained in Paragraph 8.4., although Tenant's obligations pursuant to Paragraph 8.4 shall not be limited to the amount of any insurance required of or carried by Tenant under this Paragraph 8.2(b). Tenant shall be responsible for insuring that the amount of insurance maintained by Tenant is sufficient for Tenant's purposes.

(c) Business Interruption Insurance . Business interruption insurance with limits of liability representing at least twelve (12) months of income.

(d) Business Auto Liability Insurance . Business auto liability covering owned, non-owned and hired vehicles with a limit of not less than $1,000,000 per accident. Such coverage shall add Landlord and its lender as additional insureds.

(e) Workers Compensation and Employer's Liability Insurance . Insurance protecting against liability under worker's compensation laws with limits at least as required by applicable state statute, including Employers Liability with policy limits of $1,000,000 per occurrence by accident or disease. The policy shall contain waiver of subrogation rights against the Landlord and any indemnified parties under this Lease.

(f) Other . Such other insurance that is either (i) required by any lender holding a security interest in the Building, or (ii) reasonably required by Landlord.

(g) Form of Policies . The policies required to be maintained by Tenant pursuant to Paragraphs 8.2(a), (b), (c), (d), (e), and (f) above shall be with companies having an A.M. Best's Insurance Guide rating of A- VII or better and be on forms, with deductible amounts (if any), and loss payable clauses (as to the insurance referred to in Paragraph 8.2(a) applicable to leasehold improvements installed by Tenant as Tenant's sole cost) reasonably satisfactory to Landlord and its lender, shall include Landlord and the beneficiary or mortgagee of any deed of trust or mortgage encumbering the Premises and/or the Land as additional insureds (with regard to the insurance described in Paragraphs 8.2 and loss payees (with regard to the insurance described in Paragraphs 8.2(a), (c) and (f), and shall provide that such parties may, although additional insureds or loss payees, recover for any loss suffered by the negligence of Tenant or any Tenant Related Parties subject to Paragraph 8.6 of this Lease. Certificates of insurance for the policies to be required by Tenant to include additional insured endorsements shall be delivered to Landlord prior to the Commencement Date; a new policy or certificate shall be delivered to Landlord prior to the expiration date

of the old policy. Tenant shall have the right to provide insurance coverage which it is obligated to carry pursuant to the terms hereof in a blanket policy, provided such blanket policy expressly affords coverage to the Premises and Common Area and to Tenant as required by this Lease. Tenant shall provide Landlord and any beneficiary or mortgagee of a deed of trust or mortgage encumbering the Premises and/or the Land in writing of any delinquency in premium payments and at least thirty (30) days prior to any cancellation or material modification of any policy. Tenant's policies shall provide coverage on an occurrence basis and not on a claims made basis. In no event shall the limits of any policies maintained by Tenant be considered as limiting the liability of Tenant under this Lease.

8.3 Failure by Tenant to Obtain Insurance . If Tenant does not take out the insurance required pursuant to Paragraph 8.2 or keep the same in full force and effect, Landlord may, but shall not be obligated to, upon an additional five (5) days' written notice to Tenant, take out the necessary insurance and pay the premium therefor, and Tenant shall repay to Landlord, as Additional Rent, the amount so paid within thirty (30) days after Tenant's receipt of invoices therefor. In addition, Landlord may recover from Tenant and Tenant agrees to pay, as Additional Rent, any and all actual and reasonable expenses (including reasonable attorneys' fees) and actual damages which Landlord may sustain by reason of the failure of Tenant to obtain and maintain such insurance, it being expressly declared that the expenses and actual damages of Landlord shall not be limited to the amount of the premiums thereon. In no event shall Landlord be able to recover from Tenant indirect, consequential, special, exemplary, incidental or punitive damages pursuant to this Paragraph 8.3.

8.4 Indemnification . To the fullest extent permitted by law, Tenant shall indemnify, hold harmless, and defend Landlord (with competent counsel reasonably satisfactory to Landlord) against all third-party claims, liabilities, losses, damages, actions, causes of action, demands, judgments, penalties, costs and expenses arising out of any occurrence in, on or about the Building, Premises, Common Area, Exterior Common Area or Land, to the extent (i) caused or contributed to by Tenant or any Tenant Related Parties, or (ii) arising out of any occurrence in, upon or at the Premises from and after the Delivery Date until the expiration of the Lease Term or earlier termination of this Lease, but including any periods during which Tenant or any Tenant Related Parties are holding over, or (iii) on account of the use, condition, or occupancy of the Premises from and after the Delivery Date until the expiration of the Lease Term or earlier termination of this Lease, but including any periods during which Tenant or any Tenant Related Parties are holding over; provided, however, such indemnification, defense and hold harmless obligation shall not be applicable to any claims, losses, damages, expenses or liabilities to the extent arising out of the gross negligence or willful misconduct of Landlord or that of its agents, employees or contractors. Tenant's indemnification, defense and hold harmless obligations under this Lease shall include and apply to reasonable attorneys' fees, investigation costs, and other costs actually incurred by Landlord. Tenant shall further indemnify, defend and hold harmless Landlord from and against any and all claims, losses, damages, liabilities or expenses to the extent arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, except to the extent caused by the gross negligence or willful misconduct of Landlord, its agents, employees or contractors. The provisions of this Paragraph 8.4 shall survive Lease Termination with respect to any damage, injury, liability, claim, death, breach or default occurring prior to such termination.

8.5 Claims by Tenant . Landlord shall not be liable to Tenant for loss or damage to Tenant's business (and Tenant waives all claims against Landlord therefor), and Tenant also waives all claims

against Landlord for personal or bodily injury or death to any person, damage to any property, or loss of use of any property in any portion of the Project by and from all causes, including without limitation, any defect in any portion of the Project and/or any damage or injury resulting from fire, steam, electricity, gas, water or rain, which may leak or flow from or into any part of the Premises, or from breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, whether the damage or injury results from conditions arising upon the Premises or upon other portions of the Project or from other sources. Landlord shall not be liable for any damages arising from any act or negligence of any other tenant or user of the Project. Tenant shall promptly notify Landlord in writing of any known defect in the Project. Notwithstanding the foregoing, Tenant's waiver of claims and release of Landlord as provided in this Paragraph 8.5 above shall not apply to any loss or damage or injury or death caused by Landlord's willful misconduct or gross negligence, or that of any Landlord Related Party; however, under no circumstances shall Landlord be liable to Tenant for indirect, special, exemplary, incidental, punitive or consequential damages, including lost profits, loss of income or loss of business.

8.6 Mutual Waiver of Subrogation . Notwithstanding anything to the contrary contained in this Lease, Landlord hereby releases Tenant, and Tenant hereby releases Landlord, and their respective agents, employees, servants, managers, members, partners, shareholders and directors, from any and all claims or demands of damages, loss, expense or injury to the Project, or to the furnishings, fixtures, equipment, inventory or other property of either Landlord or Tenant in, about or upon the Project, which is caused by or results from perils, events or happenings which are the subject of property insurance required to be carried under this Lease or actually carried by the respective parties pursuant to this Paragraph 8 and in force at the time of any such loss, whether due to the negligence of the other party or its agents and regardless of cause or origin except to the extent that such property is not covered by insurance.

8.7 No Consequential Damages . Notwithstanding anything to the contrary contained in this Lease, except with respect to Tenant's obligations pursuant to Paragraph 6.4 ("Hazardous Materials"), Paragraph 21 ("Holding Over"), and Paragraph 35 ("Surrender") below, in no event shall either party be liable to the other for any indirect, punitive, special, exemplary, incidental or consequential damages, including lost profits, loss of income or loss of business arising from or relating to this Lease. Further, nothing contained in this Paragraph 8.7 shall affect Landlord's rights and remedies under Paragraph 14.2 below, including without limitation, the remedies afforded Landlord by Civil Code Section 1951.2(a)(4) and more specifically described in Paragraph 14.2.1(d). Moreover, the foregoing prohibition on recovery of indirect, punitive special, exemplary, incidental or consequential damages shall not be applicable to losses that are caused by vendors or contractors retained by Tenant. The terms of this Paragraph 8.7 shall automatically apply to each and every Paragraph and term and provision of this Lease, whether or not this Paragraph is cited or mentioned. In the event this Paragraph 8.7 is in conflict with any other provisions of this Lease, the terms of this Paragraph 8.7 shall prevail.

9. Utilities . Landlord (and Tenant with respect to the provisions set forth in Paragraph 9(f) below) shall be responsible to furnish those utilities and services to the Premises to the extent provided in this Paragraph 9 below ("Services"), subject to the conditions and payment obligations and standards set forth in this Lease. The following standards for Services shall be in effect at the Building from and after the Delivery Date until Lease Termination:

(a) HVAC Service . Landlord shall provide, or cause to be provided, subject to Paragraph 9(g) below, reasonable HVAC services to the Premises during such hours and at such times as Tenant may

require from time to time (and if desired by Tenant, 24 hours per day, 7 days per week, 365 days per year, subject to the provisions of Paragraphs 9(g), 15 and 16 below).

(b) Electricity and Water . Landlord shall furnish, or cause to be furnished, electricity service to the Premises 24 hours per day, 7 days per week, 365 days per year, subject to the provisions of Paragraphs 9(g), 15 and 16 below. Landlord shall furnish, or cause to be furnished, hot and cold water to the Premises for drinking, personal hygiene, lavatory and other purposes required for Tenant's utilization of the Premises. Tenant will not, without the prior written consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed), connect any apparatus, machine or device with water pipes or electric current (except through existing electrical outlets in the Premises).

(c) Elevators . Landlord shall furnish, or cause to be furnished, elevator service in the Building 24 hours per day, 7 days per week, 365 days per year, subject to Paragraphs 9(g), 15 and 16 below (unless any elevator(s) are being temporarily repaired or investigated or are awaiting parts to operate properly, but in such event Landlord shall use commercially reasonable efforts to cause at least one passenger elevator to be running at all times).

(d) Janitorial . Tenant shall provide its own janitorial service to the Premises, subject to Landlord's right to approve the janitorial service provider, which approval shall not be unreasonably withheld, conditioned or delayed. In no event shall Landlord pass through to Tenant as Operating Expenses janitorial costs for the Premises. Landlord shall be permitted to include in Operating Expenses janitorial costs with respect to the Common Areas within the Building.

(e) Access . During the Term of this Lease, as the same may be extended, Tenant and its employees shall have access to the Premises 24 hours per day, 7 days per week, 365 days per year, unless such access is prohibited, limited or restricted by any governmental or quasi-governmental law, statute, ordinance, rule or regulation, damage to or destruction or condemnation of the Premises, Building or other portion of the Project or due to an emergency. Such access to the Premises also shall be subject to such security or monitoring systems as Landlord may reasonably impose, including sign-in procedures and/or presentation of identification cards. Landlord may install access control systems as it deems advisable for the Building. Landlord may impose a reasonable charge for access control cards and/or keys issued to Tenant after the issuance of the access control cards for Tenant's initial occupancy for purposes of conducting business. If Landlord provides access control services, then, except to the extent caused by the gross negligence or willful misconduct of Landlord, its agents or employees, Landlord shall have no liability to Tenant for the provision by Landlord of improper access control services or for any breakdown in service. In addition, Landlord shall have no liability to Tenant for the failure by Landlord to provide access control services. Tenant acknowledges that Landlord's access systems may be temporarily inoperative during building emergency and system repair periods. Tenant agrees to assume responsibility for compliance by its employees and invitees with any regulations reasonably established by Landlord with respect to any card key access or any other system of building access as Landlord may reasonably establish.

(f) Utility and Other Services . Tenant shall be responsible for and shall pay, or cause to be paid, promptly, directly to the appropriate supplier, all charges for telephone and telecommunications service, and all other materials and services furnished to Tenant or the Premises or used by Tenant or any Tenant Related Parties in, on or about the Premises during the Term, together with any taxes thereon. Notwithstanding the foregoing, electricity consumption or usage within the Premises shall be separately metered or submetered to the Premises, and Landlord shall bill Tenant monthly during the Term of this Lease,

as the same may be extended, for such actual electrical consumption or usage within the Premises based on Landlord's reading of the meter or submeter measuring such consumption or usage. Tenant shall pay such electrical charges billed by Landlord to Tenant within thirty (30) day following Tenant's receipt of an invoice(s) from Landlord for such electricity consumption or usage. In the event that any such utilities or services cannot be separately billed or metered to the Premises, or if any of the utilities or services are not separately metered or submetered as of the Commencement Date, the cost of such utilities or services, as the case may be, shall be an Operating Expense and Tenant shall pay, as Additional Rent, Tenant's proportionate share of such cost to Landlord as provided in Paragraph 12 below, except that if any meter services less than the entire Building, Tenant's proportionate share of the costs measured by such meter shall be based upon the square footage of the gross leasable area in the Premises as a percentage of the total square footage of the gross leasable area of the portion of the Building serviced by such meter (excluding, however, the cost of any disproportionate use by others within that portion of the Building). If Landlord reasonably determines that Tenant or any the Tenant Related Parties is using a disproportionate amount of any commonly metered utilities or an amount in excess of the customary amount of any utilities ordinarily furnished for use of the Premises, or applicable part thereof, in accordance with the uses set forth in Paragraph 6 above, then Landlord may elect to periodically charge Tenant, as Additional Rent, a sum equal to Landlord's good faith estimate of the cost of Tenant's or any of Tenant Related Parties' excess use of any or all such utilities.

Tenant shall comply with all rules and regulations which Landlord may reasonably establish for the provision of services and utilities, and shall cooperate with all reasonable conservation practices established by Landlord. Landlord shall at all reasonable times have free access to all electrical and mechanical installations of Landlord; provided, however, that if Landlord needs access to the Premises in order to access an electrical or mechanical installation during normal business hours, Landlord shall provide Tenant with at least twenty-four (24) hours' prior written notice of Landlord's entry (except no such prior written notice to Tenant shall be required in the event of an emergency).

Landlord hereby discloses to Tenant that fiber and cable television service is available in the Building from a third party cable provider(s).

If the Building, or any of the improvements constructed or to be constructed therein, are or will be certified under the U.S. EPA's Energy Star® rating, the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, or other third party rating systems, or subject to similar sustainability requirements as a condition of approval of the development of the Building, or any of the improvements constructed or to be constructed therein (which systems and requirements may address issues such as whole-building operations and maintenance issues, including, but not limited to, chemical use, indoor air quality, energy efficiency, water efficiency, recycling programs, exterior maintenance programs, and systems upgrades to meet "green" building energy, water, indoor air quality, and lighting performance standards), then all construction, repair and maintenance methods and procedures, all Alterations, material purchases, and disposal of waste must be in compliance with applicable minimum standards and specifications. Tenant shall cooperate and comply with all conservation practices required by any LEED or other rating system applicable to the Building and shall comply with all conservation practices required by law applicable to the Building. Tenant agrees not to alter the Delivery Condition of the Premises in a manner that would cause the Building shell to loses its LEED Certification, if applicable.

Following the Delivery Date and during the Lease Term, (i) Tenant shall have access to and control over the restrooms on the first floor of the Building (and Tenant shall be responsible, at its sole cost, for

maintenance and repair of such first floor restrooms) and (ii) Tenant and its employees and invitees shall have sole use of such restrooms on the first floor of the Building. Following the Delivery Date and during the Lease Term, Landlord and its agents, employees and designated representatives shall have the right to enter the restrooms on the first floor of the Building to the extent required by applicable Law or court order, necessary to undertake any repairs or replacements or in the event of an emergency.

(g) Utility or Service Interruption . The lack or shortage of any Services due to any cause whatsoever (except for a lack or shortage proximately caused by the gross negligence or willful misconduct Landlord or that of its agents, employees or contractors) shall not affect any obligation of Tenant hereunder, and Tenant shall faithfully keep and observe all the terms, conditions and covenants of this Lease and pay all Rentals due hereunder, all without diminution, credit or deduction. Landlord's temporary inability to furnish any services or utilities shall not entitle Tenant to any damages, relieve Tenant of the obligation to pay any Rentals or constitute a constructive or other eviction of Tenant, except that Landlord shall diligently attempt to restore the service or utility promptly. Tenant acknowledges and agrees that in no event shall Landlord be liable to Tenant for any consequential damages, such as lost profits, loss of business or lost income, if there is any lack or shortage of any Services or utilities to the Premises. Notwithstanding anything to the contrary contained herein, if all or any portion of the Premises should become untenantable as a consequence of a cessation of utilities or services arising out of the negligence or willful misconduct of Landlord, its agents, employees or contractors for a period exceeding five (5) consecutive business days, then, Tenant shall give Landlord prompt written notice thereof and commencing on the sixth (6th) business day and continuing until the utility or service has been restored, Tenant shall be entitled to a proportionate abatement of all Rentals payable hereunder to the extent of the interference with Tenant's use of the Premises occasioned thereby. The preceding to the contrary notwithstanding, in no event shall such proportionate abatement commence earlier than the date that is two (2) business days prior to the date Landlord receives Tenant's written notice of such cessation or utilities or services.

10. Repairs and Maintenance .

10.1 Landlord's Responsibilities . Subject to the provisions of Paragraph 15 below, Landlord shall maintain, or cause to be maintained, in good order and repair, commensurate with the maintenance provided by reasonably prudent owners of comparable space in Class A office buildings in the North San Jose submarket ("Comparable Buildings") and replace, if necessary, except as provided below, (i) the Building Structure and roof membrane, (ii) the pipes and conduits stubbed to the point of entry to the Building, (iii) the Building Systems (with respect to the plumbing and electrical systems, to the point where the Building plumbing system ties into any plumbing located in the Premises and to the point of connection with the circuit breakers for the Premises) and elevators serving the Building, (iv) all Common Areas, including Exterior Common Area, and (v) all measures described in the Closure/Post-Closure Land Use Plan, dated February 19, 2015 and listed under Exhibit H. Landlord need not make any other improvements or repairs except as specifically required under this Lease, and nothing contained in this Paragraph 10.1 shall limit Landlord's right to reimbursement from Tenant for maintenance, repair costs and replacement costs as provided elsewhere in this Lease. Notwithstanding any provision of the California Civil Code or any similar or successor laws to the contrary, Tenant understands that it shall not make repairs at Landlord's expense. Tenant shall give prompt written notice to Landlord of any known maintenance work required to be made by Landlord pursuant to this Paragraph 10.1. Tenant's failure to provide such notice shall not limit or modify Landlord's obligations of maintenance, repair or replacement, as the case may be. The costs incurred by Landlord pursuant to the provisions of this Paragraph 10.1 shall be Operating Expenses (to the extent not excluded under Paragraph 12.1 below and shall be passed through to Tenant pursuant to the provisions of Paragraph 12 below as to Tenant's applicable share thereof. To the extent any of such costs incurred by Landlord pursuant to the provisions of this Paragraph 10.1 are capital costs, the same shall be amortized at

the lesser of (x) the annual rate of interest charged on the loan obtained by Landlord to finance such improvement (or if Landlord does not obtain a loan to finance such improvement, then at two (2) percent above the prime rate or reference rate published in the Wall Street Journal (or if such rate is not published in the Wall Street Journal, then the prime rate or reference rate established by a national bank selected by Landlord), or (y) the maximum rate permitted by law, over the useful life of the repair or item as reasonably determined by Landlord in accordance with sound accounting principles, and such amortization shall be included in Operating Expenses from the date of installation or repair through the earlier of the expiration of the useful life of the capital item and the Lease Termination; provided, however, if repair or replacement of the Building Structure and/or roof membrane, any of the Building Systems, or elevators, as applicable, or any part thereof, is caused by (a) any breach of any obligation under this Lease by Tenant or any of the Tenant Related Parties under this Lease, or (b) any misuse of the Premises or Building by, or negligence or willful misconduct of, Tenant or any of the Tenant Related Parties, then Tenant shall reimburse or pay to Landlord, within thirty (30) days after receipt of a statement or invoice and reasonable back up documentation of such costs, for one hundred percent (100%) of the actual and reasonable costs paid or incurred by Landlord to repair or replace the same less any insurance proceeds received by Landlord allocable to the Building Structure, roof membrane, Building Systems, or elevators, as the case may be.

10.2 Tenant's Responsibilities . Except as expressly provided in Paragraph 10.1 above, and subject to the provisions of Paragraphs 15 and 16 hereof and excluding any repairs to the Building Structure, roof membrane, Building Systems or elevators (unless such repairs to the Building Structure, Building Systems or elevators, are required to repair any damage caused by the negligence or willful misconduct of Tenant or any Tenant Related Party or any breach of Tenant's obligations under this Lease, in which event Tenant shall perform such repairs at Tenant's sole cost and expense to the extent not covered by insurance proceeds received therefor by Landlord or, at Landlord's election, Landlord shall undertake such repairs to the Building Structures, Building Systems or elevators, as applicable, and Tenant shall reimburse Landlord for the repair costs paid or actually incurred by Landlord (less any insurance proceeds received by Landlord allocable to such damage) within thirty (30) days following receipt of an invoice and reasonable back-up documentation evidencing such repair costs incurred or paid by Landlord), Tenant shall, at its sole cost, maintain, repair and replace, if necessary, the Premises and every part thereof, including without limitation, the lavatories inside the Premises, the interior windows, door frames, appliances, interior glass (if any), doors, door closures and related hardware, interior walls and partitions, Tenant's fixtures (and as to Tenant's property and fixtures, only to the extent desired by Tenant in its discretion), fire extinguisher equipment and other equipment installed in the Premises by Tenant or any of the Tenant Related Parties and all Alterations constructed by or on behalf of Tenant pursuant to Paragraph 13 below, together with any supplemental HVAC equipment installed by or on behalf of Tenant serving the Premises, or applicable part thereof, in good order, condition and repair. With respect to any supplemental HVAC equipment installed by or on behalf of Tenant serving the Premises, or applicable part thereof, Tenant shall contract with a licensed HVAC contractor to inspect and service such supplemental HVAC contract, which contract shall provide for the periodic inspection and servicing of the HVAC equipment at least once every ninety (90) days during the Lease Term, and Tenant shall provide Landlord with inspection reports no more than thirty (30) days after each quarterly inspection and servicing. All repairs and other work performed by Tenant and/or its contractors shall be subject to the terms of Paragraphs 13 and 17 below. For avoidance of doubt, except for, or with respect to, any Alterations (including, without limitation, Rooftop Equipment) or Initial Improvements installed, or caused to be installed, by Tenant or any Tenant Related Parties in the Premises (including, without limitation, any wiring or cabling installed, or caused to be installed, by Tenant in any chasers, risers or conduit in the

Building), Tenant shall have no obligation to maintain or repair any improvements located below the floors or above the ceiling of the Premises.

If Tenant fails to make repairs or perform maintenance, repair or replacement work, as the case may be, required of Tenant hereunder within thirty (30) days after written notice from Landlord specifying the need for such repairs, maintenance or replacement work (provided if Tenant reasonably requires more than 30 days to complete such repairs, maintenance or replacement, then Tenant shall only be required to commence said work within said 30 days and thereafter diligently proceed to completion in a commercially reasonable manner), Landlord or Landlord's agents or designated contractors may, in addition to all other rights and remedies available hereunder or by law and without waiving any alternative remedies, enter into the Premises and make such repairs or replacements, as needed, and/or perform such maintenance work. If Landlord makes such repairs or replacements and/or performs such maintenance work, Tenant shall reimburse Landlord within thirty (30) days after receipt of an invoice and reasonable back-up documentation with respect thereto and as Additional Rent, for the actual and reasonable cost of such repairs, replacements and/or maintenance work. Landlord shall use reasonable efforts to avoid causing any inconvenience to Tenant or interference with the use of the Premises by Tenant or Tenant Related Parties during the performance of any such repairs, replacements or maintenance. Landlord shall have no liability to Tenant for any damage, inconvenience or interference with the use of the Premises by Tenant or any Tenant Related Parties as a result of Landlord performing any such maintenance, repairs or replacements (except to the extent arising out of the gross negligence or willful misconduct of Landlord or that of its agents, employees or contractors but subject to the limitations contained in Section 8.7); nor shall any related activity by Landlord constitute an actual or constructive eviction; provided, however, in making repairs, alterations or improvements, Landlord shall take reasonable steps, to the extent practicable under the circumstances, to minimize interference with the conduct of Tenant's business in the Premises. Tenant shall reimburse Landlord, on demand and as Additional Rent, to the extent not covered by insurance proceeds payable to Landlord, for the cost of repair of damage to the Project caused by Tenant or any Tenant Related Parties other than normal wear and tear caused by the negligence or willful misconduct of Tenant or any Tenant Related Parties or breach of this Lease by Tenant. Tenant hereby waives and releases its right to make repairs at Landlord's expense pursuant to Sections 1941 and 1942 of the Civil Code of California or under any similar law, statute or ordinance now or hereafter in effect. With respect to any damage which Landlord is obligated to repair or elects to repair, Tenant, as a material inducement to Landlord entering into this Lease, irrevocably waives and releases its rights under the provisions of Sections 1932(2) and 1933(4) of the California Civil Code. Tenant furthermore waives the benefits of subsection 1 of Section 1932 of the California Civil Code or under any similar law.

11. Common Area .

11.1 In General . Subject to the terms and conditions of this Lease and the Rules and Regulations referred to in Paragraph 44 below, Tenant and its agents, employees, licensees and invitees shall have during the entire Term of this Lease, in common with Landlord, other tenants of the Building and other buildings located on the Land and other permitted users, the nonexclusive right to use during the Lease Term those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and other tenants of the Building and/or Project, including, without limitation, the access roads, parking areas (it being understood and agreed that Tenant and its agents, employees, licensees, subtenants and invitees shall not have the right to use any parking spaces in the Exterior Common Area that are designated by Landlord for any other tenant's (or its employees) exclusive use or marked for any other tenant's visitors or employees), sidewalks, landscaped areas and other facilities on the Land or in the Building designated by Landlord for the general use and convenience of the occupants of the Building and other authorized users,

which areas and facilities are referred to herein as the "Common Area." This right to use the Common Area shall terminate upon Lease Termination. Anything herein to the contrary notwithstanding, Tenant and its agents, employees, customers, licensees, invitees, sublessees and other representatives shall have no right to use that portion of the area situated outside of the Building that is shown cross-hatched on Exhibit G attached hereto ("Restricted Common Area").

Landlord shall at all times have exclusive control of the Common Area. Landlord shall have the right, without the same constituting an actual or constructive eviction and without entitling Tenant to any abatement of rent, to: (i) close temporarily any part of the Common Area to whatever extent required to prevent a dedication thereof or the accrual of any prescriptive rights therein; (ii) close the Common Area to perform maintenance or for any other reason reasonably deemed sufficient by Landlord; (iii) change the shape, size, location or extent of the Common Area or add to the Project any land or improvement, including multi-deck parking structures; (iv) make alterations, additions or changes to the Common Area including, without limitation, changes to the location of elements of the Project and the Common Areas and changes in the location of driveways, entrances passageways, doors and doorways, elevators, stairs, restrooms, exits, parking spaces, parking areas, sidewalks or the direction of the flow of traffic and the site of the Common Area; (v) remove unauthorized persons from the Project; and/or (vi) change the name or address of the Building or Project. Tenant shall keep the Common Area clear of all obstructions created by Tenant and/or Tenant Related Parties. Landlord shall keep the Common Area clear of all obstructions created by Landlord. If unauthorized persons are using any of the Common Area by reason of the presence of Tenant (or any Tenant Related Parties) in the Building, Tenant, upon written demand (which may be by fax or email) of Landlord, shall use commercially reasonable good faith efforts to restrain such unauthorized use. In exercising any such rights regarding the Common Area, Landlord shall make a reasonable effort to minimize, to the extent practicable under the circumstances, any disruption to Tenant's business. Except in the event of an emergency, Landlord shall not intentionally take any action that materially infringes on Tenant's parking rights under this Lease. Landlord shall have no obligation to provide guard services or other security measures for the benefit of the Project. Tenant assumes all responsibility for the protection of Tenant and Tenant Related Parties from acts of third parties; provided, however, that nothing contained herein shall prevent Landlord, at its sole option, from providing security measures for the Project.

11.2 Parking Areas . During the Lease Term of this Lease, as the same may be extended, Tenant is allocated and Tenant and Tenant's employees and invitees shall have the right to use, on an unreserved basis, without payment of a separate fee therefor, not more than the number of parking spaces set forth in Paragraph 1.15, the location of which shall be in the surface parking area within the Exterior Common Area on Parcel A designated from time to time by Landlord. Such number of parking spaces set forth in Paragraph 1.15 of this Lease shall be available to Tenant and its employees and invitees from and after the Delivery Date and throughout the Lease Term, as the same may be extended, subject to the terms below, 24 hours per day, 7 days a week, 365 days per year, unless such availability is prohibited, limited or restricted pursuant to the terms below or by any governmental or quasi-governmental law, statute, ordinance, rule or regulation, damage to or destruction or condemnation of the Premises, Building, Exterior Common Area, or Project, or due to an emergency or for restriping, resurfacing or other repairs or maintenance or to prevent a prescriptive easement from arising with respect to any portion of the parking areas of the Project. Neither Tenant nor any Tenant Related Parties shall at any time use more parking spaces than the number so allocated to Tenant or park or permit the parking of their vehicles in any portion of the Land not designated by Landlord as a nonexclusive parking area. Landlord reserves the right, after having given Tenant reasonable notice, to have any vehicles owned by Tenant or any Tenant Related Parties which are parked in violation of the provisions of this Paragraph 11.2 or in violation of Landlord's Rules and Regulations relating to parking

referred to in Paragraph 44, to be towed away at the cost of the owner of the towed vehicle. In the event Landlord elects or is required by any law to limit or control parking on the Land, by validation of parking tickets or any other method, Tenant agrees to participate in such validation or other program under the Rules and Regulations reasonably established by Landlord and referred to in Paragraph 44 below. Provided that Tenant's use, occupancy and enjoyment of the Premises or access to the Premises is not unreasonably interfered with, Landlord shall have the right to close, at reasonable times, all or any portion of the parking areas for any reasonable purpose, including without limitation, the prevention of a dedication thereof, or the accrual of rights of any person or public therein. Tenant and Tenant Related Parties shall not at any time park or permit the parking of (i) trucks or other vehicles (whether owned by Tenant or other persons) adjacent to any loading areas so as to unreasonably interfere with the use of such areas, (ii) Tenant's or Tenant Related Parties' vehicles or trucks, or the vehicles or trucks of Tenant's suppliers or others, in any portion of the Common Area not designated by Landlord for such use by Tenant or its employees, Licensees and invitees, or (iii) any inoperative vehicles or equipment on any portion of the Common Area for more than twenty-four (24) hours.

Following the Delivery Date, Tenant shall have the right, at its sole cost, to install four (4) additional electric vehicle charging stations within the Exterior Common Area on Parcel A. Such installation shall be performed in a good and workmanlike manner, lien-free and in accordance with applicable Laws. At Landlord's election, in its sole and absolute discretion, by written notice to Tenant, Landlord shall install, or cause to be installed, such four (4) additional electric vehicle charging stations and, in such event, Tenant shall, within twenty (20) days following receipt of a written invoice and reasonable back up documentation, pay or reimburse Landlord for the costs incurred by Landlord in installing such electric vehicle charging stations. Tenant, at its sole cost and expense, shall be responsible for the maintenance and repair of such four additional electric vehicle charging stations.

11.3 Fitness Center . During the Lease Term, Tenant and the employees of Tenant located at the Premises shall have the right to use the fitness center situated in the building located at 4353 North First Street in San Jose (the "Parcel C Building", which was constructed on Parcel C as shown on the Parcel Map attached hereto as Exhibit F-2) and designated by Landlord for the common use of all tenants of the Building (and the tenants of the Parcel C Building). Tenant and its employees' right to use such fitness center shall be on a non-exclusive and as available basis with others who are entitled to use the fitness center, subject to Landlord's right to reasonably regulate, manage and restrict improper use of the facility. Prior to Tenant or its employees using the fitness center, Tenant shall cause such applicable employee desiring to use the fitness center to execute an Informed Consent Waiver and Release of Liability in a reasonable market based form prepared by Landlord. Landlord shall be entitled to prohibit any employee(s) of Tenant from using the fitness center if such applicable employee(s) fails or refuses to execute such Informed Consent Waiver and Release of Liability. The use of the fitness center shall be subject to reasonable, non-discriminatory rules and regulations (including rules regarding hours of use for the tenants and their respective employees and other occupants of the Building, execution of Landlord's standard waiver of liability form by users, etc.) reasonably established from time to time by Landlord for such facilities. Landlord shall have no liability whatsoever with respect to the presence, condition or availability of such fitness center, and Tenant hereby waives all claims against Landlord with respect to same except for claims arising from the gross negligence or willful misconduct of Landlord (subject to the limitations set forth in Section 8.7 above). The costs of operating, maintaining, cleaning and repairing the fitness center (including, without limitation, the cost of any third-party operator hired or retained to manage or operate the fitness center) may be included as part of Exterior Common Area Operating Expenses and Tenant shall pay Tenant's percentage share of such Exterior Common Area Operating Expenses pursuant to the provisions of Paragraph 12 below. Tenant shall be responsible for all damage to the fitness center and its equipment, fixtures and furnishings other than normal wear and tear, which results from Tenant's or any of its employees' use or misuse of the fitness center

(and to the extent such damage is not covered by insurance proceeds payable to Landlord). The Fitness Center shall be subject to temporary closures for repairs and maintenance, and closures due to any event of casualty, events outside of the reasonable control of Landlord, or emergency. Landlord reserves the right to control the manner in which the Fitness Center is maintained and operated, and to make alterations or additions to, or to relocate (but not eliminate) the Fitness Center; provided that Landlord shall continue to operate and maintain, or cause to be operated and maintained, the Fitness Center consistent with current practices and commensurate with the maintenance provided by reasonably prudent owners of Comparable Buildings with a fitness center located therein. No expansion, contraction, elimination, unavailability or modification of the fitness center shall entitle Tenant to an abatement in Base Rent or Additional Rent or constitute a constructive eviction or an event of default by Landlord under this Lease.

11.4 Maintenance by Landlord .

Landlord shall maintain the Common Area in good order, condition and repair commensurate with the maintenance provided by reasonably prudent owners of Comparable Buildings, and shall manage the Common Area in accordance with Landlord's reasonable and customary standards. The expenditures for such maintenance shall be at the reasonable discretion of Landlord. The following shall be included as Operating Expenses: (1) the cost of maintenance, repair, operation, replacement and management incurred or paid by Landlord with respect to any Common Area in the Building, (2) the cost of maintenance, repair, operation and management incurred by or paid by Landlord with respect to the fitness center in the Parcel C Building, and (3) the cost of maintenance, repair, operation, restoration and management incurred by or paid by Landlord with respect to the Exterior Common Areas shall be an Exterior Common Area Operating Expense (in each case, subject to any applicable limitations or exclusions set forth elsewhere in this Lease), and as to each of (1), (2) and (3) of this paragraph, Tenant shall pay to Landlord, as Additional Rent, Tenant's percentage share of such costs as provided in Paragraph 12 below.

12. Operating Expenses .

12.1 Definition . "Operating Expense" or "Operating Expenses" as used in this Lease shall mean and include, except to the extent listed in the exclusions from Operating Expenses or otherwise expressly excluded by any other portion of this Lease, all items identified in other paragraphs of this Lease as an Operating Expense and the total cost paid or incurred by Landlord for the operation, maintenance, repair, replacement, security and management of the Building but excluding all items listed in the third paragraph of this Section 12.1, and further excluding any costs allocated to Landlord in this Lease for which Tenant expressly has no responsibility to pay. Subject to such exclusions, Operating Expenses shall include, without limitation, the cost of services and utilities supplied to the Building (to the extent the same are not separately charged or metered to tenants of the Building or the Premises); Building Systems, including, water; electricity; heat; lighting systems; fire protection systems; storm drainage and sanitary sewer systems; periodic inspection and regular servicing of the heating, ventilation and air conditioning system; periodic inspection and regular servicing of the Building Systems and elevators; maintaining, repairing and/or replacing the roof membrane and elevators; property and liability insurance covering the Building and any other insurance carried by Landlord pursuant to Paragraph 8 above with respect to the Building; deductibles under such insurance policies maintained by Landlord; window cleaning; cleaning, maintaining and repairing the Common Area in the Building; cleaning and repairing of stairways; costs related to irrigation systems and Building signs; fees for licenses and permits required for the operation of the Building; the cost of painting the exterior of the Building; the cost of complying with Laws, including, without limitation, non-capital maintenance, alterations and repairs required in connection therewith; the cost of contesting the

validity or applicability of any governmental enactments which may affect Operating Expenses; all additional costs and expenses incurred by Landlord (and not paid by Tenant) with respect to the operation, protection, maintenance, repair and replacement of the Building which would be considered a current expense (and not a capital expenditure) pursuant to sound accounting principles; and amortization of costs of the following capital improvements to the Building ("Permitted Capital Costs"): (x) capital improvements or capital repairs (excluding therefrom Building Structure capital improvements, the cost of which shall remain the sole obligation of Landlord to pay without right of reimbursement from Tenant except to the extent such capital repairs or replacements with respect to the Building Structure are Tenant Caused Capital Repairs or Replacements (as defined below)) required to be constructed in order to comply with any Law (excluding Laws relating to Hazardous Materials) not in effect or applicable to the Building as of the date of this Lease, (y) modification of existing or construction of additional capital improvements or building service equipment for the purpose of reducing the consumption of utility services or Operating Expenses of the Building, or (z) replacement of or capital repair to capital improvements (excluding Building Structure capital improvements, the cost of which shall remain the sole obligation of Landlord to pay without right of reimbursement from Tenant except to the extent such capital repairs or replacements are Tenant Caused Capital Repairs or Replacements) or building service equipment existing as of the date of the Date of this Lease when required because of normal wear and tear. The cost of (i) Permitted Capital Costs, (excluding therefrom capital repairs and capital replacements of the Building Structure, including, the foundations, roof and exterior walls, the cost of which shall remain the sole obligation of Landlord to pay without right of reimbursement from Tenant except to the extent such capital repairs or replacements are Tenant Caused Capital Repairs or Replacements), (ii) replacement of the roof membrane, and (iii) repainting the exterior of the Building, shall be amortized at the lesser of (x) the annual rate of interest charged on the loan obtained by Landlord to finance such improvement (or if Landlord does not obtain a loan to finance such improvement, then at two (2) percent above the prime rate or reference rate published in the Wall Street Journal (or if such rate is not published in the Wall Street Journal, then the prime rate or reference rate established by a national bank selected by Landlord), or (y) the maximum rate permitted by law, over the useful life of the repair or item as reasonably determined by Landlord in accordance with generally accepted real estate accounting principles, consistently applied, and such amortization shall be included in Operating Expenses from the date of installation or repair through the earlier of the expiration of the useful life of the capital item and the Lease Termination; provided, however, subject to Paragraph 8.6, if the HVAC system or any other building systems serving the Building or Premises, exterior windows or roof membrane need to be repaired or replaced due to (A) Tenant's breach of any of Tenant's obligations under this Lease or (B) any misuse of the HVAC or other building systems, exterior windows or roof membrane by, or negligence or willful misconduct of, Tenant or any Tenant Related Parties, then Tenant shall reimburse or pay to Landlord, within thirty (30) days following receipt of a statement or invoice and reasonable back up documentation of such costs, for one hundred percent (100%) of the costs paid or incurred by Landlord to replace such HVAC or other building system, parking areas, exterior windows or roof membrane, as the case may be. Operating Expenses for any given period may also include (X) management fees payable to a property manager (or if Landlord elects to self-manage the Building or Project, then payable to Landlord) in an amount equal to three percent (3%) of the monthly Base Rent received by Landlord from tenants of the Building, including, Tenant, during such period and (Y) the Building's percentage share of Exterior Common Area Operating Expenses for such period. To the extent any Operating Expenses are incurred by Landlord with respect to both the Building and the Parcel C Building under or pursuant to a single contract to which Landlord is a party and apply substantially equally to both the Building and the Parcel C Building, then, to the extent such Operating Expenses are not separately accounted for between the Building and the Parcel C Building, the Building shall be allocated 50.90% of such Operating Expenses. The definition of Operating Expenses shall not alter either Landlord's or Tenant's obligations of maintenance and repair as described in this Lease. For purposes

of this paragraph, the term "Tenant Caused Capital Repairs or Replacements" shall mean capital repairs or capital improvements required due to damage (other than ordinary wear and tear) caused by the acts, omissions, negligence or willful misconduct or misuse of the Premises or Building, or applicable portion thereof, by Tenant or any Tenant Related Parties, in which event, subject to Paragraph 8.6 above, Tenant shall be obligated to pay or reimburse Landlord for 100% of the cost of Building Structure capital improvements (unless Landlord can pass-through such cost as an Operating Expense to all other tenants in the Building on a percentage share basis, in which event Tenant shall pay or reimburse Landlord for Tenant's percentage share of the cost of such Building Structure capital improvements within thirty (30) days after receipt by Tenant of Landlord's invoice therefore accompanied by reasonable supporting documentation).

"Exterior Common Area Operating Expense" or "Exterior Common Area Operating Expenses" as used in this Lease shall mean and include except to the extent listed in the exclusions from Operating Expenses or otherwise expressly excluded by any other portion of this Lease, all items identified in other paragraphs of this Lease as an Exterior Common Area Operating Expense and the total cost paid or incurred by (or charged to) Landlord for the operation, maintenance, repair, replacement, security and management of the Exterior Common Area, but excluding all items listed in the third paragraph of this Section 12.1, and further excluding any costs allocated to Landlord in this Lease for which Tenant expressly has no responsibility to pay. Subject to such exclusions, Exterior Common Area Operating Expenses shall include, without limitation: the cost of services and utilities supplied to the Exterior Common Area; storm drainage; trash removal services with respect to such Exterior Common Area; electrical lighting for the Exterior Common Area; water for landscaping included within the Exterior Common Area; property and liability insurance covering the Exterior Common Area and any other insurance carried by Landlord pursuant to Paragraph 8 above with respect to the Exterior Common Area; deductibles under such insurance policies maintained by Landlord; cleaning, sweeping, striping, sealing and/or resurfacing of parking and driveway areas; cleaning, maintenance and repair of the Exterior Common Area; cleaning and repairing of sidewalks and curbs; costs related to irrigation systems and Exterior Common Area signs (subject to Paragraph 31 below); fees for licenses and permits required for the operation of the Exterior Common Area; shuttle service; security guards for Exterior Common Area; the cost of complying with Laws, including, without limitation, non-capital maintenance, alterations and repairs required in connection therewith; costs related to landscape maintenance; the cost of contesting the validity or applicability of any governmental enactments which may affect Exterior Common Area Operating Expenses; all additional costs and expenses incurred by Landlord with respect to the operation, protection, maintenance, repair and replacement of the Exterior Common Area which would be considered a current expense (and not a capital expenditure) pursuant to sound accounting principles; and amortization of costs of the following capital improvements to or capital expenditures regarding the Exterior Common Area ("Exterior Common Area Permitted Capital Costs"): (x) capital improvements required to be constructed in order to comply with any Law (excluding Laws relating to Hazardous Materials) not in effect or applicable to the Exterior Common Area as of the date of this Lease, (y) modification of existing or construction of additional capital improvements or building service equipment for the purpose of reducing the consumption of utility services or Exterior Common Area Operating Expenses, or (z) replacement of capital improvements or building service equipment existing as of the date of the Date of this Lease when required because of normal wear and tear. The cost of (i) capital repair items or Exterior Common Area Permitted Capital Costs, and (ii) resurfacing the parking lot shall be amortized at the lesser of (x) the annual rate of interest charged on the loan obtained by Landlord to finance such improvement (or if Landlord does not obtain a loan to finance such improvement, then at two percent (2%) above the prime rate or reference rate published in the Wall Street Journal (or if such rate is not published in the Wall Street Journal, then the prime rate or reference rate established by a national bank selected by Landlord), or (y) the maximum rate

permitted by law, over the useful life of the repair or item as reasonably determined by Landlord in accordance with sound real estate accounting principles, consistently applied, and such amortization shall be included in Exterior Common Area Operating Expenses from the date of installation or repair until the earlier of the expiration of the useful life of the capital item or Lease Termination.

Notwithstanding anything to the contrary in the definition of Operating Expenses and Exterior Common Area Operating Expenses herein or in any other provision of the Lease, Operating Expenses and Exterior Common Area Operating Expenses shall not under any circumstances include any amounts to the extent expressly excluded from the definition of Taxes and shall not include any of the following: (i) depreciation; (ii) interest and principal payments on mortgages and other debt costs, if any (except to the extent expressly included in the amortization of any Operating Expenses and/or Exterior Common Area Operating Expenses referred to in the two immediate preceding paragraphs) ; (iii) the cost of repairs or other work to the extent Landlord is reimbursed by insurance or condemnation proceeds or warranties, and Landlord covenants to use commercially reasonable efforts to recover from the foregoing before charging Tenant; (iv) costs incurred in connection with the sale, financing or refinancing of the Building, including brokerage commissions, consultants', attorneys' and accountants' fees, closing costs, title insurance premiums, transfer taxes, mortgage taxes and interest charges; (v) fines, interest and penalties incurred due to the late payment, except to the extent such late payment is attributable to any late payment by Tenant hereunder in which event Tenant shall pay 100% of such fines, interest and penalties arising in connection with such late payment by Tenant; (vi) costs incurred in the original construction of the Building, Exterior Common Area or any other part of the Project; (vii) costs or expenses incurred which are connected with any Hazardous Materials located in, on, under or above the Premises, the Building, the Common Areas, the Land and/or the Project or any portion of the foregoing, including the investigation, removal, remediation or clean-up of Hazardous Materials (which shall include installation and maintenance of any measures described in the Closure/Post-Closure Land Use Plan, dated February 19, 2015 and listed under Exhibit H), excepting only such Hazardous Materials, if any, placed, released or discharged on or in the Premises, the Building or any other part of the Project by Tenant or any Tenant Parties in violation of any applicable Laws (for which Tenant shall be 100% responsible and liable); (viii) rental payments made under any ground or underlying lease or leases; (ix) one-time lump sum sewer or water connection fees for the Building payable in connection with the original construction of the Building or any portion thereof; (x) costs incurred for any item to the extent covered by a manufacturer's, materialman's, vendor's or contractor's warranty and paid by such manufacturer, materialman, vendor or contractor; (xi) the costs of repair, replacement, or restoration work occasioned by any casualty or condemnation (excluding amounts of deductibles under insurance policies maintained by Landlord) **;** (xii) any overhead or profit increment to any subsidiary or affiliate of Landlord for services on or to the Building, Common Areas or Exterior Common Area to the extent that the cost of such service exceeds competitive costs for such services rendered by persons or entities of similar skill, competence and experience other than a subsidiary or affiliate of Landlord; (xiii) compensation paid to any employee of Landlord above the grade of Project Manager or Project Engineer, including officers and executives of Landlord; (xiv) the costs of repairs, alterations, general maintenance and other costs necessitated by or arising from the negligence or willful misconduct of Landlord or any Landlord Related Party(ies) or from breach of this Lease by Landlord; (xv) costs of the design and construction of tenant improvements to the Premises or the premises of other tenants or other occupants and the amount of any allowances or credits paid to or granted to tenants or other occupants for any such design or construction; (xvi) personnel costs, marketing costs, legal fees, space planners' fees, advertising and promotional expenses, and brokerage fees incurred in connection with the future leasing of the Project; (xvii) reserves of any kind; (xviii) any bad debt loss; (xix) costs associated with the operation of the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Project, including general corporate overhead and general and administrative expenses (excluding therefrom management fees equal to three percent (3%) of the monthly Base Rent payable by Tenant pursuant to this Lease); (xx) costs of defending any lawsuits

with any mortgagee (except as the actions of the Tenant may be in issue) or any tenant; (xxi) costs of selling, syndicating, financing, refinancing, mortgaging or hypothecating all or any portion of the Landlord's interest in the Project; (xxii) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Building, Common Areas or Exterior Common Area unless such wages and benefits are prorated to reflect time spent on operating, maintaining, repairing, replacing, restoring and/or managing the Building, Common Areas or Exterior Common Area, or applicable part thereof, vis-a-vis time spent on matters unrelated to operating, maintaining, repairing, replacing, restoring and/or managing the Building, Common Areas or Exterior Common Area, or applicable part thereof; provided, that in no event shall Operating Expenses for purposes of this Lease include wages and/or benefits attributable to personnel above the level of Project Manager or Project Engineer; (xxiii) costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for new or existing tenants or other occupants in the Project or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant leasable space in the Building or the Parcel C Building for tenants or other occupants; (xxiv) all items and services for which Tenant or any other tenant in the Project reimburses Landlord (other than as an Operating Expense or Exterior Common Area Operating Expense); (xxiv) electric power costs for which any tenant directly contracts with a public service company; (xxv) costs, other than those incurred in ordinary maintenance and repair, for sculpture, paintings, fountains or other objects of art; (xxvi) any costs expressly excluded from Operating Expenses elsewhere in this Lease; (xxvii) costs arising from Landlord's charitable or political contributions; (xxviii) legal fees and costs concerning the negotiation and preparation of this Lease or any lease in the Project; and (xxix) any costs or expenses whatsoever for or related to the construction, maintenance, repair or replacement of any other existing or future buildings on the Land, including the retail building referred to in Paragraph 2.1(c) above, and any other new building.

In the event any facilities, services or utilities used in connection with the Project are provided from another building owned or operated by Landlord or vice versa, the costs incurred by Landlord in connection therewith shall be allocated to Operating Expenses by Landlord on a reasonably equitable basis. Upon written request made by Tenant to Landlord (not more than once in any calendar year), Landlord shall supply or make available to Tenant reasonable documentation supporting its allocation to Operating Expenses with each annual reconciliation statement, and Tenant shall have a right to challenge any such allocation pursuant to the provisions of the last paragraph of Paragraph 12.2 below.

The specific examples of Operating Expenses and Exterior Common Area Operating Expenses stated in this Paragraph 12.1 are in no way intended to and shall not limit the costs comprising Operating Expenses and Exterior Common Area Operating Expenses, nor shall such examples be deemed to obligate Landlord to incur such costs or to provide such services or to take such actions except as Landlord may be expressly required in other portions of this Lease, or except as Landlord, in its reasonable discretion, may elect. All reasonable costs incurred by Landlord in good faith for the operation, maintenance, repair, security and management of the Building or the Exterior Common Area, as the case may be, shall be deemed conclusively binding on Tenant.

12.2 Payment of Operating Expenses by Tenant . Prior to the Commencement Date, and annually thereafter, Landlord shall deliver to Tenant an estimate of Tenant’s percentage share of Operating Expenses for the succeeding calendar year, with reasonable supporting documentation showing the components of Landlord’s estimate. Tenant’s payment of Tenant’s percentage share of Operating Expenses shall be based upon Landlord’s reasonable estimate of Operating Expenses so delivered and shall be payable in equal monthly installments in advance on the first day of each calendar month commencing on the

Commencement Date as specified in Paragraph 1.8 and continuing throughout the Lease Term, as the same may be extended. Tenant shall pay to Landlord, as Additional Rent and without deduction or offset, an amount equal to Tenant's percentage share (stated in Paragraph 1.12 above) of the Operating Expenses. Alternatively, as Landlord may elect at any time or from time to time, Tenant's percentage share of Operating Expenses (or certain of such Operating Expenses) actually incurred or paid by Landlord but not theretofore billed to Tenant, as invoiced by Landlord shall be payable by Tenant within thirty (30) days after receipt of Landlord's invoice, but not more often than once each calendar month.

If there is a material change in Operating Expenses after Landlord delivers its annual estimate, Landlord may revise its estimate of Operating Expenses one time per calendar year, by delivering written notice of same, with reasonable supporting documentation evidencing the material changes. From and after the first day of the second full calendar month after Tenant's receipt of Landlord's new estimate, the amount of Tenant's monthly installment for that calendar year shall adjust on a prospective basis only, to reflect the Landlord's new estimate..

Landlord shall furnish Tenant an annual reconciliation statement on or before April 30 of each calendar year (and a final reconciliation statement within one hundred eighty (180) days after Lease Termination) with reasonable supporting documentation (including documentation supporting any allocation to Tenant of its share of any Project, Common Area or other expenses which are not segregated to the Premises) showing the actual Operating Expenses for the period to which Landlord's estimate pertains and shall concurrently either bill Tenant for the balance due (payable upon within thirty (30) days after receipt of written demand by Landlord) or credit Tenant's account for the excess previously paid (provided on Lease Termination such amount shall be paid in cash to Tenant within 180 days after Lease Termination). Notwithstanding anything to the contrary contained in this Lease, within one hundred eighty (180) days after receipt by Tenant of Landlord's statement of Operating Expenses and supporting documentation prepared pursuant to this Paragraph 12.2 for any prior annual period during the Lease Term, any employee of Tenant or a certified public accountant mutually acceptable to Landlord and Tenant (provided such certified public accountant charges for its service on an hourly basis and not based on a percentage of any recovery or similar incentive method) shall have the right to inspect the books of Landlord applicable to Operating Expenses for the year of the statement during normal business hours and upon not less than ten (10) business days' advance notice, at Landlord's office or, at Landlord's option, such other location in Santa Clara County as Landlord reasonably may specify, for the purpose of verifying the information contained in the statement. All expenses of such inspection (other than expenses of making the books of Landlord available for inspection, which shall be borne by Landlord without reimbursement from Tenant by way of Operating Expenses or otherwise) shall be borne by Tenant, except as otherwise expressly provided in this paragraph below. If Tenant's inspection reveals a discrepancy in the comparative annual reconciliation statement, Tenant shall deliver a copy of the inspection report and supporting calculations to Landlord within thirty (30) days after completion of the inspection. If Tenant and Landlord are unable to resolve the discrepancy within thirty (30) days after receipt of the inspection report, either party may upon written notice to the other have the matter decided by an inspection by an independent certified public accounting firm approved by Landlord and Tenant (the "CPA Firm"), which approval shall not be unreasonably withheld or delayed. If the inspection by the CPA Firm shows that the actual amount of Operating Expenses payable by Tenant is greater than the amount previously paid by Tenant for such accounting period, Tenant shall pay Landlord the difference within thirty (30) days after the inspection by the CPA Firm. If the inspection by the CPA firm shows that the actual amount is less than the amount paid by Tenant, then the difference shall be applied in payment of the next estimated monthly installments of Operating Expenses owing by Tenant, or in the event such accounting follows the expiration of the Lease Term, such difference shall be promptly refunded by Landlord

to Tenant. If the inspection by the CPA firm reveals an overcharging of Tenant in the aggregate of more than five percent (5%), then Landlord also shall pay or reimburse Tenant for all costs of the inspection, but not to exceed Three Thousand Five Hundred and 00/100 Dollars ($3,500.00). Tenant may not withhold payment of any Operating Expenses pending completion of any inspection or audit of Operating Expenses. Unless Tenant asserts specific errors within one hundred eighty (180) days after receipt of the annual reconciliation statement, such statement shall be deemed correct as between Landlord and Tenant.

13. Alterations and Improvements .

13.1 In General . Except for painting the interior walls of the Premises, re-carpeting of the carpeted areas of the Premises and minor or decorative alterations to the interior of the Premises which (i) do not impair the integrity of the Building Structure, (ii) do not adversely affect any of the Building Systems serving the Premises or Building, (iii) are not visible from outside of the Building (iv) do not cost in excess of One Hundred Thousand Dollars ($100,000.00) per improvement project or One Million Dollars ($1,000,000.00) during the Term of this Lease, as such Term may be extended and (v) are not Specialty Alterations as defined below (collectively, "Permitted Alterations"), Tenant shall not make, or permit to be made, any alterations, removals, changes, enlargements, improvements or additions, including, without limitation, Specialty Alterations as defined below (collectively "Alterations") in, on, about or to the Premises, or any part thereof, including Alterations required pursuant to Paragraph 6.2, without the prior written consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed) and without acquiring and complying with the conditions of all permits, if any, required for such Alterations by any governmental authority having jurisdiction thereof. Landlord acknowledges that Landlord will advise Tenant in writing of (i) its grant or denial of consent for such Alterations, and (ii) whether Landlord will require Tenant to remove any such Alterations (as defined below) and repair any damage caused by such removal, in each case within ten (10) business days after Landlord's receipt of Tenant's written notice to Landlord requesting the same. At the time Tenant requests Landlord's consent to any Alterations, Tenant shall request a decision from Landlord in writing as to whether Landlord will require Tenant, at Tenant's expense, to remove any such Alterations and repair any damage caused by such removal. If Landlord fails to respond with such ten (10) business day period, then Tenant may deliver a second written notice to Landlord containing the same request as provided above, which second notice shall contain the following provisions in bold, capitalized letters: " **IF YOU FAIL TO RESPOND TO THIS REQUEST WITHIN TEN (10) BUSINESS DAYS FOLLOWING YOUR RECEIPT OF THIS NOTICE, THEN YOU ARE DEEMED TO HAVE CONSENTED TO THE ALTERATIONS DESCRIBED IN THIS NOTICE AND TO HAVE AGREED THAT TENANT IS NOT REQUIRED TO REMOVE SUCH ALTERATIONS DESCRIBED IN THIS NOTICE AT THE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE."** . In such event of Landlord's deemed consent, Tenant will not be required to remove at Lease Termination any such Alterations described in Tenant's second notice to Landlord as provided above. For purposes of this Lease "Specialty Alterations" shall mean any of the following Alterations: (a) safes and vaults; (b) specialized flooring (including raised flooring) and/or labs; (c) conveyors and dumbwaiters; (d) any Alterations which (i) perforate a floor slab in the Premises or a wall that encloses/encapsulates the Building Structure, or (ii) involve material plumbing connections (such as kitchens and executive bathrooms outside of the Building core); (e) special security equipment, and (f) any other installations, additions, improvements or alterations not typically found in general use office space or requiring over-standard demolition or restoration costs for the removal or restoration thereof. Landlord acknowledges and agrees that the Initial Improvements will include raised flooring, slab penetrations, and lab improvements on the first floor Premises as shown on the plans attached hereto as Exhibit K attached hereto, and that such raised flooring, slab penetrations and lab

improvements on the first floor of the Premises shall under no circumstances be considered Specialty Alterations, and that under no circumstances shall Tenant be required to remove any of such raised flooring or lab improvements shown on Exhibit K attached hereto. Tenant shall not be obligated to obtain Landlord's prior written consent to any Permitted Alterations referred to above, and Permitted Alterations shall not be Specialty Alterations, but such Permitted Alterations shall be subject to all of the other terms and conditions of this Paragraph 13.1 and 13.2 below; it being understood and agreed that if Tenant does not request Landlord's consent to any Permitted Alteration, then, not later than ninety (90) days prior to the expiration of the Lease Term, as the same may be extended, Landlord shall have the right to require Tenant to remove any such Permitted Alterations designated by Landlord for removal and, in such event, Tenant shall, at its sole cost and expense, prior to the expiration or earlier termination of this Lease, remove from the Premises and Building such Permitted Alteration(s) designated by Landlord for removal and repair any damage to the Premises and/or Building caused by such removal **.** The term "Alterations" as used in this Paragraph 13 shall also include, without limitation, all heating, lighting, electrical (including all wiring, conduit outlets, drops, buss ducts, main and subpanels), air conditioning and partitioning installed or constructed in the Premises by Tenant regardless of how affixed to the Premises. As a condition to the giving of its consent, Landlord may impose such reasonable requirements as Landlord reasonably may deem necessary, including without limitation, the manner in which the work is done; a reasonable right of approval of the contractor by whom the work is to be performed; the times during which the work is to be accomplished; the requirement that Tenant post a completion bond in an amount and form reasonably satisfactory to Landlord for Alterations costing in excess of $500,000; and require that Tenant reimburse Landlord, as Additional Rent, for Landlord's actual and reasonable costs for outside consultants incurred in reviewing any proposed Alteration, whether or not Landlord's consent is granted, such reimbursement. In the event Landlord consents to the making of any Alterations by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense, in accordance with the plans and specifications, if any, approved by Landlord and in a manner causing Landlord and Landlord's agents and other tenants of the Building the least interference and inconvenience practicable under the circumstances. Tenant shall give written notice to Landlord five (5) business days prior to employing any laborer or contractor to perform services related to, or receiving materials for use upon the Premises, and prior to the commencement of any work of improvement on the Premises. Any Alterations, including, without limitation, Permitted Alterations, to the Premises made by Tenant or any of its agents, employees, contractors, subcontractors or other representatives shall be made in accordance with applicable Laws and in a first-class workmanlike manner. In making any such Alterations, Tenant shall, at Tenant's sole cost and expense, file for and secure and comply with any and all permits or approvals required by any governmental departments or authorities having jurisdiction thereof and any utility company having an interest therein. In no event shall Tenant make any structural changes to the Premises or make any changes to the Premises which would weaken or impair the integrity of the Building Structure or adversely affect any of the Building Systems serving the Building or Premises, without the prior written consent of Landlord (which consent may be give or withheld, in Landlord's sole and absolute discretion). Landlord agrees not to charge any construction management or supervision fee for any Alterations, including those Alterations which would require Landlord's consent pursuant to the terms above.

13.2 Removal Upon Lease Termination . Notwithstanding anything to the contrary in this Lease, Tenant shall have no obligation to remove any of the Initial Improvements (as defined in Exhibit C to this Lease). If Tenant fails to obtain Landlord's consent (or deemed consent as provided in Paragraph 13.1 above) to any Alterations for which Landlord's consent is required under this Lease, then, Landlord may elect to have all or a portion of such Alterations that were not consented to (or deemed consented to) by Landlord removed by Tenant at Lease Termination at Tenant's sole cost (or deemed consent) and Tenant shall, at Tenant's sole cost, repair all damage to the Project arising from such removal. In the event Tenant

fails to remove any such Alterations designated by Landlord for removal, without waiving any or all other rights and remedies available to Landlord for a Default by Tenant, Landlord may remove such Alterations and repair any damage caused by their removal, and may recover from Tenant all costs and expenses actually incurred thereby, together with an amount equal to the fair rental value of the Premises for the period of time after Lease Termination required for Landlord to accomplish such removal and restoration. Tenant's obligation to pay such costs and expenses to Landlord shall survive Lease Termination. Unless Landlord elects to have Tenant remove (or, upon Tenant's failure to obtain Landlord's decision, Landlord removes) any such Alterations, all such Alterations (except for moveable furniture, personal property and moveable equipment, and signage and trade fixtures of Tenant, which shall be removed, or caused to be removed, by Tenant at no cost to Landlord), shall become the property of Landlord upon Lease Termination (without any payment therefor) and remain upon and be surrendered with the Premises at Lease Termination.

13.3 Landlord's Improvements. All fixtures, improvements or equipment which are installed, constructed on or attached to the Premises, Building or Common Area by Landlord shall be a part of the realty and belong to Landlord.

14. Default and Remedies.

14.1 Events of Default. The terms "Default by Tenant", "Event of Default" or "Tenant's Default" as used in this Lease shall mean the occurrence of any of the following events:

(a) Tenant's failure to pay when due any Rentals and such failure is not cured within five (5) business days after delivery of written notice from Landlord specifying such failure to pay;

(b) Commencement and continuation for at least sixty (60) days of any case, action or proceeding by, against or concerning Tenant under any federal or state bankruptcy, insolvency or other debtor's relief law, including without limitation, (i) a case under Title 11 of the United States Code concerning Tenant, whether under Chapter 7, 11, or 13 of such Title or under any other Chapter, or (ii) a case, action or proceeding seeking Tenant's financial reorganization or an arrangement with any of Tenant's creditors;

(c) Voluntary or involuntary appointment of a receiver, trustee, keeper or other person who takes possession for more than sixty (60) days of substantially all of Tenant's assets or a material portion of the assets used in Tenant's business on the Premises, regardless of whether such appointment is as a result of insolvency or any other cause;

(d) Execution of an assignment for the benefit of creditors of substantially all assets of Tenant available by law for the satisfaction of judgment creditors;

(e) Commencement of proceedings for winding up or dissolving (whether voluntary or involuntary) the entity of Tenant, if Tenant is a corporation, limited liability company or a partnership;

(f) Levy of a writ of attachment or execution on Tenant's interest under this Lease, if such writ continues for a period of thirty (30) days;

(g) An assignment of the Lease by Tenant, any sublet by Tenant of the Premises or any portion of the Premises, any other transfer of all or a portion of Tenant's interest in the Premises or Lease (any of the foregoing being a "Transfer") or attempted Transfer of this Lease or the Premises by Tenant in violation of the provisions of Paragraph 24 below and such violation is not cured within thirty (30) days after written notice of such violation if given by Landlord to Tenant;

(h) Failure of Tenant to execute any instruments evidencing subordination of this Lease that Tenant is required to execute pursuant to the terms of Paragraph 20.2 below within the time period set forth in Paragraph 20.2 where such failure is not cured within five (5) business days after written notice of such failure is given by Landlord to Tenant;

(i) Failure of Tenant to execute any reasonable modification of this Lease required by a financial institution which modification meets the requirements and conditions set forth in Paragraph 20.3 below where such failure is not cured within ten (10) business days after written notice of such failure is given by Landlord to Tenant;

(j) Failure of Tenant to execute any estoppel certificate or provide financial statements that Tenant is required to execute or provide pursuant to the terms of Paragraph 20.5 below within the applicable time period set forth in Paragraph 20.5 where such failure is not cured within five (5) business days after written notice of such failure is given by Landlord to Tenant;

(k) Breach by Tenant of any term, covenant, condition, warranty, or provision contained in this Lease (other than those referred to in any other subsection of this Paragraph 14.1) or of any other obligation owing or due to Landlord and such breach is not cured within thirty (30) days after written notice of such breach is given by Landlord to Tenant; provided, however, if a breach under this subparagraph 14.1(k) cannot be reasonably cured within thirty (30) days, then such Default by Tenant shall be deemed to have occurred if Tenant does not commence to cure the breach within the thirty (30) day period or thereafter does not diligently and in good faith prosecute the cure to completion;

(l) Any other Default by Tenant expressly set forth in Paragraph 5.1, 6.1, 24.4, 30 or 47 of this Lease. For avoidance of doubt, Tenant's vacation of the Premises while Tenant is not in default of any other provision of this Lease shall not be deemed a Default by Tenant.

14.2 Remedies. Upon any Default by Tenant, Landlord shall have the following remedies, in addition to all other rights and remedies provided by law, to which Landlord may resort cumulatively or in the alternative:

14.2.1 Termination. Landlord may terminate this Lease by giving written notice of termination to Tenant, in which event this Lease shall terminate on the date set forth for termination in such notice. In the event Landlord terminates this Lease, Landlord shall have the right to recover from Tenant:

(a) The worth at the time of award of the unpaid Rentals which had been earned at the time of termination;

(b) The worth at the time of award of the amount by which the unpaid Rentals which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(c) The worth at the time of award (computed by discounting at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent) of the amount by which the Rentals for the balance of the Lease Term after the time of award exceed the amount of such rental loss that Tenant proves could be reasonably avoided;

(d) Any other amounts necessary to compensate Landlord for all detriment proximately caused by the Default by Tenant or which in the ordinary course of events would likely result, including without limitation the following, subject to the provisions of Paragraph 8.7 above:

(i) Expenses in retaking possession of the Premises;

(ii) Expenses for cleaning, repairing or restoring the Premises;

(iii) Any unamortized real estate brokerage commission paid in connection with this Lease;

(iv) Expenses for removing, transporting, and storing any of Tenant's property left at the Premises (although Landlord shall have no obligation to remove, transport, or store any such property);

(v) Expenses of reletting the Premises, including without limitation, brokerage commissions and reasonable attorneys' fees;

(vi) Reasonable attorneys' fees and court costs; and

(vii) Costs of carrying the Premises such as repairs, maintenance, taxes and insurance premiums, utilities and security precautions (if any).

(e) The "worth at the time of award" of the amounts referred to in subparagraphs (a) and (b) of this Paragraph 14.2.1 is computed by allowing interest at an annual rate equal to the greater of: ten percent (10%); or five percent (5%) plus the rate established by the Federal Reserve Bank of San Francisco, as of the twenty-fifth (25th) day of the month immediately preceding the Default by Tenant, on advances to member banks under Sections 13 and 13(a) of the Federal Reserve Act, as now in effect or hereafter from time to time amended, not to exceed the maximum rate allowable by law.

14.2.2 Continuance of Lease . Upon any Default by Tenant and unless and until Landlord elects to terminate this Lease pursuant to Paragraph 14.2.1 above, this Lease shall continue in effect after the Default by Tenant and Landlord may enforce, subject to Paragraph 8.7 above, all its rights and remedies under this Lease, including without limitation, the right to recover payment of Rentals as they become due. Neither efforts by Landlord to mitigate damages caused by a Default by Tenant nor the acceptance of any Rentals shall constitute a waiver by Landlord of any of Landlord's rights or remedies, including the rights and remedies specified in Paragraph 14.2.1 above.

No re-entry or repossession, repairs, maintenance, changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in

part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant.

15. Damage or Destruction .

15.1 Definition of Terms . For the purposes of this Lease, the term: (a) "Insured Casualty" means damage to or destruction of the Premises from a cause actually insured against, or required by this Lease to be insured against, for which the insurance proceeds paid or made available to Landlord, when added to the amount of Landlord's deductible under its casualty or property insurance policies covering such damage to or destruction of the Premises, are sufficient to rebuild or restore the damage to the Premises and the Building under then existing building codes to the condition existing immediately prior to the damage or destruction; and (b) "Uninsured Casualty" means damage to or destruction of the Premises from a cause (i) not actually insured against and not required by this Lease to be insured against, or (ii) from a cause actually insured against but for which the insurance proceeds paid or made available to Landlord, together with the amount of Landlord's deductible applicable to such damage or destruction, are for any reason insufficient to rebuild or restore the damage to the Premises and Building under then-existing building codes to the condition existing immediately prior to the damage or destruction, or (iii) from a cause actually insured against, but for which the insurance proceeds are not paid or made available to Landlord within ninety (90) days of the event of damage or destruction, even though Landlord maintained the insurance required by this Lease, but only so long as Landlord has used commercially reasonable efforts to compel the insurance proceeds to be made available.

15.2 Insured Casualty .

15.2.1 Rebuilding Required . In the event of an Insured Casualty where the extent of damage or destruction is less than thirty-three and one-third percent (33 and 1/3%) of the then full replacement cost of the Building, Landlord shall rebuild or restore the Premises and the Building to the condition existing immediately prior to the damage or destruction, promptly following receipt of all required governmental permits and approvals, and with all due diligence, provided that there exist no governmental codes or regulations that would prevent Landlord's ability to so rebuild or restore (and if there exists any governmental codes or regulations that would prevent altogether Landlord's ability to rebuild or restore, Landlord shall notify Tenant of the same promptly in writing, and Landlord shall have the right to terminate this Lease by written notice to Tenant within sixty (60) days after the event of damage or destruction).

15.2.2 Landlord's Election . In the event of an Insured Casualty where the extent of damage or destruction is equal to or greater than thirty-three and one-third percent (33 and 1/3%) of the then full replacement cost of the Building, Landlord shall promptly inform Tenant of such fact in writing. In such case, Landlord may, at its option and at its sole discretion, rebuild or restore the Building and Premises to the condition existing immediately prior to the damage or destruction (which, if so elected, shall be performed promptly following receipt of all required governmental permits and approvals and with all due diligence), or terminate this Lease. Landlord shall notify Tenant in writing within sixty (60) days after the event of damage or destruction of Landlord's election to either rebuild or restore the Premises or terminate this Lease. Notwithstanding the foregoing to the contrary, Landlord shall not have the right to terminate this Lease pursuant to this subparagraph if Landlord failed to carry the insurance required by Section 8.1 of this Lease. Notwithstanding anything to the contrary contained in this Lease, if Landlord carried the required insurance by this Lease but elects to terminate this Lease pursuant to this subparagraph due to lack of funds, Tenant shall have the right, at Tenant's sole election, to contribute any shortfall, in which case Landlord's election to terminate shall be of no further force or effect and Landlord shall rebuild or restore the Premises

and the Building pursuant to the provisions of this Article 15. If Landlord is obligated to rebuild or restore the Premises and Building pursuant to the terms of the immediately preceding sentence, then, as a condition precedent to such obligation, Tenant shall contribute to Landlord in cash the shortfall in funds prior to the date that Landlord notifies Tenant that Landlord is ready to commence, or cause to be commenced, the rebuilding or restoration of the Premises. Such notice by Landlord to Tenant shall be given to Tenant at least thirty (30) days prior to the date that Landlord intends to commence, or cause to be commenced, the rebuilding or restoration of the Premises.

15.2.3 Continuance of Lease .

If Landlord is required to rebuild or restore the Premises pursuant to Paragraph 15.2.1 or if Landlord elects to rebuild or restore the Premises pursuant to Paragraph 15.2.2, this Lease shall remain in effect and Tenant shall have no claim against Landlord for compensation for inconvenience or loss of business during any period of repair or restoration, and then current Rentals shall be proportionately abated as provided in Paragraph 15.7 below.

15.3 Uninsured Casualty . In the event of an Uninsured Casualty, Landlord may, at its option and at its sole discretion (i) rebuild or restore the Premises and Building as soon as reasonably possible at Landlord's expense to the condition existing immediately prior to the damage or destruction (which, if so elected, shall be performed promptly following receipt of all required governmental permits and approvals and with all due diligence), in which event this Lease shall continue in full force and effect or (ii) terminate this Lease, in which event Landlord shall give written notice to Tenant within sixty (60) days after the event of damage or destruction of Landlord's election to terminate this Lease as of the date of the event of damage or destruction. If such Uninsured Casualty was caused by the gross negligence or willful misconduct of Tenant or any Tenant Related Parties, then Tenant shall be liable to Landlord therefor to the extent the cost of repair or restoration of such damage or destruction is not covered by insurance proceeds payable to Landlord.

15.4 Tenant's Election . Notwithstanding anything to the contrary contained in this Paragraph 15, Tenant may elect to terminate this Lease in the event the Premises are damaged or destroyed and, in the reasonable opinion of Landlord's architect or general contractor, the restoration of the Premises cannot be substantially completed within three hundred (300) days after the event of damage or destruction. Unless Landlord provides Tenant with notice of termination under Paragraphs 15.2, 15.3, 15.5, or 15.10 hereof, Landlord shall provide Tenant with written notice within sixty (60) days after the event of damage or destruction of the estimated restoration period (including whether, in the reasonable opinion of Landlord's architect or general contractor, the restoration of the Premises can be substantially completed within said three hundred (300) day period). Tenant's election to terminate under this Paragraph 15.4 shall be made by written notice to Landlord within ten (10) business days after Tenant receives from Landlord the estimate of the time needed to complete repair or restoration of the Premises. If Tenant does not deliver said notice within said ten (10) business day period, Tenant may not later terminate this Lease even if substantial completion of the rebuilding or restoration occurs subsequent to said 12-month period, provided that Landlord is proceeding with due diligence to rebuild or restore the Premises. If Tenant delivers said termination notice within said ten (10) business day period, this Lease shall terminate as of the date of the event of damage or destruction.

15.5 Damage or Destruction Near End of Lease Term. Notwithstanding anything to the contrary contained in this Paragraph 15, in the event the Premises are damaged or destroyed in whole or in part from any cause during the last twelve (12) months of the Lease Term and cannot reasonably be restored within sixty (60) days, Landlord (or Tenant provided such damage or destruction was not caused by the gross

negligence or willful misconduct of Tenant or any Tenant Related Parties) may, at its option, terminate this Lease as of the date of the event of damage or destruction by giving written notice to the other of its election to do so within thirty (30) days after the event of such damage or destruction.

15.6 Termination of Lease . If the Lease is terminated pursuant to this Paragraph 15, the current Rentals (including Operating Expenses) shall be proportionately reduced during the period following the event of damage or destruction until the termination date, based upon the extent to which the damage or destruction renders the Premises unsuitable for the operation of Tenant's business (as reasonably determined by Landlord and Tenant in good faith) and Tenant and Tenant Related Parties are not using such unsuitable area.

15.7 Abatement of Rentals . If the Premises are to be rebuilt or restored pursuant to this Paragraph 15, the then current Rentals (including Operating Expenses) shall be proportionately reduced from the date of such damage or destruction to the Premises, or applicable part thereof, until such damage is fully restored, based upon the extent to which the damage or destruction renders the Premises unsuitable for the operation of Tenant's business (as reasonably determined by Landlord and Tenant) and Tenant and Tenant Related Parties are not using such unsuitable area.

15.8 Liability for Personal Property. Except to the extent arising out of the gross negligence or willful misconduct of Landlord or that of its agents, employees or contractors (and then subject to the provisions of Paragraph 8.6 above), in no event shall Landlord have any liability for, nor shall it be required to repair or restore, any injury or damage to any Alterations (including, without limitation, Permitted Alterations) to the Premises made by Tenant or any Tenant Related Parties at the expense of Tenant or any Tenant Related Parties (or through an allowance provided by Landlord), or any of Tenant's trade fixtures, office equipment, merchandise, office furniture, or any other personal property installed by Tenant (or any Tenant Related Parties). The provisions of the immediately preceding sentence shall not apply to the Initial Improvements constructed or caused to be constructed by Tenant pursuant to the terms of the Improvement Agreement attached hereto as Exhibit C . If Landlord or Tenant does not elect to terminate this Lease pursuant to this Paragraph 15, then following Landlord's substantial completion of the Landlord's restoration work under this Paragraph 15, Tenant may, at its sole option, rebuild such pre-existing or new Alterations (including, without limitation, Permitted Alterations) to the Premises which it desires, provided that Tenant shall have no obligation to build any Alterations after damage or destruction. The immediately preceding sentence shall not apply to the Interior Improvements. Any Alterations that Tenant decides to make following damage or destruction shall be made in accordance with the provisions of Paragraph 13.1.

15.9 Waiver of Civil Code Remedies . Landlord and Tenant acknowledge that the rights and obligations of the parties upon damage or destruction of the Premises are as set forth herein; therefore Tenant hereby expressly waives any rights to terminate this Lease upon damage or destruction of the Premises, except as specifically provided by this Lease, including without limitation any rights pursuant to the provisions of Subdivision 2 of Section 1932 and Subdivision 4 of Section 1933 of the California Civil Code, as amended from time to time, and the provisions of any similar law hereinafter enacted, which provisions relate to the termination of the hiring of a thing upon its substantial damage or destruction.

15.10 Damage or Destruction to the Building . The foregoing notwithstanding, in the event the Building is damaged or destroyed to the extent of more than thirty-three and one-third percent (33 1/3%) of the then replacement cost thereof, Landlord may elect to terminate this Lease. Landlord shall notify Tenant of its election to terminate under this Paragraph 15.10 within sixty (60) days of the event of such damage or destruction.

15.11 Damage or Destruction of Fitness Center . If, due to a casualty, there is damage to or destruction of the Fitness Center in the building located at 4353 North First Street in San Jose and Landlord elects not to rebuild the Fitness Center, or does not rebuild the Fitness Center within three hundred (300) days following receipt of a building permit for the Fitness Center, then Tenant shall have a right to terminate this Lease unless, within such three hundred (300) day period, Landlord makes available to Tenant for its employees' use a similar Fitness Center elsewhere in the Project.

16. Condemnation .

16.1 Definition of Terms . For the purposes of this Lease, the term: (a) "Taking" means a taking of the Premises, Common Area, or Building or damage related to the exercise of the power of eminent domain and includes, without limitation, a voluntary conveyance, in lieu of court proceedings, to any agency, authority, public utility, person or corporate entity empowered to condemn property; (b) "Total Taking" means the Taking of the entire Premises or so much of the Premises, Building or Common Area as to prevent or substantially impair the use thereof by Tenant for the uses herein specified; provided, however, that in no event shall the Taking of less than twenty percent (20%) of the Premises or fifty percent (50%) of the Building and the Common Area be considered a Total Taking; (c) "Partial Taking" means the Taking of twenty percent (20%) or less of the Premises, Building or Common Area for six (6) months or less; (d) "Date of Taking" means the date upon which the title to the Premises, Building or Common Area or a portion thereof, passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor; and (e) "Award" means the amount of any award made, consideration paid, or damages ordered as a result of a Taking.

16.2 Rights. The parties agree that in the event of a Taking all rights between them or in and to an Award shall be as set forth herein.

16.3 Total Taking. In the event of a Total Taking during the Lease Term: (a) the rights of Tenant under this Lease and in the leasehold estate of Tenant (and the rights of Tenant in and to the Premises and right to use the Common Area) shall cease and terminate as of the Date of Taking; (b) Landlord shall refund to Tenant any prepaid Base Rent that has not then been applied; (c) Tenant shall pay Landlord any Rentals due Landlord under the Lease, prorated as of the Date of Taking; (d) to the extent the Award is not payable to the beneficiary or mortgagee of a deed of trust or mortgage affecting the Premises, Tenant shall receive from the Award those portions of the Award attributable to trade fixtures of Tenant; and (e) the remainder of the Award shall be paid to and be the property of Landlord. Nothing contained in this Paragraph 16.3 shall be deemed to deny Tenant its right to recover awards made by the condemning authority for moving costs, relocation costs, and costs attributable to goodwill and Alterations installed by Tenant to the extent paid for by Tenant.

16.4 Partial Taking . In the event of a Partial Taking during the Lease Term: (a) the rights of Tenant under the Lease and in the leasehold estate of Tenant in and to the portion of the Premises taken shall cease and terminate as of the Date of Taking; (b) from and after the Date of Taking the Base Rent shall be an amount equal to the product obtained by multiplying the then current Base Rent by the quotient obtained by dividing the fair market value of the Premises immediately after the Taking by the fair market value of the Premises immediately prior to the Taking; (c) to the extent the Award is not payable to the beneficiary or mortgagee of a deed of trust or mortgage affecting the Premises, Tenant shall receive from the Award the

portions of the Award attributable to trade fixtures; and (d) the remainder of the Award shall be paid to and be the property of Landlord. Each party waives the provisions of California Code of Civil Procedure Section 1265.130 allowing either party to petition the Superior Court to terminate this Lease in the event of a Partial Taking. Nothing contained in this Paragraph 16.4 shall be deemed to deny Tenant its right to recover awards made by the condemning authority for moving costs, relocation costs, and costs attributable to goodwill and leasehold improvements installed by Tenant. Notwithstanding anything to the contrary contained in this Lease, if twenty percent (20%) or more of the Premises is taken by any agency, authority, public utility, person or corporate entity empowered to condemn property for more than six (6) months, Tenant shall have the right to terminate this Lease.

17. Liens .

17.1 Premises to Be Free of Liens . Tenant shall pay for all labor and services performed for, and all materials used by or furnished to Tenant, any Tenant Related Parties, or any contractor employed by Tenant (or any Tenant Related Party) with respect to the Premises. Tenant shall indemnify, defend and hold Landlord harmless from and keep the Project free from any liens, claims, demands, encumbrances, or judgments, including all costs, liabilities and attorneys' fees with respect thereto, created or suffered by reason of any labor or services performed for, or materials used by or furnished to, Tenant or any Tenant Related Parties or any contractor employed by Tenant with respect to the Premises (with the exception of the Initial Improvements which shall not be covered by this indemnity, defense and hold harmless but shall be covered by the provisions of Paragraph 7 of the Improvement Agreement attached hereto as Exhibit C); provided, however, in no event shall the foregoing be construed as requiring Tenant to indemnify, defend, protect or hold harmless the Landlord for any claims, demands, encumbrances, or judgments, including all costs, liabilities and attorneys' fees with respect thereto to the extent caused by the negligence or willful misconduct of Landlord or any Landlord Related Party or caused by a Landlord default under this Lease. Tenant's obligations under the immediately preceding sentence shall survive Lease Termination. Landlord shall have the right, at all times, to post and keep posted on the Premises, as the case may be, any notices permitted or required by law, or which Landlord shall deem proper for the protection of Landlord and the Premises, Building, Common Area, and Land, and any other party having an interest therein, from mechanics' and materialmen's liens, including without limitation a notice of non-responsibility.

17.2 Notice of Lien; Bond . Should any claims of lien be filed against, or any action filed to assert a claim of lien be commenced affecting the Premises, Tenant's interest in the Premises or any other portion of the Project, Tenant shall give Landlord notice of such lien or action within five (5) business days after Tenant receives notice of the filing of the lien or the commencement of the action. In the event that Tenant shall not, within twenty (20) days following the date Tenant becomes aware of the imposition of any such lien arising from or in connection with labor or services performed for, or materials used by or furnished to, Tenant, any Tenant Related Parties or any of Tenant's invitees or any contractor employed by Tenant with respect to the Premises, cause such lien to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause the same to be released by such means as Landlord shall deem proper, including payment of the claim giving rise to such lien or posting of a proper bond. All such sums paid by Landlord and all expenses incurred by Landlord in connection therewith, including reasonable attorneys' fees and costs, shall be payable to Landlord by Tenant as Additional Rent within thirty (30) days after receipt of written demand.

18. Landlord's Right of Access to Premises . Landlord reserves and shall have the right and Tenant shall permit (and cause all Tenant Related Parties to permit) Landlord and Landlord's agents and employees and designated consultants, contractors and other representatives to enter the Premises (except for Secure Areas, as defined below, except in the event of an emergency or if required by applicable Law or court order) at any reasonable time during normal business hours with not less than seventy-two (72) hours prior notice (except in the event of an emergency or in connection with the performance of any of Landlord's maintenance and repair obligations under this Lease) and subject to Tenant's standard security protocols (which may include identity check, badging and prohibition on entry of competitors) for the purpose of (i) inspecting the Premises, (ii) performing Landlord's maintenance and repair responsibilities set forth herein, (iii) posting notices of non-responsibility, (iv) protecting the Premises in the event of an emergency and (v) exhibiting the Premises to prospective purchasers or lenders at any reasonable time (or to prospective tenants during the last nine (9) months of the Lease Term). In connection with any such entry, Tenant shall have the right to have a Tenant representative accompany Landlord and/or Landlord Related Parties and Landlord shall exercise commercially reasonable efforts to minimize, to the extent practicable under the circumstances, interference with or disruption with the business operations of Tenant in the Premises. In the event of an emergency (which shall mean imminent risk of injury to persons or property), Landlord shall have the right to use any and all means which Landlord reasonably may deem proper to gain access to the Premises. Any entry to the Premises by Landlord or any Landlord Related Parties in accordance with this Paragraph 18 or any other provision of this Lease shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of the Premises, or an eviction of Tenant from the Premises or any portion thereof nor give Tenant the right to abate the Rentals payable under this Lease. Tenant hereby waives any claims for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by Landlord's or Landlord's agents' entry into the Premises as permitted by this Paragraph 18 or any other provision of this Lease. Except in the event of an emergency or if required by applicable Law or court order, Landlord and Landlord Related Parties shall have no right to enter the entire first floor of the Premises and all labs and key production rooms (collectively, the "Secured Areas"). Anything in this Lease to the contrary notwithstanding, Landlord and Tenant agree that (i) Landlord shall have no obligation to maintain or repair any portion of the Secured Areas including, without limitation, any HVAC system or equipment or fire life safety system or equipment located in any of the Secured Areas; it being understood and agreed that Tenant, at its sole cost and expense, shall maintain, repair and replace, if necessary, any and all HVAC system or equipment and/or fire life safety system or equipment located in any of the Secured Areas and comply with all applicable Laws with respect to the such maintenance, repair and replacement, as applicable.

19. Landlord's Right to Perform Tenant's Covenants . Except as otherwise expressly provided herein, if a Tenant Default exists and is continuing under this Lease, Landlord may, but shall not be obligated to and without waiving or releasing Tenant from any obligation under this Lease, and on not less than three (3) days' advance written notice to Tenant, make such payment or perform such other act to the extent that Landlord may deem desirable, and in connection therewith, pay reasonable expenses and if reasonable, employ counsel. All reasonable sums so paid by Landlord and all penalties, interest and reasonable costs in connection therewith shall be due and payable by Tenant as Additional Rent within thirty (30) days after receipt of written demand.

20. Lender Requirements .

20.1 Subordination . This Lease, at Landlord's option, shall be subject and subordinate to the lien of any mortgages or deeds of trust (including all advances thereunder, renewals, replacements,

modifications, supplements, consolidations, and extensions thereof) in any amount(s) whatsoever now or hereafter placed on or against or affecting the Premises, Building or Land, or Landlord's interest or estate therein without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination; provided that no such subordination shall be effective unless and until each such mortgagee or beneficiary under any future mortgage or deed of trust provides to Tenant a written and enforceable subordination, non-disturbance and attornment agreement under which each such mortgagee or beneficiary agrees in writing (in a commercially reasonable form) that it shall recognize the tenancy under this Lease in accordance with its terms (including options to extend) and that this Lease shall not be terminated or modified in any material way in the event of any foreclosure or deed in lieu of foreclosure so long as Tenant is not in default under this Lease beyond applicable notice and cure periods. If any mortgagee or beneficiary shall elect to have this Lease prior to the lien of its mortgage or deed of trust, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage or deed of trust, whether this Lease is dated prior or subsequent to the date of such mortgage or deed of trust or the date of the recording thereof.

20.2 Subordination Agreements. Tenant shall execute and deliver, without charge therefor, such further commercially reasonable subordination, non-disturbance and attornment agreements evidencing subordination of this Lease to the lien of any mortgages or deeds of trust affecting the Premises, Building or Land as may be reasonably required by Landlord within ten (10) business days following Landlord's request therefor; but only if such mortgagee or beneficiary under such mortgage or deed of trust agrees in writing in said subordination, non-disturbance and attornment agreement (in a commercially reasonable form) that it shall recognize the tenancy under this Lease in accordance with its terms (including options to extend) and that this Lease shall not be terminated or modified in any material way in the event of any foreclosure or deed in lieu of foreclosure so long as Tenant is not in default under this Lease beyond applicable notice and cure periods. Prior to or at execution of this Lease, Landlord shall cause its existing lender holding a security interest in the Building and Land to enter into a subordination, non-disturbance and attornment agreement ("SNDA") in a commercially reasonable form signed by Landlord's existing lender holding a security interest in the Building. Promptly following presentation of such SNDA to Tenant, Tenant shall execute the same and return such signed SNDA to Landlord or its lender.

20.3 Approval by Lenders. Tenant recognizes that the provisions of this Lease may be subject to the approval of any financial institution that may make a loan secured by a new or subsequent deed of trust or mortgage affecting the Premises, Building or Land. If the financial institution should require, as a condition to such financing, any reasonable modifications of this Lease in order to protect its security interest in the Premises including without limitation, modification of the provisions relating to damage to and/or condemnation of the Premises, Tenant agrees to negotiate in good faith with Landlord and such financial institution regarding mutually acceptable modifications and execute the appropriate amendments; provided, however, that no modification shall change the size, location or dimension of the Premises, or shall increase the Rentals payable by Tenant hereunder or shall, in any material respect, otherwise increase Tenant's obligations under this Lease or reduce Tenant's rights or Landlord's obligations under this Lease.

20.4 Attornment. In the event of foreclosure or the exercise of the power of sale under any mortgage or deed of trust made by Landlord and covering the Premises, Building or Land, Tenant shall attorn to such foreclosing lender or such purchaser upon any such foreclosure or sale and recognize such foreclosing lender or purchaser as the Landlord under this Lease.

20.5 Estoppel Certificates and Financial Statements.

(a) Delivery by Tenant. Tenant shall, within ten (10) business days following written request by Landlord therefor and without charge, execute and deliver to Landlord any and all estoppel certificates reasonably requested by Landlord in connection with the sale or financing of the Premises, Building or Land, or requested by any lender making a loan affecting the Premises, Building or Land, or applicable part thereof. Landlord may require that Tenant in any estoppel certificate shall (i) certify that this Lease is unmodified and in full force and effect (or, if modified, state the nature of such modification and certify that this Lease, as so modified, is in full force and effect) and has not been assigned (or, if assigned, disclosing the same), (ii) certify the date to which Rentals are paid in advance, if any, (iii) acknowledge that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specify such defaults if claimed, (iv) evidence the status of this Lease as may be reasonably required either by a lender making a loan to Landlord to be secured by a deed of trust or mortgage covering the Premises, Building or Land, or applicable part thereof, or a purchaser of the Premises, Building or Land, or applicable part thereof, from Landlord, (v) certify to Tenant's knowledge (after reasonable inquiry and investigation) that all improvements to be constructed on the Premises by Landlord have been substantially completed except for punch list items which do not prevent Tenant from using the Premises for its intended use, or if substantial completion has not occurred with respect to all or any portion of such improvements, specify which improvements have not been substantially completed, and (vi) certify such other matters relating to the Lease, the Premises and/or Common Area as may be reasonably requested by a lender making a loan to Landlord or a purchaser of the Premises, Building or Land, or applicable part thereof, from Landlord. Any such estoppel certificate may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises, Building or Land.

(b) Financial Statements. The provisions of this Section 20.5(b) shall not apply to Tenant so long as it is a publicly traded company on the New York Stock Exchange, the NASDAQ Stock Exchange, or on any other US stock exchange which requires public reporting of its financial condition. Within thirty (30) days after Landlord's written request therefor (but in no event more often than quarterly during each calendar year unless Tenant is in default hereunder beyond applicable notice and cure periods, or Landlord is selling or refinancing the Building or Project), Tenant shall furnish to Landlord copies of Tenant's most recent audited or certified (but unaudited) annual financial statements (in connection with the delivery of certified unaudited financial statements, the certification shall be made by an authorized representative of Tenant who is most knowledgeable concerning the financial condition of Tenant). Such financial statements of Tenant shall include an opinion of a certified public accountant (if available) and a balance sheet and profit and loss statement for the most recent year, or a reasonable substitute for the form of such financial information, all prepared in accordance with generally accepted accounting principles consistently applied. Landlord shall treat such financial statements and the information therein as confidential and shall not disclose the same, including, without limitation, any information contained therein (collectively, "Confidential Information") to anyone other than persons within Landlord's and/or its affiliates' or property manager's organization or advisors, prospective purchasers or lenders or prospective lenders who have a need to know in the course of the performance of their duties analyzing or evaluating the Confidential Information, and Landlord shall request that persons in its organization or advisors, purchasers or lenders to keep same in strict confidence. This paragraph does not apply to Confidential Information that (i) was in the public domain at the time of communication to Landlord; (ii) becomes known to Landlord through disclosure by sources other than Tenant having the legal right to disclose such Confidential Information; (iii) is independently acquired or developed by Landlord; or (iv) is required to be disclosed by Landlord or Tenant to comply with applicable laws or regulations (including, without limitation, pursuant to a subpoena or SEC regulations); provided that Landlord provides prior written notice to Tenant and takes reasonable actions to

minimize the extent of disclosure. Landlord's obligations under this Paragraph 20.5(b) shall survive expiration or earlier termination of the Lease.

(c) Nondelivery by Tenant . Tenant's failure to deliver an estoppel certificate as required pursuant to Paragraph 20.5(a) above shall, in addition to Landlord's other rights and remedies for such failure, be conclusive upon Tenant that (i) this Lease is in full force and effect, without modification except as may be represented by Landlord and has not been assigned, (ii) there are now no uncured defaults in Landlord's performance, (iii) no Rentals have been paid in advance except those that are set forth in this Lease, and (iv) Tenant has accepted possession of the Premises.

21. Holding Over . This Lease shall terminate without further notice at the expiration of the Lease Term. Any holding over by Tenant (or any Tenant Related Parties) after Lease Termination shall not constitute a renewal or extension of the Lease Term, nor give Tenant any rights in or to the Premises except as expressly provided in this Lease. If Tenant holds over after termination of this Lease without the express written consent of Landlord, Tenant shall become a tenant at sufferance only. Tenant agrees that the reasonable value of the use of the Premises during any such holding over without consent shall be one hundred twenty-five percent (150%) of the monthly Base Rent in effect upon the date of such termination (without regard to any abatement of such monthly Base Rent and prorated on a daily basis) and Tenant shall continue to pay during such holdover period all Additional Rent payable by Tenant in effect upon the date of such termination (prorated on a daily basis). Acceptance by Landlord of rent after such termination shall not constitute a hold over hereunder or result in a renewal. If Tenant remains in possession of the Premises after Lease Termination and Landlord has provided at least thirty (30) days advance written notice to Tenant that Landlord has entered into a new lease with a new tenant covering the Premises, or applicable part thereof, then and only then, Tenant shall indemnify, defend and hold Landlord harmless from and against any loss, damage, expense, claim or liability resulting from Tenant's failure to surrender the Premises, including without limitation, any claims made by any succeeding tenant based on delay in the availability of the Premises; provided, however, in no event shall the foregoing be construed as requiring Tenant to indemnify Landlord for any loss, damage, expense, claim or liability to the extent caused by the negligence or willful misconduct of Landlord or its respective employees, contractors or agents. The provisions of this Paragraph 21 shall survive the expiration or earlier termination of this Lease.

22. Notices . Any notice required or desired to be given under this Lease shall be in writing, and all notices shall be given by personal delivery or by nationally recognized overnight courier service such as UPS or FedEx or mailing. Any notice given pursuant to this Paragraph 22 shall be deemed to have been given when personally delivered (including delivery by nationally recognized overnight courier), or if mailed, when three (3) business days have elapsed from the time when such notice was deposited in the United States mail, certified or registered mail and postage prepaid, addressed to the receiving party at the last address given for purposes of notice pursuant to the provisions of this Paragraph 22. At the date of execution of this Lease, the addresses of Landlord and Tenant are set forth in Paragraph 1.14 above.

23. Attorneys' Fees . In the event either party hereto shall bring any action or legal proceeding for damages for an alleged breach of any provision of this Lease, to recover Rentals, to enforce an indemnity, defense or hold harmless obligation, to terminate the tenancy of the Premises, or to enforce, protect, interpret, or establish any term, condition, or covenant of this Lease or right or remedy of either party, the prevailing party shall be entitled to recover, as a part of such action or proceeding, reasonable attorneys' fees and court costs, including reasonable attorneys' fees and costs for appeal, as may be fixed by the court or jury.

Notwithstanding anything to the contrary contained in this Lease, "prevailing party" as used in this paragraph shall include the party who dismisses an action for recovery hereunder in exchange for sums allegedly due, performance of covenants allegedly breached or considerations substantially equal to the relief sought in the action.

24. Assignment, Subletting and Hypothecation.

24.1 In General. Tenant shall not voluntarily sell, assign or transfer all or any part of Tenant's interest in this Lease or in the Premises or any part thereof, sublease all or any part of the Premises, or permit all or any part of the Premises to be used by any person or entity other than Tenant or Tenant's employees (and visitors or customers of Tenant who may come to visit or meet with Tenant on a short term basis on an applicable given day or days, but not greater than five (5) consecutive business days), except as specifically provided in this Paragraph 24.

24.2 Voluntary Assignment and Subletting.

(a) Notice to Landlord. Tenant shall, by written notice, advise Landlord of Tenant's desire on a stated date (which date shall not be less than thirty (30) days nor more than ninety (90) days after the date of Tenant's notice) to assign this Lease or to sublet all or any part of the Premises for any part of the Lease Term. Tenant's notice referred to immediately above shall state the name and address of the proposed assignee or subtenant, and Tenant shall provide the following information to Landlord with said notice: a true and complete copy of the proposed assignment agreement or sublease; a financial statement of the proposed assignee or subtenant prepared in accordance with generally accepted accounting principles within one year prior to the proposed effective date of the assignment or sublease; the nature of the proposed assignee's or subtenant's business to be carried on in the Premises; the payments to be made or other consideration to be given on account of the assignment or sublease; a current financial statement of Tenant; and such other pertinent information as may be requested by Landlord within fifteen (15) days of Landlord's receipt of Tenant's written notice referred to above, all in sufficient detail to enable Landlord to evaluate the proposed assignment or sublease and the prospective assignee or subtenant. Tenant's notice shall not be deemed to have been served or given until such time as Tenant has provided Landlord with all information reasonably requested by Landlord pursuant to this Paragraph 24.2. Tenant shall immediately notify Landlord of any modification to the proposed terms of such assignment or sublease.

(b) Intentionally Omitted.

(c) Landlord's Consent. Landlord shall not unreasonably withhold, condition or delay its consent to any proposed assignment or subletting by Tenant on the terms and conditions specified in Tenant's notice referred to above. Landlord shall reasonably approve or disapprove any assignment or subletting proposed by Tenant for which Landlord's approval is required hereunder within ten (10) days following Landlord's receipt of Tenant's notice of proposed assignment or subletting and receipt of the information referred to in Paragraph 24.2(a) above. Without otherwise limiting the criteria upon which Landlord may withhold its consent to any proposed assignment or sublease, if Landlord withholds its consent where Tenant is in default beyond applicable notice and cure periods, at the time of the giving of Tenant's notice or on the effective date of any assignment or sublease, or where the net worth of the proposed assignee (according to generally accepted accounting principles) is not, in Landlord's reasonable business judgment, sufficient to permit the proposed assignee to perform Tenant's remaining obligations under this Lease, such withholding of consent shall be presumptively reasonable. Fifty percent (50%) of any and all rent paid by an assignee or subtenant in excess of the Rentals to be paid under this Lease (prorated in the event of a sublease of less than the entire Premises), after Tenant's full recovery from the excess Rentals of (i) tenant

improvement costs paid by Tenant in order to obtain the Lease assignment or subletting in question, (ii) all reasonable brokerage commissions paid by Tenant to third parties not affiliated with Tenant in order to obtain the Lease assignment or subletting in question, and (iii) all reasonable attorneys' fees incurred by Tenant in connection with obtaining the Lease assignment or subletting in question (referred to herein as the "Transfer Premium") shall be paid by Tenant to Landlord, as Additional Rent, if and when received from the assignee or sublessee (and if not paid by the sublessee or assignee, Tenant shall have no liability to pay such amounts to Landlord. For the purposes of this Paragraph 24, the term "rent" shall include any consideration of any kind received, or to be received, by Tenant from an assignee or subtenant, if such sums are related to Tenant's interest in this Lease or in the Premises, including, but not limited to key money, bonus money, and payments (in excess of the fair market value thereof) for Tenant's assets, fixtures, trade fixtures, inventory, accounts, goodwill, equipment, furniture, general intangibles, and any capital stock or other equity ownership interest of Tenant. Any assignment or subletting without Landlord's consent (where Landlord's consent was required under the terms of this Paragraph 24) shall be voidable at Landlord's option, and shall constitute a default by Tenant, subject to applicable notice and cure periods. Landlord's consent to any one assignment or sublease shall not constitute a waiver of the provisions of this Paragraph 24 as to any subsequent assignment or sublease nor a consent to any subsequent assignment or sublease; further, Landlord's consent to an assignment or sublease shall not release Tenant from Tenant's obligations under this Lease, and Tenant shall remain jointly and severally liable with the assignee or subtenant for the obligations under this Lease as they exist as of the date of the sublease or assignment (and without regard to any amendments to this Lease entered into between Landlord and such assignee unless consented to in writing by Tenant).

(d) Assumption of Obligations . In the event Landlord consents to any assignment, such consent shall be conditioned upon the assignee expressly assuming and agreeing to be bound by each of Tenant's covenants, agreements and obligations contained in this Lease, pursuant to a written assignment and assumption agreement in a form reasonably approved by Landlord and Tenant. Landlord's consent to any assignment or sublease shall be evidenced by Landlord's signature on said assignment and assumption agreement or on said sublease or by a commercially reasonable separate written consent prepared by Landlord and reasonably acceptable to Tenant and to be executed by Tenant and the applicable assignee or sublessee. In the event Landlord consents to a proposed assignment or sublease, such assignment or sublease shall be valid and the assignee or subtenant shall have the right to take possession of the Premises only if an executed original of the assignment or sublease is delivered to Landlord, and such document contains the same terms and conditions as stated in Tenant's notice to Landlord given pursuant to Paragraph 24.2(a) above, except for any such modifications to which Landlord has consented in writing.

24.3 Collection of Rent . Tenant hereby irrevocably gives to and confers upon Landlord, as security for Tenant's obligations under this Lease, the right, power and authority to collect all rents from any assignee or subtenant of all or any part of the Premises as permitted by this Paragraph 24, or otherwise, and Landlord, as assignee of Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; provided, however, that until the occurrence of any Default by Tenant, Tenant shall have the right to collect such rent. Upon the occurrence of any Default by Tenant, Landlord may at any time without notice in Landlord's own name sue for or otherwise collect such rent, including rent past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, toward Tenant's obligations under this Lease. Landlord's collection of such rents shall not constitute an acceptance by Landlord of attornment by such subtenants. In the event of a Default by Tenant, Landlord shall have all rights provided by this Lease

and by law, and Landlord may, upon re-entry and taking possession of the Premises, eject all parties in possession or eject some and not others, or eject none, as Landlord shall determine in Landlord's sole discretion.

24.4 Corporations and Partnerships . If Tenant is a corporation or limited liability company, then, except as otherwise expressly provided in the immediately following paragraph, any dissolution, merger, consolidation or other reorganization of Tenant, any sale or transfer (or cumulative sales or transfers) of the capital stock or membership interests of Tenant in excess of fifty percent (50%), or any sale (or cumulative sales) of all or substantially all of the assets of Tenant shall be deemed an assignment of this Lease requiring the prior written consent of Landlord. If Tenant is a partnership, then, except as otherwise expressly provided in the immediately following paragraph, any withdrawal or substitution (whether voluntary, involuntary, or by operation of law and whether occurring at one time or over a period of time) of any partner(s) owning fifty percent (50%) or more (cumulatively) of the partnership, any assignment(s) of fifty percent (50%) or more (cumulatively) of any interest in the capital or profits of the partnership, or the dissolution of the partnership shall be deemed an assignment of this Lease requiring the prior written consent of Landlord. Any such withdrawal or substitution of partners or assignment of any interest in or dissolution of a partnership tenant, and any such sale of stock, membership interests or assets of a corporate or limited liability company tenant or dissolution, merger, consolidation or other reorganization of a corporate or limited liability company without the prior written consent of Landlord shall be a Default by Tenant hereunder. The foregoing notwithstanding, the sale or transfer of any or all of the capital stock of a corporation, the capital stock of which is now or hereafter becomes publicly traded, shall not be deemed an assignment of this Lease.

Permitted Transfers . Notwithstanding anything to the contrary contained in this Lease, Tenant, without Landlord's prior written consent (but with notice to Landlord), may from time to time sublet all or any portion of the Premises or assign this Lease to (i) a subsidiary, affiliate or entity controlled by, which controls or is under common control with Tenant; (ii) a successor entity related to Tenant by merger, consolidation, non-bankruptcy reorganization or government action; or (iii) a purchaser of all or substantially all of Tenant's assets, provided that in connection with any assignment or subletting to a successor entity or purchaser pursuant to clause (ii) or (iii) immediately above, the successor or Tenant following such purchase of all or substantially all of Tenant's assets has a net worth which, in Landlord's reasonable business judgment, is sufficient to permit the proposed assignee to perform Tenant's remaining obligations under this Lease (each, a "Permitted Transferee"). Any such assignment or subletting pursuant to clause (i), (ii) or (iii) immediately above (each a "Permitted Transfer") shall be made in good faith by Tenant and not as a subterfuge to reduce the credit of the Tenant hereunder. " **Control** ," as used in this paragraph, shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity. For purposes of this Lease, a transfer or issuance of Tenant's stock over the New York Stock Exchange, the American Stock Exchange, or NASDAQ or any similar US stock exchange, or by virtue of a private placement with a venture capital firm or other equity investor wherein such venture capital firm or other equity investor receives stock in Tenant shall not be deemed an assignment, subletting or other transfer of this Lease or the Premises requiring Landlord's consent. Any right of Landlord to receive a Transfer Premium shall not apply to a Permitted Transfer.

Notwithstanding that a Transfer is made to a Permitted Transferee, Tenant shall not be released from any of its obligations under this Lease and a Permitted Transferee to whom this Lease is assigned shall be required to assume all of Tenant's obligations hereunder as a condition to such transfer being permitted without Landlord's prior written consent. A Transfer to a Permitted Transferee shall not be subject to the provisions of Paragraph 24.2 above.

24.5 Reasonable Provisions . Tenant expressly agrees that the provisions of this Paragraph 24 are not unreasonable standards or conditions for purposes of Section 1951.4(b)(2) of the California Civil Code, as amended from time to time, under bankruptcy laws, or for any other purpose.

24.6 Attorneys' Fees . For reviewing, investigating, processing and/or documenting any requested assignment or sublease, whether or not Landlord's consent is granted, Tenant shall pay, as Additional Rent, Landlord's reasonable attorneys' fees provided that such attorneys' fees do not exceed $2,500.00 per request for consent.

24.7 Involuntary Transfer . No interest of Tenant in this Lease shall be assignable involuntarily or by operation of law, including, without limitation, the transfer of this Lease by testacy or intestacy. Each of the following acts shall be considered an involuntary assignment:

(a) If Tenant is or becomes bankrupt or insolvent, makes an assignment for the benefit of creditors, or a proceeding under any bankruptcy law is instituted in which Tenant is the bankrupt; or, if Tenant is a partnership or consists of more than one person or entity, if any partner of the partnership or other person or entity is or becomes bankrupt or insolvent, or makes an assignment for the benefit of creditors;

(b) Levy of a writ of attachment or execution on this Lease;

(c) Appointment of a receiver with authority to take possession of the Premises in any proceeding or action to which Tenant is a party; or

(d) Foreclosure of any lien affecting Tenant's interest in the Premises, which lien was not consented to by Landlord pursuant to Paragraph 24.8.

An involuntary assignment shall constitute a Default by Tenant and Landlord shall have the right to terminate this Lease, in which case this Lease shall not be treated as an asset of Tenant. In the event the Lease is not terminated, the provisions of Paragraph 24.2(c) regarding rents paid by an assignee or subtenant shall apply. If a writ of attachment or execution is levied on this Lease, or if any involuntary proceeding in bankruptcy is brought against Tenant or a receiver is appointed, Tenant shall have sixty (60) days in which to cause the attachment or execution to be removed, the involuntary proceeding dismissed, or the receiver removed. Notwithstanding anything to the contrary contained in this Lease, in the event of a conflict between the provisions of this Paragraph 24.7 and applicable federal or state bankruptcy law, applicable federal or state bankruptcy law shall control.

24.8 Hypothecation . Tenant shall not hypothecate, mortgage or encumber Tenant's interest in this Lease or in the Premises or otherwise use this Lease as a security device in any manner without the consent of Landlord, which consent Landlord may withhold in its sole and absolute discretion. Consent by Landlord to any such hypothecation or creation of a lien or mortgage shall not constitute consent to an assignment or other transfer of this Lease following foreclosure of any permitted lien or mortgage.

24.9 Binding on Successors .. The provisions of this Paragraph 24 expressly apply to all heirs, successors, sublessees, assignees and transferees of Tenant.

25. Successors . Subject to the provisions of Paragraph 24 above and Paragraph 30.2(a) below, the covenants, conditions, and agreements contained in this Lease shall be binding on the parties hereto and on their respective heirs, successors and assigns.

26. Landlord Default; Mortgagee Protection . Landlord shall not be in default under this Lease unless Tenant shall have given Landlord written notice of the breach and, within thirty (30) days after notice, Landlord has not cured the breach or, if the breach is such that it cannot reasonably be cured under the circumstances within thirty (30) days, has not commenced such cure within such thirty (30) day period or fails to diligently prosecute the cure to completion. Any money judgment obtained by Tenant based upon Landlord's breach of this Lease shall be satisfied only out of Landlord's interest in the Project and the rental, insurance and condemnation proceeds therefrom (whether by Landlord or by execution of judgment). In the event of any breach or default of this Lease by Landlord, Tenant shall not have any recourse against any of Landlord's members, manager, officers, directors, shareholders, or partners with respect to such breach and under no circumstances shall Landlord be liable to Tenant for any claim of consequential damages, including, without limitation, lost profits, loss of income or loss of business. In the event of any default on the part of Landlord under this Lease, Tenant shall give notice by registered or certified mail or nationally recognized overnight courier to any beneficiary of a deed of trust or any mortgagee of a mortgage affecting the Premises, Building or Land whose address shall have been furnished to Tenant and shall offer such beneficiary or mortgagee a reasonable opportunity to cure the default, including time to obtain possession of the Premises by power of sale or judicial foreclosure, if such should prove necessary to effect a cure.

27. Exhibits . All exhibits attached to this Lease shall be deemed to be incorporated herein by the individual reference to each such exhibit, and all such exhibits shall be deemed to be a part of this Lease as though set forth in full in the body of the Lease.

28. Surrender of Lease Not Merger . The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subleases or subtenants, or may, at the option of Landlord, operate as an assignment to Landlord of any or all such subleases or subtenants.

29. Waiver . The waiver by a party hereto of any breach of any term, covenant or condition herein contained (or the acceptance by a party of any performance by the other party after the time the same shall become due) shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach thereof or of any other term, covenant or condition herein contained, unless otherwise expressly agreed to by such party in writing. The acceptance by Landlord of any sum less than that which is required to be paid by Tenant shall be deemed to have been received only on account of the obligation for which it is paid (or for which it is allocated by Landlord, in Landlord's reasonable discretion, if Tenant does not designate the obligation as to which the payment should be credited), and shall not be deemed an accord and

satisfaction notwithstanding any provisions to the contrary written on any check or contained in any letter of transmittal. The acceptance by Landlord of any sum tendered by a purported assignee or transferee of Tenant shall not be deemed a consent by Landlord to any assignment or transfer of Tenant's interest herein. No custom or practice which may arise between the parties hereto in the administration of the terms of this Lease shall be construed as a waiver or diminution of a party's right to demand performance by the other party in strict accordance with the terms of this Lease.

30. General .

30.1 Captions and Headings . The captions and paragraph headings used in this Lease are for convenience of reference only. They shall not be construed to limit or extend the meaning of any part of this Lease, and shall not be deemed relevant in resolving any question of interpretation or construction of any paragraph of this Lease.

30.2 Definitions .

(a) Landlord . The term Landlord as used in this Lease, so far as the covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner at the time in question of the fee title to the Premises. In the event of any transfer(s) of such interest, the Landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall have no further liability under this Lease to Tenant except as to matters of liability which have accrued and are unsatisfied as of the date of such transfer, it being intended that the covenants and obligations contained in this Lease on the part of Landlord shall be binding on Landlord and its successors and assigns only during and in respect of their respective periods of ownership of the fee; provided that any funds in the possession of Landlord or the then grantor and as to which Tenant has an interest, less any deductions permitted by law or this Lease, shall be turned over to the grantee. The covenants and obligations contained in this Lease on the part of Landlord shall, subject to the provisions of this Paragraph 30.2(a), be binding upon each Landlord and such Landlord's heirs, personal representatives, successors and assigns only during its respective period of ownership.

(b) Agents . For purposes of this Lease and without otherwise affecting the definition of the word "agent" or the meaning of an "agency," the term "agents" shall be deemed to include the agents and employees of Landlord or Tenant, as the case may be.

(c) Interpretation of Terms . The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. Words in the neuter gender include the masculine and feminine and words in the masculine or feminine gender include the neuter. The word "including" as used herein shall mean in all instances, "including without limitation".

30.3 Counterparts; Facsimile Signatures . This Lease may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed an original, but all such counterparts taken together shall constitute only one instrument. Facsimile signatures and PDF format signatures sent by electronic mail shall be treated and have the same effect as original signatures, and the parties agree to be bound thereby.

30.4 Time of Essence . Time is of the essence as to each and every provision in this Lease requiring performance within a specified time.

30.5 Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect under applicable law, such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein. In the event any provision of this Lease is invalid, illegal or unenforceable under applicable law, the parties shall use their respective best endeavors to negotiate and agree a substitute provision which is valid, legal and enforceable and achieves to the greatest extent possible the economic, legal and commercial objectives of such illegal, void, invalid, illegal or unenforceable term, condition, stipulation, provision, covenant or undertaking. In the event Tenant's obligation to pay any Rentals hereunder is determined to be unenforceable, this Lease at the option of Landlord shall terminate.

30.6 Governing Law. This Lease shall be construed and enforced in accordance with the laws of the State of California.

30.7 Joint and Several Liability. If Tenant is more than one person or entity, each such person or entity shall be jointly and severally liable for the obligations of Tenant hereunder. If Tenant is a husband and wife, the obligations hereunder shall extend to their sole and separate property as well as community property

30.8 Construction of Lease Provisions. Although the provisions of this Lease were prepared by Landlord, the doctrine or rule of construction that ambiguities in this Lease shall be construed against the party drafting the same shall not be employed in connection with this Lease and this Lease shall be construed in accordance with the general tenor of the language to reach a fair and equitable result. Any and all obligations (including payment obligations) which are logically to be performed after any termination or expiration of this Lease shall automatically survive such termination or expiration, without need of language so stating, and despite that some such obligations are specifically stated to survive.

30.9 Financial Statements. Tenant represents and warrants that the financial statements of Tenant provided to Landlord prior to the execution of this Lease, if applicable, are true, correct and complete in all respects, as of the respective dates of and for the periods referred to in said financial statements. Tenant acknowledges and agrees that Landlord is relying on such financial statements in accepting this Lease, and that a breach of Tenant's warranty as to such financial statements shall constitute a Default by Tenant.

31. Signs. Landlord shall install, or has installed, and shall maintain, an electronic directory in the Building lobby. Such electronic directory shall include the name of Tenant. Landlord shall, at its sole cost and expense, exercise commercially reasonable efforts to obtain approval from the City of San Jose for the construction or installation of (i) a monument sign on the Land at a location to be determined by Landlord and reasonably acceptable to Tenant, and (ii) an illuminated pylon sign on a portion of the Land in a location to be determined by Landlord and reasonably acceptable to Tenant. If Landlord is successful in obtaining approval of such monument sign, Landlord, at Landlord's expense (not chargeable to Tenant or the Improvement Allowance or as Operating Expenses) shall install the monument sign structure and Tenant shall have the right, at its sole cost and expense, to have the name or tradename of Tenant installed on a panel on such monument sign during the Lease Term. If Landlord is successful in obtaining approval of such illuminated pylon sign referred to above, and Landlord, in its sole and absolute discretion, elects to install such illuminated pylon sign, then Landlord, at Landlord's expense (not chargeable to Tenant or the Improvement Allowance) shall install the pylon sign structure and Tenant's name or tradename shall run periodically on such electronic pylon sign at no additional cost to Tenant. All of the signage referred to in

clauses (i) and (ii) above, including, without limitation, the location of such signage, shall be subject to the approval of the City of San Jose. Tenant also shall be allowed during the Lease Term, including, without limitation, any extended or renewal term, subject to prior approval of the City of San Jose and satisfaction of all City of San Jose sign requirements, to install, at Tenant's sole cost and expenses, exterior Building signage on one side of the Building in a location approved by the City of San Jose and reasonably approved by Landlord. Such exterior Building signage shall be **non-exclusive** , as other prospective tenants of portions of the Building also may be granted exterior Building signage rights by Landlord. The design of all of Tenant's signage will be subject to Landlord's reasonable approval; Landlord hereby pre-approves the design of the signage depicted in Exhibit I attached hereto and incorporated herein by this reference. Except as expressly permitted pursuant to the terms of this Paragraph 31, Tenant shall not place or permit to be placed any sign or decoration on the Land or on the exterior of the Building, without the prior written consent of Landlord, which consent may be given or withheld by Landlord in its sole discretion. Tenant may place "for lease" signs in connection with efforts to assign or sublease the Premises, subject to the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed; provided that all such signs shall be removed by Tenant, at Tenant's cost, on or prior to Lease Termination. In no event shall any such sign revolve, rotate, move or create the illusion of revolving, rotating or moving or be internally illuminated and there shall be no exterior spotlighting or other illumination on any such sign. Tenant, upon written notice by Landlord, shall immediately remove any of Tenant's signs that are visible from the exterior of the Building or Premises (other than normal office interior signage) or signs and decorations that Tenant has placed or permitted to be placed on the Land or the exterior of the Building without the prior written consent of Landlord. If Tenant fails to so remove such sign or decoration within five (5) business days after Landlord's written notice, Landlord may enter upon the Premises, the Building and/or the Project, or applicable part thereof, and remove such sign or decoration and Tenant shall pay Landlord, as Additional Rent within thirty (30) days after receipt of written demand, the cost of such removal. All signs placed on the Premises, Building or Land by Tenant shall comply with all recorded documents affecting the Premises, Building or Land, as the case may be, including but not limited to any declaration of conditions, covenants and restrictions; and applicable statutes, ordinances, rules and regulations of governmental agencies having jurisdiction thereof. Tenant shall at Lease Termination remove any sign which it has placed on the Premises, Land or the Building, and shall, at its sole cost, repair any damage caused by the installation or removal of such sign.

32. Intentionally Omitted .

33. Landlord Not a Trustee . Landlord shall not be deemed to be a trustee of any funds paid to Landlord by Tenant (or held by Landlord for Tenant) pursuant to this Lease. Landlord shall not be required to keep any such funds separate from Landlord's general funds or segregated from any funds paid to Landlord by (or held by Landlord for) other tenants of the Building.. Any funds held by Landlord pursuant to this Lease shall not bear interest.

34. Interest . Any payment due from Tenant to Landlord which is not paid when due shall bear interest from the date due until paid, at an annual rate equal to the greater of: ten percent (10%); or five percent (5%) plus the rate established by the Federal Reserve Bank of San Francisco, as of the twenty-fifth (25th) day of the month immediately preceding the due date, on advances to member banks under Sections 13 and 13(a) of the Federal Reserve Act, as now in effect or hereafter from time to time amended, or the maximum rate permitted by law, whichever is less. In addition, Tenant shall pay all costs and reasonable attorneys' fees incurred by Landlord in the collection of such amounts.

35. Surrender of Premises . On the last day of the Lease Term or upon the sooner termination of this Lease, Tenant shall, to the reasonable satisfaction of Landlord, surrender the Premises to Landlord in good order, condition and repair and otherwise in the condition that Tenant is required to maintain the same pursuant to the express terms of this Lease, ordinary wear and tear, acts of God, casualty damage (subject to the second sentence of Paragraph 15.3 above), condemnation, Specialty Alterations and other Alterations with respect to which Landlord has not reserved the right to require removal and Landlord's maintenance, repair, replacement and restoration obligations excepted. Tenant shall remove, or cause to be removed, all of Tenant's personal property, furniture, furnishings and trade fixtures from the Premises, including, without limitation, all voice and/or data transmission cabling, and all property not so removed shall be deemed abandoned by Tenant. Furthermore, Tenant shall immediately repair all damage to the Project caused by any such removal. If the Premises are not so surrendered at Lease Termination, then, in addition to all other rights and remedies of Landlord, Landlord may cause the removal and/or make any repairs, and the cost to Landlord shall be deemed Additional Rent payable by Tenant to Landlord within thirty (30) days after receipt of written demand made by Landlord to Tenant. The provisions of this paragraph shall survive Lease Termination.

36. Labor Disputes . In the event Tenant shall in any manner be involved in or be the object of a labor dispute which subjects the Premises or any part of the Project to any picketing, work stoppage or other concerted activity which in the reasonable opinion of Landlord is detrimental to the operation of the Project or its tenants, Landlord shall have the right to require Tenant, at Tenant's own expense and within a reasonable period of time, to use Tenant's commercially reasonable good faith efforts to either resolve such labor dispute or terminate or control any such picketing, work stoppage or other concerted activity to the extent necessary to eliminate any interference with the operation of the Project. Nothing contained in this Paragraph 36 shall be construed as placing Landlord in an employer/employee relationship with any of Tenant's employees or with any other employees who may be involved in such labor dispute.

37. No Partnership or Joint Venture . Nothing in this Lease shall be construed as creating a partnership or joint venture between Landlord, Tenant, or any other party, or cause Landlord to be responsible for the debts or obligations of Tenant or any other party.

38. Entire Agreement . Any agreements, warranties, or representations not expressly contained herein shall in no way bind either Landlord or Tenant, and Landlord and Tenant expressly waive all claims for damages by reason of any statement, representation, warranty, promise or agreement, if any, not contained in this Lease. This Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, whether written or oral, between Landlord and its agents and Tenant and its agents with respect to the Project or this Lease. This Lease constitutes the entire agreement between the parties hereto and no addition to, or modification of, any term or provision of this Lease shall be effective until and unless set forth in a written instrument signed by both Landlord and Tenant.

39. Submission of Lease . Submission of this instrument for Tenant's examination or execution does not constitute a reservation of space nor an option to lease. This instrument shall not be effective until executed and delivered by both Landlord and Tenant.

40. Quiet Enjoyment . Landlord covenants and agrees with Tenant that upon Tenant paying Rentals and performing its covenants and conditions under the Lease, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises for the Lease Term, subject, however, to the terms of this Lease.

41. Authority . The undersigned parties hereby warrant that they have proper authority and are empowered to execute this Lease on behalf of the Landlord and Tenant, respectively. If Tenant is a corporation, limited liability company or partnership, Tenant represents and warrants to Landlord that each individual executing this Lease on behalf of Tenant is duly authorized to execute and deliver this Lease on behalf of Tenant in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the by-laws of said corporation, or on behalf of said limited liability company in accordance with a duly adopted resolution of the managing member or members of the limited liability company, or on behalf of said partnership in accordance with the partnership agreement of such partnership, and that this Lease is binding upon Tenant in accordance with its terms. If Tenant is a corporation, and this Lease is not executed by two corporate officers, Tenant shall upon execution of this Lease, deliver to Landlord evidence of the authority of the individual executing this Lease on behalf of Tenant to execute this Lease on behalf of Tenant. In the event Tenant should fail to deliver such evidence to Landlord upon execution of this Lease, Landlord shall not be deemed to have waived its right to require delivery of such evidence, and at any time during the Lease Term Landlord may request Tenant to deliver the same, and Tenant agrees it shall thereafter promptly deliver such evidence to Landlord. If Tenant is a corporation, Tenant warrants that: (a) Tenant is a valid and existing corporation; (b) Tenant is qualified to do business in California; (c) all fees and all franchise and corporate taxes are paid to date, and will be paid when due; (d) all required forms and reports will be filed when due; and (e) the signers of this Lease are properly authorized to execute this Lease.

If Landlord is a corporation, limited liability company or partnership, Landlord represents and warrants to Tenant that each individual executing this Lease on behalf of Landlord is duly authorized to execute and deliver this Lease on behalf of Landlord in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the by-laws of said corporation, or on behalf of said limited liability company in accordance with a duly adopted resolution of the managing member or members of the limited liability company, or on behalf of said partnership in accordance with the partnership agreement of such partnership, and that this Lease is binding upon Landlord in accordance with its terms. If Landlord is a corporation, and this Lease is not executed by two corporate officers, Landlord shall upon execution of this Lease, deliver to Tenant evidence of the authority of the individual executing this Lease on behalf of Landlord to execute this Lease on behalf of Landlord. In the event Landlord should fail to deliver such evidence to Tenant upon execution of this Lease, Tenant shall not be deemed to have waived its right to require delivery of such evidence, and at any time during the Lease Term Tenant may request Landlord to deliver the same, and Landlord agrees it shall thereafter promptly deliver such evidence to Tenant. If Landlord is a corporation, Landlord warrants that: (a) Landlord is a valid and existing corporation; (b) Landlord is qualified to do business in California; (c) all fees and all franchise and corporate taxes are paid to date, and will be paid when due; (d) all required forms and reports will be filed when due; and (e) the signers of this Lease are properly authorized to execute this Lease.

42. Brokerage Commissions . Each party hereto represents and warrants to the other that it has not retained or worked with any broker or finder other than Newmark Cornish & Carey (“Newmark”), representing the Landlord, and Savills, Inc. (“Savills”), representing the Tenant, in connection with the negotiation of this Lease and/or the consummation of the transaction contemplated hereby. Landlord agrees to pay Newmark and Savills a brokerage commission in connection with this Lease pursuant to a separate agreement between Landlord and Newmark. Landlord hereby agrees to indemnify, defend and hold Tenant harmless from and against any commission claim made by Newmark and/or Savills based on this Lease to the extent arising from any breach by Landlord of its obligation under the immediately preceding sentence. Landlord and Tenant do each hereby agree to indemnify, defend and hold the other harmless from and against

liability for compensation or charges which may be claimed by any broker, finder or other similar party (other than Newmark and Savills) by reason of any dealings or actions of the indemnifying party, including any costs, expenses and/or attorneys' fees reasonably incurred with respect thereto. The obligations to indemnify, defend and hold harmless as set forth in this Paragraph 42 shall survive the termination of this Lease.

43. Roof Rights . Landlord hereby grants to Tenant an exclusive license (the "License") to install, maintain and operate on the roof of the Building antenna or satellite dish equipment (the "Antenna Equipment") and supplemental HVAC equipment ("Supplemental HVAC Equipment") in accordance with and subject to the terms and conditions set forth below. The Antenna Equipment and Supplemental HVAC Equipment is collectively referred to herein as the "Rooftop Equipment"). The Rooftop Equipment, or applicable part thereof, shall be installed at a location(s) designated by Landlord and reasonably acceptable to Tenant (such location(s) as the same may be expanded from time to time, being the "Licensed Area"). The Licensed Area shall be considered to be a part of the Premises for all purposes under the Lease (except for purposes of calculating Tenant's percentage share, and for calculating monthly Base Rent or for any other charges based on square footage of the Premises), and except as otherwise expressly provided in this Paragraph all provisions applicable to the use of the Premises under the Lease shall apply to the Licensed Area and its use by Tenant.

(i) The term of the License shall be coterminous with the Lease Term, as it may be extended or renewed;

(ii) Tenant shall not be obligated to pay any license fee for the use of the Licensed Area pursuant to this Paragraph 43 during the Lease Term, as the same may be extended or renewed.

(iii) Tenant shall use the Licensed Area only for the installation, operation, repair, replacement and maintenance of the Rooftop Equipment, or applicable part thereof, and the necessary mechanical and electrical equipment to service said Rooftop Equipment, and for no other use or purpose. The installation of the Rooftop Equipment, or applicable part thereof, and all equipment and facilities related thereto, including any required screening for the Rooftop Equipment and any required conduit from the Premises to the applicable Rooftop Equipment, shall be deemed to constitute an Alteration subject to the provisions of Paragraph 13 of this Lease, provided that Landlord shall not unreasonably withhold, condition or delay its approval of the same. Landlord may require appropriate screening for the Rooftop Equipment as a condition of Landlord's approval of the installation of the Rooftop Equipment, or applicable part thereof, in a particular location. The Rooftop Equipment shall not be visible from North First Street, the Parcel A parking area or Highway 237. Tenant may have access to the Licensed Area for such uses at all times upon reasonable prior notice to Landlord and shall reimburse Landlord for any reasonable out-of-pocket expenses incurred by Landlord in connection therewith. Subject to Landlord's approval of plans therefor, Tenant shall have the right to use chasers, risers and conduits in the Building in such locations shown on plans submitted by Tenant to Landlord and approved by Landlord;

(iv) Attached hereto as Exhibit L is a cut sheet of a satellite dish and the dimensions, design and appearance of such satellite dish illustrated on such Exhibit L is acceptable to Landlord, subject to all the other terms of this Paragraph 43 applicable to the Antenna Equipment and/or Rooftop Equipment. The Antenna Equipment shall be used only for transmitting and/or receiving data, audio and/or video signals to and from Tenant's facilities within the Premises for Tenant's use, and shall not be used or permitted to be used by Tenant for purposes of broadcasting signals to the public or to provide telecommunications or other communications transmitting or receiving services to any third parties;

(v) The installation of the Rooftop Equipment, or any part thereof, or manner in which it shall be installed by Tenant, shall not cause any roof warranty issued to Landlord to be void or rendered ineffective;

(vi) Tenant shall require its employees, when using the Licensed Area, to stay within the immediate vicinity thereof. In addition, in the event any communications system or broadcast or receiving facilities are operating in the area, Tenant shall at all times during the term of the License exercise commercially reasonable efforts to conduct its operations so as to ensure that such system or facilities shall not be subjected to harmful interference as a result of such operations by Tenant.

(vii) During the term of the License, Tenant shall comply with any standards promulgated by applicable governmental authorities or otherwise reasonably established by Landlord regarding the generation of electromagnetic fields. Should Landlord determine in good faith at any time that the Antenna Equipment poses a health or safety hazard to occupants of the Building or Project, or applicable part thereof, Landlord may require Tenant to make arrangements satisfactory to Landlord to mitigate such hazard or, if Tenant either fails or is unable to make such satisfactory arrangements, to remove the Antenna Equipment. Any claim or liability resulting from the use of the Antenna Equipment, the Supplemental HVAC Equipment or the Licensed Area shall be subject to the indemnification provisions of this Lease applicable to Tenant's use of the Premises;

(viii) During the term of the License, Tenant shall pay all taxes attributable to the Antenna Equipment, Supplemental HVAC Equipment and other equipment owned and installed by Tenant, and Tenant shall assure and provide Landlord with reasonable evidence that the Licensed Area and Tenant's use thereof are subject to the insurance coverages otherwise required to be maintained by Tenant as to the Premises pursuant to Paragraph 8.2 above;

(ix) Upon the expiration or sooner termination of the Lease, Tenant shall remove the Antenna Equipment (and Supplemental HVAC Equipment if designated for removal by Landlord) and all related equipment and facilities, including any conduit from the Premises to the Antenna Equipment (and conduit to the Supplemental HVAC Equipment if designated for removal by Landlord), from the Licensed Area and any other portions of the Building within or upon which the same may be installed, and shall restore the Licensed Area and all other areas affected by such removal to their original condition, reasonable wear and tear, casualty, condemnation and Landlord's maintenance, repair, replacement and restoration obligations excepted, all at its sole cost and expense.

44. Rules and Regulations . Tenant shall faithfully observe and comply, and cause all Tenant Related Parties and all persons claiming any interest in the Premises a under or through Tenant to faithfully observe and comply, with the Rules and Regulations attached hereto as Exhibit J , and with all non-discriminatory modifications and additions to such Rules and Regulations reasonably made or adopted by Landlord from time to time and of which Tenant is given written notice (collectively, the "Rules and Regulations"). In the event of any conflict between the Rules and Regulations and the terms of this Lease (including, without limitation, any Exhibits hereto), the terms of this Lease will control. Any amendment(s) non-discriminatorily and reasonably made by Landlord to the Rules and Regulations shall be effective as to Tenant, and binding on Tenant, upon delivery of a copy of such amendments to the Rules and Regulations to Tenant. Any failure by Tenant or any Tenant Related Parties to observe and comply with the Rules and Regulations, as the same may be non-discriminatorily amended, shall be a default by Tenant, subject to applicable notice and cure periods. Landlord shall not be responsible for the nonperformance of the Rules and Regulations by any other tenants or occupants of the Building or Project, or applicable part thereof, or other authorized users, nor shall Landlord be liable to Tenant by reason of the noncompliance with or violation

of the Rules and Regulations by any other tenant or user or any of the Tenant Related Parties. Landlord agrees that the Rules and Regulations shall not be unreasonably modified or enforced in a manner which will materially interfere with the normal and customary conduct of Tenant's business, or which is in conflict with this Lease.

45. Security System . Landlord may elect in its sole discretion to provide certain security measures it feels appropriate to try to keep the Project, or applicable parts thereof, safe and secure, and the cost incurred by Landlord in providing, or causing to be provided, such security measures shall be Operating Expenses. The level of security service, if any, that Landlord may elect to provide, or cause to be provided, is in Landlord's sole discretion. Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises, the Building or the Project. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed. Pursuant to all of the terms and conditions of Paragraphs 13 and 17 hereof, Landlord and Tenant acknowledge and agree that Tenant may, at Tenant's costs and expense, install and manage its own integrated security system in the Premises (the "Tenant Security System"); provided, however, that Tenant shall coordinate the installation and operation of any such Tenant Security System with Landlord to assure that such Tenant Security System does not interfere with (i) any Landlord security system in place as of the Delivery Date, and (ii) the Building Systems serving the Building and/or Premises and equipment, provided that to the extent Tenant's Security System unreasonably interferes with any Landlord security system or any of the Building Systems and/or equipment, Tenant shall not be entitled to install, operate or manage the same and shall promptly remove it at Tenant's sole cost and expense; provided further, however, the cost of such Tenant Security System may be deducted from the undisbursed Improvement Allowance, pursuant to the terms of the Improvement Agreement attached hereto as Exhibit C . Tenant shall be solely responsible, at Tenant's sole cost and expense, for the monitoring, management and operation of Tenant's Security System. Any Tenant Security System installed, or caused to be installed, in the Premises by Tenant shall, at Tenant's sole cost and expense, be removed by Tenant at the expiration or earlier termination of this Lease and Tenant shall repair or restore any damage to the Premises and/or Building resulting from such removal of Tenant's Security System.

46. Press Releases; Confidentiality . Neither Landlord nor Tenant shall issue a press release concerning this Lease or the lease transaction referred to herein without the prior written consent of the other party (which consent may be given or withheld in such other party's sole and absolute discretion). Tenant agrees that the business and economic terms of this Lease are confidential and constitute proprietary information of Landlord, and that disclosure of the terms hereof could adversely affect the ability of Landlord to negotiate with other tenants in the Project or in the project contemplated to be developed by Landlord or its affiliate on an adjacent parcel. Tenant hereby agrees that Tenant and its officers, directors, employees, agents, members, managers, partners, real estate brokers and salespersons and attorneys shall not disclose the terms of this Lease to any other person without Landlord's prior written consent, except to any accountants of Tenant in connection with the preparation of Tenant's financial statements or tax returns, to an assignee of this Lease or subtenant of the Premises, or to any other third party with a need to know such information provided that Tenant shall require any such person or entity to whom such confidential information is disclosed to agree, prior to receipt of such information, to maintain the confidentiality of such information. Anything herein to the contrary notwithstanding, Landlord and Tenant each shall be permitted to disclose any of the terms of this Lease to an entity or person to whom disclosure is required by applicable law, court order or regulation (including, without limitation, SEC regulation) or in connection with any action brought to enforce

this Lease. Tenant's obligation to keep the terms of this Lease confidential as provided above shall not apply to any terms of this Lease that are in the public domain (without violation of the terms hereof by Tenant) at the time of communication of such terms to the recipient thereof by Tenant.

47. Right of First Refusal . During the initial Lease Term only, Tenant shall have a one-time right of first refusal to lease space on the fourth floor of the Building, or applicable portion thereof, that becomes available for lease (the "First Refusal Space"), subject to the following terms and conditions set forth in this Paragraph 47. If, at any time during the initial Lease Term, Landlord receives a bona fide offer or proposal from a third party (which bona fide offer or proposal is acceptable to Landlord) to lease available First Refusal Space, or any portion thereof, then, prior to entering into a binding lease agreement for such First Refusal Space covered by such bona fide offer or proposal, Landlord shall give Tenant written notice of the basic economic and business terms and conditions upon which such third party is willing to lease and Landlord is will to accept such available First Refusal Space ("Offer Notice"). Such Offer Notice shall include, without limitation, the monthly Base Rent, monthly Base Rent escalations, length of term, free or conditionally abated Rentals (if any), security deposit (if any) and tenant improvement allowance (collectively, the "Economic Terms") with respect to the applicable First Refusal Space referred to in the Offer Notice. Tenant shall have a right of first refusal to lease such available First Refusal Space (which is the subject of the Offer Notice) ("ROFR") on the same terms and conditions as set forth in the Offer Notice except that (i) in the event Tenant exercises any option to extend the term of this Lease with respect to the Premises, Tenant shall be deemed to have exercised such option to extend with respect to the First Refusal Space and the per square foot Base Rent payable by Tenant under this Lease with respect to the Premises during the extended term(s) shall also be the per square foot Base Rent payable by Tenant under this Lease with respect to the First Refusal Space during the extended term(s), and (ii) Landlord shall have no obligation to furnish any tenant improvement allowance or to construct or install any tenant improvements with respect to the First Refusal Space unless set forth in the Offer Notice. Tenant must exercise such right of first refusal, if at all, by giving Landlord written notice of such exercise with five (5) business days after the date of Landlord's delivery of the Offer Notice to Tenant. To be valid, Tenant's exercise of such right of first refusal must be unqualified and unconditional, and once timely exercised, may not be rescinded by Tenant. If Tenant gives Landlord such written notice of its exercise of the right of first refusal within such five (5) business day period, then Landlord shall prepare a lease amendment that incorporates the First Refusal Space into the Premises on the applicable terms and conditions set forth in the Offer Notice (subject to the provisions of clauses (i) and (ii) of this paragraph above) and otherwise on the terms and conditions set forth in this Lease to the extent not inconsistent with the terms of the Offer Notice (as modified by the provisions of clauses (i) through (ii) above); provided, however, anything herein to the contrary notwithstanding, the terms of this Paragraph 47 shall not be included in any lease amendment referred to above. If Tenant does not give Landlord such written notice of its exercise of the right of first refusal within the five (5) business day period referred to above, or if, after timely exercising such right of first refusal, Landlord and Tenant do not execute a written lease amendment as provided above within ten (10) business days following the date Landlord presents a draft of such lease amendment to Tenant, then Tenant shall be deemed to have waived forever its right of first refusal to lease such available First Refusal Space (which was the subject of the Offer Notice) and Landlord may lease such available First Refusal Space (which was the subject of the Offer Notice) to a third party upon any terms and conditions desired by Landlord. If Landlord leases the available First Refusal Space to a third party after Tenant has rejected Landlord's offer as stated herein (or after Tenant and Landlord have been unable to enter into a lease agreement or lease amendment within the ten (10) business day period set forth above covering such available First Refusal Space), then such third party shall accept its interest in the available First Refusal Space free and clear of Tenant's rights to lease the same. Upon the lease of such First Refusal Space, or applicable portion thereof, to a third party, Tenant shall execute and deliver to Landlord and/or such prospective third

party tenant, any and all documents and instruments reasonably requested by Landlord and/or such third party tenant terminating Tenant's right to lease such available First Refusal Space. If Tenant refuses to comply with the provisions of the immediately preceding sentence, then it shall constitute a Default by Tenant under this Lease.

Tenant's rights under this Paragraph 47 shall belong solely to Rambus Inc., a Delaware corporation, and to any Permitted Transferee to which this Lease is assigned or transferred, and any other attempted assignment or transfer of such rights shall be void and of no force and effect. Anything herein to the contrary notwithstanding, prior to Tenant exercising any ROFR referred to above with respect to the applicable First Right Space, or applicable part thereof, Landlord may, but shall not be obligated to, at Landlord's election in its sole and absolute discretion and without the consent of Tenant, construct, or cause to be constructed, market rate improvements to the First Refusal Space, or applicable part thereof and if Landlord constructs, or causes to be constructed, such market rate improvements to the First Refusal Space, or applicable part thereof, Landlord shall not be obligated to remove the same if Tenant exercises its ROFR with respect to such First Right Space, or applicable part thereof.

Anything in this Paragraph 47 to the contrary notwithstanding, Landlord shall have no obligation to offer to lease available First Refusal Space to Tenant pursuant to the terms of this Paragraph 47 and Tenant shall have no rights under this Paragraph 47 if Tenant is in Default under this Lease beyond any applicable cure or grace period at the time that Landlord otherwise would be required to offer the First Refusal Space to Tenant, and if Landlord enters into a lease of such available First Refusal Space, or applicable portion thereof, with a third party during such period of the Default by Tenant, the tenant under such lease shall take possession of such available First Refusal Space, or applicable portion thereof, free and clear of Tenant's rights under this Paragraph 47.

48. OFAC . Tenant and Landlord each represent, warrant and covenant to the other that it (i) is not listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("OFAC") pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001)("Order")and all applicable provisions of Title III of the USA Patriot Act (Public Law No. 107-56 (October 26, 2001)); (ii) is not listed on the Denied Persons List and Entity List maintained by the United States Department of Commerce; (iii) is not listed on the List of Terrorists and List of Disbarred Parties maintained by the United States Department of State, (iv) is not listed on any list or qualification of "Designated Nationals" as defined in the Cuban Assets Control Regulations 31 C.F.R. Part 515; (v) is not listed on any other publicly available list of terrorists, terrorist organizations or narcotics traffickers maintained by the United States Department of State, the United States Department of Commerce or any other governmental authority or pursuant to the Order, the rules and regulations of OFAC (including without limitation the Trading with the Enemy Act, 50 U.S.C. App. 1-44; the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06; the unrepealed provision of the Iraq Sanctions Act, Publ.L. No. 101-513; the United Nations Participation Act, 22 U.S.C. § 2349 aa-9; The Cuban Democracy Act, 22 U.S.C. §§ 60-01-10; The Cuban Liberty and Democratic Solidarity Act, 18.U.S.C. §§ 2332d and 233; and The Foreign Narcotic Kingpin Designation Act, Publ. L. No. 106-120 and 107-108, all as may be amended from time to time); or any other applicable requirements contained in any enabling legislation or other Executive Orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the "Orders"); (vi) is not engaged in activities prohibited in the Orders; or (vii) has not been convicted, pleaded nolo contendere, indicted, arraigned or custodial detained on charges involving money laundering or predicate crimes to money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes or in connection with the Bank Secrecy Act (31 U.S.C. §§ 5311 et. seq.).

49. Volleyball Court . There currently exists a sand volleyball court within a part of the Exterior Common Area of the Project (the "Volleyball Court"). During the Lease Term, Tenant and the employees of Tenant located at the Premises shall have the non-exclusive right to use the Volleyball Court, subject to the terms and condition of this Paragraph 49 below. Tenant and its employees' right to use such Volleyball Court shall be on an "as available" (and not then in use) basis, subject to Landlord's right to reasonably regulate, manage and restrict such use. Prior to Tenant or its employees using the Volleyball Court, Tenant shall, if requested by Landlord, cause such applicable employee desiring to use the Volleyball Court to execute an Informed Consent Waiver and Release of Liability in a form prepared by Landlord. Landlord shall be entitled to prohibit any employee(s) of Tenant from using the Volleyball Court if such applicable employee(s) fails or refuses to execute such Informed Consent Waiver and Release of Liability. Employees of Tenant using the Volleyball Court shall do so at their own risk. The use of the Volleyball Court shall be subject to reasonable rules and regulations reasonably established from time to time by Landlord for such Volleyball Court. Landlord shall have no liability whatsoever with respect to the presence, condition or availability of such Volleyball Court, and Tenant hereby waives all claims against Landlord with respect to same. The costs of operating, maintaining, cleaning and repairing the Volleyball Court may be included as part of Operating Expenses. Tenant acknowledges and agrees that Landlord may, in its sole and absolute discretion but in compliance with applicable law, convert the Volleyball Court to a sport court or other recreational use or other common amenity such as a fire pit or barbeque area.

50 Energy Disclosure . Landlord may, from time to time, be required to comply with utility or energy disclosure programs enacted by governmental authorities ("Disclosure Program"). In the event Landlord is subject to a Disclosure Program, then within thirty (30) days after Landlord's written request therefor, Tenant shall submit to Landlord reasonably requested information regarding Tenant's electrical and natural gas usage, such as copies of utility bills in Tenant's name, (if any) to enable Landlord to meet its reporting requirement for the Premises, Building and/or Project for the Disclosure Program or any similar regulation imposed by the State of California or other governmental agency whether in addition to or in substitution of the Disclosure Program.

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IN WITNESS WHEREOF, the parties have executed this Lease as of the date set forth below.

LANDLORD :

237 NORTH FIRST STREET HOLDINGS, LLC,
a Delaware limited liability company

By: /s/ Aaron A Giovara
Name: Aaron A. Giovara
Title: Authorized Signatory

Dated: July 8, 2019

TENANT:

RAMBUS INC.,
a Delaware corporation

By: /s/ Rahul Mathur
Name: Rahul Mathur
Title: CFO

Dated: July 3, 2019

Exhibit 31.1

**CERTIFICATION PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Luc Seraphin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rambus 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.

Date: August 2, 2019

By: /s/ Luc Seraphin
Name: Luc Seraphin
Title: Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rahul Mathur, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rambus 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.

Date: August 2, 2019

By: /s/ Rahul Mathur
Name: Rahul Mathur
Title: Senior Vice President, Finance and Chief Financial Officer

Exhibit 32.1

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

I, Luc Seraphin, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Rambus Inc. on Form 10-Q for the quarter ended June 30, 2019 , fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Rambus Inc.

Date: August 2, 2019

By: /s/ Luc Seraphin
Name: Luc Seraphin
Title: Chief Executive Officer

Exhibit 32.2

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

I, Rahul Mathur, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Rambus Inc. on Form 10-Q for the quarter ended June 30, 2019 , fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Rambus Inc.

Date: August 2, 2019

By:	/s/ Rahul Mathur
Name:	Rahul Mathur
Title:	Senior Vice President, Finance and Chief Financial Officer